Confronting the Graduation Rate Crisis in Texas

By

Daniel Losen, Gary Orfield, and Robert Balfanz

October 2006
FOREWORD

Since sponsoring the first national research conference in many years on high school dropouts in 2001, the Civil Rights Project has been working across the country on reversing the terrible loss of talent and the destruction of lives that take place when millions of students, especially Latino and African American, are sent out into adulthood without any ability to find good jobs or enter college and make their way toward the American dream. This is not an ideological issue; many business leaders share the concern of civil rights leaders about the dangerous loss of human potential in a nation that faces fierce global competition, and whose next generation depends on the education of groups historically excluded or undereducated in our schools.

Texas has had an extremely influential role in the making of educational policy. Texas has the destiny of one-fifth of the nation’s Latino children in its hands. Texas has many tools and leaders who could produce a breakthrough on high school completion; and, according to the Federal Reserve Bank of Dallas’ 2005 report, it does not have any option if it is to be competitive in the next generation. It can either address this issue or begin to slide backward in the average educational level of its rapidly changing workforce.

In civil rights terms, completing high school is an absolute necessity for young people. If half of the Black and Latino young men in the state are in the labor market without a diploma, these communities face mortal risks and will see their dreams shrivel.

What needs to be done is simple. We need honest information clearly presented. We need serious accountability for real increases in graduation rates. We need counseling and support for kids trying to pass through the tough adolescent challenges of poor neighborhoods, gangs, and families under stress. And we need effective, challenging, and interesting instruction to bring students up to speed and reengage them with school. We need to realize that segregation by income, race, and language harms kids’ futures and then do something about it. And we need to make certain all of our high schools have real paths to college and decent jobs.

Gary Orfield
CONFRONTING THE GRADUATION RATE CRISIS IN TEXAS

Daniel Losen, Gary Orfield, and Robert Balfanz

Executive Summary

Misleading and inaccurate reporting of high school dropout and graduation rates in state after state, year after year, has, until recently, kept the public largely unaware of a serious educational and civil rights crisis. As education requirements for jobs and success in life keep rising, millions of young people are being left far behind. Every year, across the country, a dangerously high percentage of students—disproportionately poor and minority—disappear from the educational pipeline before graduating from high school. Too often, no one even records that they are gone.

As this report demonstrates, the graduation rate in Texas is far too low, but only slightly below the national average of 70% for the Class of 2003.¹ Fewer than 60% of Black and Latino students in Texas earn regular diplomas alongside their classmates.² For Black and Latino males the rates hover just over 50%.³ Most educators and the National Governor’s Association agree that these low graduation rates describe a crisis, especially for minority youth. As with the well-known dropout cover-up in Houston, the official graduation rates for the state of Texas hide a real crisis. Rates reported by the Texas Education Association (TEA) to the public in 2003 were as follows: 84.2% for all students, 81.1% for Black students, and 77.3% for Latino students. The officially reported rates since 2000 have consistently fallen within 5% of these inflated figures.⁴ While many would rightly point out that we should expect even better results, these official numbers may not create a sense of crisis.

In many states, educators say that they don’t have the capacity to track individual students and can’t accurately report graduation rates. Texas, however, does have the capacity. Texas has been the national leader in creating longitudinal data. The Texas system of individual student identifiers enables educators at all levels to track the progress of individual students on a host of achievement outcomes. At the state level, Texas can also follow

¹ Throughout this report, the term “graduation rates” refers to the percentage of 9th grade students who graduate with a regular diploma with their 12th grade class. The figure 69.6 is an estimate based on the CPI indicator which will be discussed in detail in this report. For other states see Diplomas Count: An Essential Guide to Graduation Policy and Rates, Editorial Projects in Education, 2006, available online at www.edweek.org/dc06.
³ Id.
students that transfer from one public school or district to the next. This longitudinal student record data base is regarded as the “gold standard” by researchers. However, past reporting policies and inadequate systems for verification have turned this rich Texas resource into “fools gold.” Nevertheless, the existence of this data system, which gives every student in the state an identifier number and, in theory, follows him wherever he moves or graduates, means the state has the capacity to report both dropout and graduation rates with much greater accuracy.

This report emphasizes graduation rates for a number of reasons. One is that graduation rates are specifically defined and required by NCLB. When the No Child Left Behind Act was signed into law in 2002, every state in the nation was required to report graduation rates as well as include an indicator improving graduation rates as part of the state’s accountability system. Congress’ decision to emphasize a standard graduation rate for NCLB reporting and accountability was motivated by concern that reform efforts only measured in test scores created a perverse incentive to push lower achieving students out of school. With so much pressure on teachers and administrators to improve schools as reflected in test scores, and with scarce state resources to accomplish the goal, if low achievers were not encouraged to stay in school, their leaving could increase a school’s profile, especially if indicators such as graduation rates were not an important part of the evaluation process. While a school’s test scores would rise with the departure of lower achievers, those students would likely resurface in growing numbers in GED programs, alternative schools, and in our juvenile justice system. These outcomes may not be considered an official reflection of the school, but they are obviously harmful to the community. For example, by one economist’s estimate, the United States could reduce the number of crimes committed by 100,000 a year and save $1.4 billion annually, if it graduated 1% more males from high school per year. If we can keep more students in school and effectively learning, we all benefit.

Widespread interest in providing a counterbalance to this pushout incentive coincided with the realization that test scores alone could not adequately convey the benefits of a successful reform effort. When No Child Left Behind added graduation rates for accountability purposes and also defined “graduation rate” to ensure greater accuracy and consistency in all states, these measures were met with bi-partisan support.

Unfortunately, in Texas, the way graduation rates are reported and used for reporting fail the test of accuracy and provide little incentive to keep students in school.

The central message we present is that there is an urgent crisis in Texas hidden by the fact that Texas officially reports a seriously inflated graduation rate. The fact that the state has been reporting dramatically inflated graduation rates is a finding, a hard, cold fact, not the product of ideological assumption. The consistency of evidence on this point produced by independent researchers is compelling.

Specifically, the report provides five different cuts at the data. We think that no other state has had so many independent scholarly examinations of its data. Christopher B. Swanson, Director of the Editorial Projects in Education Research Center, computes what we believe to be the best figures following cohorts of students through school from the U.S. Department of Education's Common Core of Education Statistics. Robert Balfanz of Johns Hopkins University shows us the percentage of students surviving from ninth to twelfth

---

5 The Social Savings from Reducing Crime Through Education: Lance Lochner and Enrico Moretti, Joint Center for Poverty Research, Policy Brief, Vol. 4, No. 4
6 See also the comparisons of rates in One Third of the Nation: Rising Dropout Rates and Declining Opportunities, Report Released by ETS, available online at: www.ets.org/research.
7 Editorial Projects in Education is the non-profit organization that publishes Education Week.
grade in the major Texas districts and also identifies break-the-mold schools that perform much better than similar schools across the state. Magnus Lofstrom of the University of Texas at Dallas and John Tyler of Brown University, who have worked extensively with the state's data, have independently computed dropout rates, also considerably higher than the state's reported numbers. Their extended completion rates following individual students two years past normal graduation age show that the state’s official completion reports are equally distorted. Daniel Losen of The Civil Rights Project at Harvard University has carefully examined the state’s reported data from 2001-2005 on students who exit the system, using the state’s own longitudinal student identifier data. He pinpoints those students whose unjustified removals from the state’s longitudinal cohort caused a great deal of graduation rate inflation--at least 10%, and a good deal more for Black and Latino students. By simply adding the inappropriately subtracted students to the baseline cohort, Losen recalculates the graduation rate as a percentage of this corrected cohort to generate the “Corrected Texas” graduation rate.

Together, these independent measures find similar errors in official reports. For example in 1999, Lofstrom and Tyler’s longitudinal 6 year analysis suggests that the Texas Completion 1, an extended year rate which does not penalize for continuing students, was inflated by 19.5%. That same year, the state’s 4 year graduation rate is reported to be inflated by 20.4% when compared to Swanson’s enrollment based estimate. Finally, Swanson’s enrollment estimates of the 4 year graduation rate in 2001 and 2003 come very close to the Corrected Texas graduation rate which uses the state’s longitudinal data, but conservatively adjusts the calculus to comply with federal standards and NCLB’s definition of graduation rate.

In the simplest terms, a graduation rate is the number of graduates divided by the number of total students originally in the 9th grade cohort. The number of total students in the numerator of the fraction depends on how you define graduating. The number of total students in the denominator depends on how you define the total, whether you think students whose whereabouts are unknown should be labeled transfers out, or not considered in the calculus at all. The Civil Rights Project’s analysis by Losen points to the many ways the policy in Texas is to remove students whose status is unknown, and how that treatment makes the graduation rate rise artificially.

In building the Corrected Texas graduation rate, Losen unpacks the 2005 state level graduation rates. In a very conservative fashion he applies the graduation rate definition supplied by the No Child Left Behind Act and standard reporting practices recommended by NCES and corrects the rates to reflect the legal and proper definitions. Losen rebuilds the denominator, but only in a very limited way, as most of the students he adds back fall into categories such as GED enrollees or TAAS failures, each of which the state has said they will be treating as dropouts in the next dropout report. The other students added back are those who stopped attending school but left no record to confirm or deny they had dropped out.

Specifically, tens of thousands of such students enter Texas public schools each year, but if they aren’t enrolled four years later, and have no “final status” reported in their record, they are treated in the data as if they never existed. Unlike transfers out of the district or state, where the state requires some level of documentation of intent to transfer, the records of these “missing” students are labeled “underreported” and

---

8 The unduplicated error and leaver codes pertaining to students removed from the longitudinal Completion Cohort re provided by TEA pursuant to a Freedom of Information Act request. Much of the data in aggregate form can be found at table 8 in the Texas Dropouts Report, Table H-15 and the flow chart on page 150 of the report. See id note 3.

9 The “spirit” of the compact is adhered to by following the consensus recommendations of the National Governors’ Association committee that drafted the compact, and the follow-up guidance for states issued by the NGA.
filed under the “errors” category. On the one hand, to label a student a leaver and remove them from the cohort the state requires some evidence, at least of an intent to transfer away. Ironically, students who simply disappear, with no evidence of the intent to transfer, are also removed from the cohort, for lack of evidence of a “final status.” It is important to note that, except for these problematic underreported students who are removed under the “error” umbrella, the other conservative corrections made by Losen to the 2005 data will be made by the State in reporting the rate for the Class of 2006.10

This paper also shows how research on the Texas graduation rates from 2004, 2003 and before, start with different data and methods, and all reach the conclusion that the official reports of graduation rates are substantially exaggerated, especially for Black and Latino students. Swanson and Balfanz, two leading researchers using the National Center for Education Statistics Common Core of enrollment data, show starkly lower numbers. Even larger differences are reported independently by Lofstrum and Tyler, who compared extended year dropout, completion and graduation rates using the state’s longitudinal data for the same year.

There are grave implications for this crisis and historical concealment caused by these shortcomings. Most important is that the lives of those Texas students who failed to earn a diploma in recent years might have been dramatically improved if policymakers and the public understood the reality. As Texas pursues reforms in the future and assesses those being implemented now, the inaccurate rates released by the state, including those just released in July for the Class of 2005, make distinguishing effective reforms from failures far more difficult and increase the risk that policymakers will repeat mistakes and put an end to successes if unable to distinguish policies that work from those that fail. Moreover, without accurate reports, the urgent need to find more effective high school reforms could pass without notice.

The report provides in depth analysis, using data from 2003, to reveal district graduation rates as well as extensive school level analysis throughout Texas. For example, rates for Houston, Dallas, San Antonio and Fort Worth each fall below 50%. Additional analysis demonstrates a strong link between attending a racially and socio-economically segregated school or district and failing to graduate. With rates this low, there should be no doubt about the urgency of the crisis for racially and economically isolated youth in these communities. Along with rapidly expanding numbers of English language learners, these students are facing particularly grim prospects.

These dismal district rates underscore the need for greater accountability. But as the discussion will demonstrate, Texas requires just one-tenth of one percent improvement of graduation rates for schools whose graduation rate falls below a 70% threshold. In other words the entire Dallas district with graduation rates below 50% is allowed 200 years to meet the 70% goal. Meanwhile the students in Dallas have 8 years left to all reach 100% proficiency in reading and math. This accountability imbalance is compounded by the fact that Texas’ accountability plan, including the part about graduation rates, won the full approval of the U.S. Department of Education.

The report also provides information on schools that are beating the odds in Texas and have fairly good graduation rates. These data based examples of success, which are few in number, demonstrate the potential for growth and provide hope for improvement. However, the paucity of schools beating the odds evidences the limited opportunities under the current policies and condition of education in Texas. The conditions for

---

10 See Dropouts 2005 supra note 3 at 38 stating, “ In 2003, the 78th Texas Legislature passed Senate Bill 186 requiring school districts to report dropout data using the NCES DEFINITION BY 2005-06. Dropouts p. 38-40. and that All leaver and reporting procedures are being re-designed. Of course the language does not appear to mention graduation rate.
success are further explored based on qualitative and quantitative research conducted in other states and reviewed by the GAO.

Despite some good reasons for hope, this is a crisis in civil rights and a crisis for the economy. The rates are incompatible with Texas' hope for a secure economic and social future. Though the state has made some progress in graduation rates in recent years, it is still not up to the national average. While some significant TEA policy corrections are already in place for 2006 to improve the accuracy of the reported graduation rates, a number of further reporting corrections not slated for 2006 are necessary to ensure accuracy. For example, the more accurate district rates underscore the need for greater accountability.

Texas can surely do much better when the issue of graduating its students becomes a central goal and information and accountability systems are changed to ensure that the schools with the greatest needs can provide their students with the level of attention they need to be successful high school graduates.

On the national level, this crisis can also give birth to opportunity. Texas is probably the state best positioned to improve the accuracy of its reporting, and with more accurate graduation rates the state is also well suited to increase the use of the data for accountability purposes.

The report concludes with general recommendations based on the research above, as well as specific non-state model legislation (or regulation)\textsuperscript{11} that embodies both the research findings and the National Governors’ Association’s compact calling for accurate and verifiable graduation rate reporting. The model legislation, or regulation, also provides an outline for better graduation rate accountability such that struggling schools will get the resources and assistance they need, as well as sufficient time to reach reasonable goals. The legislation is designed for adoption by any state and meets the letter and spirit of the federal requirements for graduation rate accountability in NCLB.\textsuperscript{12}
CONFRONTING THE GRADUATION RATE CRISIS IN TEXAS

National Context

Every year, across the country, a dangerously high percentage of students—disproportionately poor and minority—disappear from the educational pipeline before graduating from high school. Nationally, only about 70% of all students who enter 9th grade will graduate “on time” with regular diplomas in 12th grade.\(^{13}\) While the graduation rate for White students is 75%, only approximately half of Black, Latino, and Native American students earn regular diplomas alongside their classmates. Graduation rates are even lower for Black, Latino and Native American males. Yet, because of misleading and inaccurate reporting of dropout and graduation rates, the public remains largely unaware of this educational and civil rights crisis.

Dropouts in Texas: Achieving a More Accurate Portrait

The most accurate method for tracking high school graduation rates would be to provide each student with a single lifetime school identification number that would follow him or her throughout his or her entire school career. Until states decide to implement and carefully monitor such a system, we will never know exactly what happens to all students. The good news is that Texas has this system in place and operating. Unfortunately, as this report will demonstrate, the official rates Texas had historically reported to the public dramatically inflated graduation rates and other extended year measures of high school completion as much or more than most states lacking this capacity.

How We Know the Graduation Rates are Inflated

When Texas uses its comprehensive unique student identifier system to report an 84% graduation rate, with rates nearly as high for Black and Latino youth, folks in urban districts just scratch their head as they know such numbers do not reflect reality in their own school systems. Until states decide to implement and carefully monitor such a system, we will never know exactly what happens to all students. The good news is that Texas has this system in place and operating. Unfortunately, as this report will demonstrate, the official rates Texas had historically reported to the public dramatically inflated graduation rates and other extended year measures of high school completion as much or more than most states lacking this capacity.

How We Know the Graduation Rates are Inflated

When Texas uses its comprehensive unique student identifier system to report an 84% graduation rate, with rates nearly as high for Black and Latino youth, folks in urban districts just scratch their head as they know such numbers do not reflect reality in their own school systems. Only a short time ago, in August 2003, the New York Times revealed widespread fraud by school administrators in Houston, the heart of the “Texas miracle.” According to this article, Texas administrators had falsified data about thousands of children that should have been attending Houston’s high schools.\(^{14}\) The source for most of the story was Robert Kimball, an Assistant Principal at one of the city’s high schools. Kimball observed that, while 1,000 freshmen, predominantly Black and Latino, entered the school as ninth graders, only 300 seniors graduated four years later. Despite the disappearance of 700 students—a full 70% of the entering freshman class—the school did not report having a single dropout! Kimball told the Times reporter that he knew that the dropout rates of less than 2% reported in dozens of Houston’s schools, were “impossible” and described intense pressures from high level administrators to make these dropouts invisible. “They want the data to look wonderful and exciting. They don’t tell you how to do it; they just say ‘Do it.’” When he was asked how principals and

---

\(^{13}\) Throughout this report, the term ‘graduation rates’ refers to the percentage of 9th grade students who graduate with a regular diploma with their 12th grade class.

administrators in Houston, who earned bonuses between $5,000 and $20,000 for “making their numbers” accomplish the mandated goals of reducing dropouts, Kimmell replied, they “make up” their numbers. 15

While first hand accounts of fraud at the school or district level proves nothing about the official statistics on graduation rates reported by the Texas Education Agency, they do point out that the there are strong incentives that influence educators in Texas to manipulate data in ways that shine a favorable light on their schools. We believe this study proves there is a hidden crisis in Texas. Moreover, the need for accurate reporting and transparency of outcomes is especially strong in this state given the leadership role that Texas’ education reform measures play as well as the need to instill greater credibility in the education reports in the aftermath of the Houston dropout scandal, not to mention the world of business.

How can we assert that it is a fact that Texas officially reports a seriously inflated graduation rate? The answer is the high level of consistency of evidence on this point was produced by independent researchers using different methods to measure the same thing. The very close alignment between graduation rates generated from reported enrollment data, that does not track individual students and two distinct analyses of school completion, one that tracked students until age 20, and the other tracking students in the longitudinal completion cohort, is compelling. 16

Specifically, in support of the conclusion that Texas rates are seriously inflated and misleading, we offer the evidence that follows: Christopher B. Swanson, Director of Editorial Projects in Education, computes what we believe to be the best figures following cohorts of students through school from the U.S. Department of Education's Common Core of Education Statistics; Robert Balfanz of Johns Hopkins shows us the percentage of students surviving from ninth to twelfth grade in the major districts and also identifies break-the-mold schools that perform much better than similar schools across the state. While the Balfanz analysis shows how well, or how poorly, schools maintain their enrollment from grades 9-12, the consistency of his findings at the school level in Texas in 2004 support those by Swanson, Losen and others. Magnus Lofstrom of UT Dallas and John Tyler of Brown University who have worked extensively with the state's data have independently computed dropout rates, also considerably higher than the state's reported numbers and the extended completion rates even following individual students two years past normal graduation age show that the states official completion reports are equally distorted. Dan Losen of Harvard’s Civil Rights Project has carefully examined the states reports from 2000-2005 on students who exit the system and shown, using the state’s own longitudinal student identifier data, how unjustified reductions in the state’s longitudinal cohort causes a great deal of graduation rate inflation of at least 10%, and a good deal more for Black and Latino students.

Together, these independent measures demonstrated very similar degrees of distortion. To understand this distortion this report will begin by explaining exactly how the Official Graduation Rate is constructed using data from 2005. As the official graduation rate is constructed, most will observe that a large number of students are completely eliminated from the longitudinal cohort before the graduation rate is calculated. Some of the removals are sensible, but others lack justification, and their removal means that the official graduation rate does not meet the graduation rate definition required by No Child Left Behind.

15 Id.
16 See also the comparisons of rates in One Third of the Nation: Rising Dropout Rates and Declining Opportunities, Report Released by ETS, available online at: www.ets.org/research.
A “four year” graduation rate should tell us what percentage of the cohort of students who enrolled in high school graduated in the standard number of years with a high school diploma. A mathematical description is that the graduation rate equals the “on time” diploma recipients divided by cohort members. For the purposes of the analysis of the Texas graduation rate, the total in the cohort is the denominator in the equation.

The Graduation Rate Formula  

\[
\frac{\text{Diploma Recipients from the 2005 Cohort}}{\text{All Students belonging to the 2005 Cohort}} = 84\%
\]

Texas appears to calculate this rate very precisely using the individual student records. Using its longitudinal records, the state constructs the cohort by adding the first time 9th graders to those students who transferred into public schools in Texas and joined this cohort in later grades. The 2006 Secondary School Completion and Dropouts Report for the Class of 2005 [hereafter 2005 Dropouts Report] provides the longitudinal cohort of students comprised of the first time 9th graders plus transfers in. The entire cohort for 2005 is reported in the Dropouts Report as 349,384 students. The 349,384 strong cohort is formed primarily by first time 9th graders: 325,263 (in grade 9 of 01-02). Transfers in grades 10-12 are added to the cohort (24,121 “transfers in” in grades 10-12).  

The 2005 Dropouts Report also provides the number of students belonging to the cohort who earned a diploma as 227,755. However, before the officially reported graduation rate is calculated the cohort is reduced. In other words, a large number of student records belonging to the cohort when they entered secondary school are eliminated from the cohort. Eliminating students from the cohort before calculating the graduation rate makes the graduation rate go up. Adding students back into the cohort that the state had removed makes the graduation rate go down. Every year students are removed from the longitudinal cohort for reasons ranging from death to “left to enroll in a GED program.” At the end of the removal process in 2005, as the equation below shows, the original cohort of 349,384 (first time 9th graders and transfers in) was down to 271,218. In other words, the cohort that started out 349,384 students strong was reduced by 78,166 student records. When a student is removed from the cohort, the student’s record is taken out of the graduation rate denominator. Each of the 271,218 students in the cohort denominator had to be identified as belonging to one of four categories: A graduate, a dropout, a continuing student in a regular diploma program, or a GED.  

This montage became the denominator for calculating the graduation rate. 84% was the graduation rate Texas reported for NCLB accountability purposes in 2005. The officially reported graduation rate for all students was calculated as:

\[
\frac{\text{Diploma recipients from the 2005 Cohort} \ (227,755)}{\text{All Students belonging to the 2005 Cohort} \ (271,218)} = 84\%
\]

\[\text{17 The 2005 Dropouts report provides a flow chart (Figure I-1) entitled “Synopsis of Student Progress Through High School, Class of 2005, with transfers broken down by year, and 1st time 9th graders indicated in the chart. See Dropouts 2005, supra note 3 at p. 150.}\]
Where Did the 78,166 Students Go, and Why Were They Removed?

This report first demonstrates exactly how the cohort shrank and then asks, “Why did 78,166 students get removed from the cohort?” (22.2% of the original 349,384). The 2005 Dropout Report shows that 271,128 students were left from the original 349,384 when the following student records were removed. To begin with Texas uses many different labels for the 78,000 plus students that don’t fit the definition of a dropout, graduate, continuing student or GED recipient. Some are “leavers” and others are “errors.” When there is some documentation in or before year four that the student has a final status, and it is not that of a “dropout,” continuing student, diploma recipient or GED recipient, the student is often treated as a “leaver.” If the state shows the student to be a dropout or GED recipient, but does not have an enrollment or attendance document, that student is treated as an error. And students that have a record of enrollment but an unknown final status are likewise considered “errors”--placed under a subhead of “underreported” and also removed for the purpose of calculating the dropout rate, and subsequently, the graduation rate, too.18

The Breakdown of the 78,166 “missing” students:

- 65,511: “Leavers” Students who died, transferred out of the district, or had some letter of intent to transfer.19
- 8,527 “Underreported Students” who were enrolled but there was no “final status” established (labeled “data errors”)20
- 4,128: Student Identification Errors (records don’t match, are duplicated, incomplete, etc.)
- 271,218 remained in the cohort for calculating the graduation rate for the Class of 2005.

The 2005 Dropout Report provides further descriptions of the reasons for listing students as errors or “leavers” and removing them.21 For “leavers” in 2005, the state breaks down the 65,511 students into 19 “leaver” Codes.22 Each code describes the category of students whose records were removed from the cohort. For writing this report, we requested that TEA give us the number of leavers in each category, by race, but also assuring that there was no leaver appearing in the data more than once, i.e., no duplication. With the data provided we knew who was removed, and the information in the 2005 Dropout Reports along with a subsequent discussion with one of the Report’s authors, helped explain why each group of students was removed. In reading the codes carefully we found several, like death, and returned to home country, that did not seem controversial, although sheer numbers for the latter were surprising.

---

18 The fact that the dropout rate and graduation rate cohort are are built up and diminished in what appears to be an identical fashion may be a contributing factor. The Dropouts 2005 report states that the completion rates and the longitudinal dropout rates add up to 100%. See Dropouts 2005 supra note 3 at p. 30. This means that if a student is removed from the dropout accountability cohort, the student is also out of the completion rate cohort. Similarly, there may be reasons to remove a student from the cohort used for district level accountability that would be inappropriate for state level reporting. One example would be a student who moves from one district to the next and then drops out. Even if circumstances may argue in favor of not counting the student against either district, the student should still be regarded as a dropout for reporting purposes. See e.g. Dropouts 2005, at 35.

19 The leaver codes and the years for which they were applicable to the cohort are listed in Table A 1, Leaver Reason Codes, Texas Public Schols, 1997-98 Through2004-05, in Dropouts 2005 supra note 3 at 70-72.

20 See Dropouts 2005 supra note 3 at 19.

21 See Dropouts 2005 supra note 3 at 35 Table 14 Leavers Not Counted as Dropouts for Accountability Purposes by the Texas Education Agency.

22 TEA, in response to our request, provided an unduplicated count of the leavers disaggregated by race. These are reported in the aggregate in Table 8 Longitudinal Completion Cohort, Grades 9-12, Texas Public Schools Classes of 2001 Through 2005, see 2005 Dropouts report supra note 3 at 19.
Several reasons for removing students, however, seemed wholly unjustified for reasons we discuss further in this report, and will appear obvious to many. A total of 37,800 students came from the following “unjustified” leaver or error categories, paraphrased below.  

- 9,763: Enrolled in GED program but had no record of receiving a GED. (Code 22)  
- 8,527: Underreported Students – Texas is certain the student was enrolled but has no final record, or final status for that student. (Listed as errors)  
- 4,885: Met all the requirements, but failed the TAAS. (Code 19)  
- 10,408: Said they were transferring to another public school in the state, but there is no confirmation, or there was, but the student disappeared soon after. (Code 80)  
- 3,766: Sent to an alternative school, expelled, incarcerated, or were enrolled, but told not to return to the district because of immunization or residency issues. (Codes 72, 78, 61, 83)  
- 91: Removed because they transferred to another school in the district, but then stopped attending. (Code 21)  
- 360: Removed because they either received a GED while in school or re-enrolled after earning a GED, and then left again. (Codes 31 and 64)  
- Sub-total = 37,800  

The other approximately 40,366 students consisted primarily of transfers out of state, country, or to private schools and student records that had identification issues such as an apparent duplicate or mismatch. Many of the 40,000 other removals are also suspect and including them did not square easily with the principles recommended. For that reason we argue that other estimates that fall somewhat below the Corrected Texas rate are likely more accurate.  

**Why the “Corrected Texas” Graduation Rate for 2005 Should Be 73.7% or Lower, and not 84%**.  

This report argues that for the Class of 2005, the 37,800 student records above should have never been removed from the cohort for the purpose of calculating a four year graduation rate. We added back only such unjustified removals to arrive at the larger adjusted cohort which formed the “corrected” denominator of our “Corrected Texas” graduation rate. The mathematics are basic as follows.  

\[
\begin{align*}
271,218 + & 37,800 \\
\hline
309,018 & \text{(the “corrected cohort)}
\end{align*}
\]

A full description of the “leaver” codes and errors is provided along with a history of dropouts in Texas. See Dropouts 2005 supra note 3.  

According to the Dropouts 2005 report, the students that TEA labels underreports meet the criteria listed for the definition of a dropout by NCES (2004) which “includes all individuals who were enrolled in school at some time during the previous school year, have not graduated from high school or completed a state or district approved education program” and are not excluded under another category, such as transfer. Id at 40. Furthermore, the report describes 5 NCES dropout categories not currently regarded as dropouts in Texas including withdrawal to enroll in a GED program, meeting all graduation requirements yet failing the TAAS, and three other categories that are likely labeled errors by TEA. See Dropouts 2005 at 42.  

Where this study also provides a “Corrected Texas” graduation rate for years prior to 2005, to the extent there were additional codes, only those codes that were consistent with the conservative add-backs in 2005 were added back in prior years. For example, since code 82 “withdrew to enroll in school outside of Texas was not put back as part of the correction, for earlier years codes 07 and 07 “intent” to enroll out of state, was also not part of the correction. See Dropouts supra note 3 at 73.
Diploma recipients from the 2005 Cohort (227,755) = 73.7%

All Students belonging to the 2005 Cohort (309,018)

With the unduplicated error and leaver code data broken down by race and ethnicity we were also able to add back all the unjustified removals into the class cohort by race for each year and re-calculate the graduation rates by race and ethnicity.

The Corrected Texas rate is offered as a conservative indication of the inflation in the officially reported graduation rates. Moreover, in 2006 Codes 19 (TAAS Failure) 22 (GED Enrollee) and 80 (Transfer to another Texas Public School) will be regarded as dropouts for dropout accountability according to state officials.

Texas Omissions From the Cohort Run Counter to the Federal “Graduation Rate” Definition

Graduation rate is defined pursuant to NCLB as, “The percentage of students, measured from the beginning of high school, who graduate from high school with a regular diploma (not including an alternative degree that is not fully aligned with the State's academic standards, such as a certificate or a GED) in the standard number of years.”26 Furthermore, the NCLB regulations state that, “In defining graduation rate, the State must avoid counting a dropout as a transfer.”27

The Texas Educational Agency report, Secondary School Completion and Dropouts, 2004-2005, tacitly acknowledges noncompliance with the NCLB and with NCES definitions on page 109, where the report says that in 2003, the 78th Legislature passed legislation, SB186 (TEC Sec. 39.051, 2004), that will require graduation rates to be computed according to standards in the No Child Left Behind Act of 2001.

This report argues that Texas, as early as 2002, could have and should have been reporting graduation rates that met NCLB’s requirements in letter and in spirit, but chose not to. The threshold concern is that the federal No Child Left Behind Act requires schools, states and districts to calculate a graduation rate, not a dropout rate. The Texas cohort used to calculate the official state dropout rate is identical to the cohort used to calculate the longitudinal graduation rate. In both cases the state applies the same leaver and error codes and adds up the GED recipients, continuing students, confirmed dropouts, and diploma recipients to constitute the cohort.

For instance, if a student enrolls, and then goes missing and no other information is found in the record, the state can determine that the student did not earn a diploma in four years, even if the state might hesitate to label the student a “dropout.” The same can be said for students who withdraw from one school and say they intend to transfer to another public school in Texas, but never again appear. But in calculating the “four year” rate, Texas also removes from the calculations a large number of students for whom the state has no indication of a final status four years after the student began grade 9.28 Texas argues they are removing data “errors.” Using the dropout cohort, with these “errors” removed, to calculate “four year” graduation rates means that students who left quietly with their status as a “dropout” never verified, who arguably could show up as a

27 34 C.F.R. Section 200.19(a)(1)(ii). For further explanation of Texas completion rates, of which “graduation rate” appears to be one see Dropouts 2005supra note 3 at 58. The connection between the completion rates in the Dropouts 2005 report and AYP under NCLB is found in a document called 2006 Adequate Yearly Progress (AYP) Guide at p. 33. Available on the TEA website.
28 See e.g., Dropouts 2005, supra note 3 at 12 (Figure 2 discusses “Underreported Students: If a student did not return to the district, and no leaver record was submitted, the student was placed on the district’s list of underreported students.”
completer next year, will not count against the four year graduation rate, even though the state can say with certainty that the student did not get a diploma after four years. Perhaps it would not be fair to label these students dropouts until another year has passed, but they should be counted in determining what percent of the prospective class of 2005 earned “a regular diploma in the standard number of years.” It is my understanding that as of this writing, these “underreported” students will continue to be removed from the graduation rate calculation for the Class of 2006.

The state has said that as of 2006 it will abandon the argument that GED enrollees should not be added to dropouts for the purpose of dropout accountability. Regardless of the dropout definition, all along the policy for the four year graduation rate reporting should have been that, enrollees, like a GED recipient, should count against the percentage of students who earned a diploma in four years. No Child Left Behind explicitly requires GED recipients not be counted as graduates. GED enrollees, whose records show they haven’t even earned a GED, should likewise remain in the cohort for the purpose of calculating a “four year” graduation rate.

Conservative Adjustments Were Made Despite Justification for More Changes: A very high number of students reported as errors or transfers that were not verified were allowed to be subtracted from each year’s cohort we analyzed. As mentioned earlier most were transfers that were difficult for a district or state to verify at least in Texas. The largest category was for students who withdrew or expressed intent to attend a school outside of Texas: Code 82 (17,527). Other codes accounting for large numbers of undocumented leavers included:

- “Withdraw for Home Schooling”: Code 60 (6,722),
- and “Returned to Home Country”: Code 16 (8,366).

Although many would argue for leaving all such students in the cohort if there was no verification, in Texas only a record of intent was required. To create a conservative estimate, we did not add back in any of these leaver codes for any year. Perhaps the most difficult and conservative decision in correcting the Texas rate was that the Student Identification Errors would not be corrected.

Student Identification Errors: (4,128) In some years, this category resulted in the removal of as many as 16,000 students (2001). Discussions with TEA officials suggested that many of the identification errors were due to duplicate records and other varieties of mismatched records that would justify removal of these students as errors. However, the state’s report, Dropouts 2005, describes how, “Districts whose submissions do not meet the Personal Identification Database (PID) error rate standard are subject to interventions and sanctions.” One could argue that if the state had instituted a system of sanctioning districts for such errors, simultaneously removing student records deemed identification errors from the graduation rate cohort might be a disincentive for improving accuracy. However, in deciding to create a very conservative corrected graduation rate measure, none of the “student identification” errors were added back into the cohort in any year. However, the Texas Education Agency, regarding the dropout definition and longitudinal cohorts, includes in the description of who is not in the cohort, “Also, dropouts with problematic identification information cannot be tracked from year to year, and must be removed from the cohort.”

The following shows how the application of the above corrections for each racial group changed the graduation rates by race for the Class of 2005:

29 See Table 3 of the 2005 Dropouts Report at 10.
30 See 2005 Dropouts Report supra note 3 at p. 153, Figure J-1 Comparing Annual and Longitudinal Dropout Counts at the State Level (box 5.)
Conservative Corrections Demonstrate That the Official Reports are Unjustifiably Inflated

Source: Class of 2005: Disaggregated racial and ethnic data provided on request by the Texas Education Agency.
The CPI and Lofstrom Tyler and The Corrected Texas Graduation Rate All Show Similar Levels of Inflation

While the Corrected Texas graduation rates used in this report are calculated following the identical principles as in 2005, they are presented as the upward bounds of what might be accurate. The fact that the the Corrected Texas rates are so in line lends further support to the argument that the graduation rates in Texas hide an even deeper crisis. This conclusion is evidenced by the fact that Swanson’s CPI rate generally falls between 2% and 5% of the Corrected Texas Rate. The CPI also reveals a similar degree of state distortion revealed when comparing rates from Lofstrom and Tyler’s analysis of individual student record data to examine school completion in 1996 and 1999.

Using the Common Core’s enrollment and diploma data, Dr. Chrisopher Swanson developed the Cumulative Promotion Index (CPI), which is considered among the most accurate methods for estimating graduation rates. Using this calculation, along with further descriptions of Texas using enrollment data to review the

---

31 The impact of each removal code could be calculated by adding back the numbers of students of a given racial group removed from the cohort of that racial group as indicated by a single code. The decrease in the graduation rate that resulted could be calculated, one code at a time, using raw data.

32 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
conditions at the school level, this report will provide a comprehensive review of what is really happening in Texas with a focus on the high school outcomes of minority youth.

Lofstrom and Tyler’s analysis of school completion data did not compute a four year graduation rate in the manner described above for the CPI indicator. However, their work using individual student record data does give a similar picture of the graduation rate crisis in Texas and how Texas officially reports rates that are dramatically inflated. The longitudinal study by Lofstrom and Tyler tracked students between the ages of 15 and 20. Their tables on completion evolved out of their recently published study on the economic benefits of the GED. Their important work suggests that in Texas in 1999, GED recipients fared very poorly, just slightly better than dropouts in the Texas economy. The graph below compares the rate of graduation for 20 year olds based on Lofstrom with the Official Completion I rate for Texas, which is the four year graduation rate plus continuing students. Because most students are expected to graduate in four years at ages 17 or 18, the 20 year graduation rate could be considered an extended years rate, and is appropriately compared to the Completion I rate that does not penalize for continuing students. For each year the official Texas Completion I rate appears to be approximately 20 percentage points higher, yet both were based on individual student records for the Classes of 1996 to 1999.

![Texas Official Completion Rate Compared to Independent Analysis](image)

Note: Source: In Lofstrom and Tyler, a student belongs to the graduating class of the year in which he/she turns 18 by September 1st, i.e. the expected year of high school graduation, given normal progress. A student is defined to be a school dropout if he/she is observed enrolled in a Texas public school at the age of 15 and by the year he/she turns 20 has not yet graduated nor is observed still enrolled in a Texas public school. The proportion of the graduating class who obtained the GED credential is the proportion of the cohort who successfully obtained the GED by age 20.

level. This method allows comparisons across years, districts, and states. It is very useful for determining which subgroups experience the greatest difficulty graduating from high school and whether progress in improving high school completion rates is being achieved. Some critics assert that estimates based on enrollment data do not adjust sufficiently for the large, statistical 9th grade enrollment “bubble” that is likely caused when 9th grade students are retained in grade. When simulations were run to test the accuracy of commonly used methods, including the NCES based estimate currently used by most states, the CPI graduation rate estimate was the least susceptible to bias caused by the 9th grade enrollment bulge. However, it should be noted that an enrollment bulge caused the CPI and all other measures examined to overestimate, not underestimate, the actual graduation rate. This suggests that all measures are currently overestimating graduation rates, and actual rates would likely prove even lower.

See Dropouts 2005, supra note 3 at Table H-15.
These comparisons are offered in this report primarily as hard evidence that, when you track individual students, the Texas official reports from the same year, adjusted for students who continue school beyond four years (Completion I), are grossly inflated. Most states do not have individual student records tracked longitudinally. In such states the enrollment based estimates are the only source of reliable information on graduation rates. However, without the individual student records, the enrollment based rates do not allow for the kind of accuracy checks and verification that are possible with individual student records. As this report will show, the enrollment based estimates not only yield similar graduation rates, but policy decisions on who to label a dropout, limitations in verification, record keeping and quality control, and the inappropriate elimination of student records when calculating rates, all contribute to the distortion in the Texas Official Reports.

Swanson and Lofstrom and Tyler Report Highly Similar Findings

For example, in 1999, Lofstrom and Tyler’s longitudinal 6 year analysis showed the state’s Completion I, an extended year rate which does not penalize for continuing students, was inflated by 19.5%. That same year, the states 4 year graduation rate is shown to be inflated by 20.5%, when compared to Swanson’s four year graduation rate estimated from reported and enrollment data.

<table>
<thead>
<tr>
<th>All Students</th>
<th>1996</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Texas Completion I$^{35}$</td>
<td>81.8</td>
<td>87.5</td>
</tr>
<tr>
<td>Lofstrum and Tyler 6 Year Inverse</td>
<td>62.9</td>
<td>67</td>
</tr>
</tbody>
</table>

**Difference from Official**

<table>
<thead>
<tr>
<th>Official Texas</th>
<th>74.5</th>
<th>79.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lofstrum and Tyler</td>
<td>58.4</td>
<td>60.1</td>
</tr>
<tr>
<td><strong>Swanson CPI Difference</strong></td>
<td>-16.1</td>
<td>-19.4</td>
</tr>
</tbody>
</table>

The Lofstrum and Tyler analysis would be expected to show higher rates of completion for its 6 year rate than a four year graduation rate. Comparing a four year with a six year graduation rate introduces a great deal of uncertainty, even if it is for the same Class. However, the fact that the Swanson 4 year rate is close to the 6 year rate based on student records suggests that not many more students from the Class of 1999 graduated in 6 years than in 4. In fact, the data also suggests that the official Texas Completion I further inflates the graduates. For example when you compare the 4 year Official rate for 1999 and the Completion I rate that allows for continuing students, the difference between the official 4 year and extended year rate is 8 percentage points. If you take the CPI enrollment based 4 year graduation rate, and add 8 percentage points

$^{34}$ Lofstrom and Tyler acknowledge that their study treated students who went missing without explanation as dropouts. Therefore, students who may have transferred to a private school, moved out of state, or died, would incorrectly be identified as dropouts in their analysis. Likewise, their dropout numbers are underestimated by the fraction of the students who dropped out before turning 15.

$^{35}$ The Completion I rate is an Officially reported rate using the same longitudinal cohort, but continuing students are not counted as dropouts. See Dropouts 2005 supra note 3 at 142-144 Tables H-15. Completion I consists of students who graduated or continue high school.
to it, you find that the CPI plus 8 exceeds the Lofstrom and Tyler extended year rate. The pattern is even more pronounced for 1996.

**The Corrected Texas Graduation Rate and the CPI Yield Very Similar Four Year Graduation Rates**

Swanson’s enrollment estimates of the 4 year graduation rate in 2001 and 2003 come very close to the Corrected Texas graduation rate which made the same highly conservative recalculations in accordance with federal standards and NCLB’s definition of graduation rate as it did in 2005. The fact that the Corrected rate in 2001 and 2003 consistently comes close to the CPI for those same years, and for each racial group, suggests that despite the greater susceptibility of the latter to distortion from grade retention or out-migration, it is not prone to the questionable leavers and likely presents a truer picture of the condition of education in Texas.

### All Students

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Official Texas</strong></td>
<td>81.1</td>
<td>84.2</td>
</tr>
<tr>
<td>Swanson CPI</td>
<td>65.0</td>
<td>66.8</td>
</tr>
<tr>
<td>Corrected Texas</td>
<td>68.7</td>
<td>73.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swanson CPI Difference</td>
<td>-16.1</td>
<td>-17.4</td>
</tr>
<tr>
<td>Corrected Texas Difference</td>
<td>-13.9</td>
<td>-10.8</td>
</tr>
<tr>
<td>Corrected/CPI Difference</td>
<td>3.7</td>
<td>6.6</td>
</tr>
</tbody>
</table>

### An independent longitudinal data source and CPI detect similar levels of inflation.

#### Black and Latino Students

<table>
<thead>
<tr>
<th>Class of 1999</th>
<th>Black</th>
<th>Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extended Years Rate Comparison</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Official Texas Completion I</td>
<td>85.3</td>
<td>83.4</td>
</tr>
<tr>
<td>Lofstrum and Tyler 6yr</td>
<td>61.3</td>
<td>59.5</td>
</tr>
</tbody>
</table>

#### Standard Graduation Rate Comparison

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Texas</td>
<td>74.7</td>
<td>70.6</td>
</tr>
<tr>
<td>Swanson CPI</td>
<td>49.3</td>
<td>49.4</td>
</tr>
</tbody>
</table>

### CPI Shows Same Level of Inflation as Longitudinal

<table>
<thead>
<tr>
<th></th>
<th>Official</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference CPI from Official</td>
<td>-25.4</td>
<td>-</td>
<td>-21.2</td>
</tr>
<tr>
<td>Difference Lofstrom and Tyler from Official</td>
<td>-24</td>
<td>-</td>
<td>-23.9</td>
</tr>
</tbody>
</table>

---

36 The reporting of student errors and leaver codes varies.
The table above shows that in 1999 when compared side by side, the same degree of inflation was detected when each was compared to the corresponding completion rate, the Lofstrom and Tyler longitudinal study of graduation to the Completion I and the CPI rate to the Official graduation rate.

Similar to the way in which both Swanson and Lofstrom/Tyler’s different method revealed larger yet similar degrees of inflation for the Class of 1999. Swanson and the Corrected Texas each reveal that the Official Texas rates distort Black and Latino graduation rates the most.

### Black and Latino Students

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>L</td>
</tr>
<tr>
<td>Official Texas</td>
<td>77.7</td>
<td>73.5</td>
</tr>
<tr>
<td>Swanson CPI</td>
<td>55.3</td>
<td>52.9</td>
</tr>
<tr>
<td>Corrected Texas</td>
<td>61.8</td>
<td>59.7</td>
</tr>
<tr>
<td>CPI Difference</td>
<td>-22.4</td>
<td>-20.6</td>
</tr>
<tr>
<td>Corrected Texas Difference</td>
<td>-15.9</td>
<td>-13.8</td>
</tr>
<tr>
<td>Difference between the two</td>
<td>6.5</td>
<td>6.8</td>
</tr>
</tbody>
</table>

The comparison chart above, like those before it demonstrate both the stability and predictive power of the Swanson method.

### Impact of Graduation Rate Inflation in Texas on Black and Latino Students

The chart below illustrates the impact of graduation rate inflation in Texas on Black, Latino, and White students for the Class of 2003.
We believe that the most useful and accurate estimates of high school graduation rates currently available to all states are those that are based on the actual enrollment data that each district provides annually to the nation’s Common Core of Data. While the CPI estimate has a number of limitations that a more precise report using longitudinal student identifier data could solve, we argue that the CPI estimates and others that combine actual enrollment data and diploma data are extremely valuable indicators of what the actual graduation rate is. As the chart above demonstrates, our very conservative corrected rates generally provide estimates we can be sure are the upper end pursuant to NCLB. Since our corrected rates have no distortions due to 9th grade repeaters, and do reflect those dropout and non-diploma students that NCLB would require at minimum to be reported, we feel the detailed information about the dropout crisis in Texas is more accurate than our Texas Corrected rate could generate, and provides the truest picture of graduation rate outcomes at the district level currently available.

High school graduation rates in Texas have gradually improved over the course of the past decade. This trend closely parallels patterns found for the nation as a whole.

Between 1994 and 2003, the state’s graduation rate increased by almost 11 percentage points (from 56.0 to 66.8 percent). Initially around 55 percent in the early 1990s, the graduation rate in Texas rose to about 60 percent before stagnating during the latter part of the decade. Since 1999, graduation rates have generally been on the rise, although there are signs that improvements have leveled off in the most recent years for which data are available.

The proportion of students graduating from public high schools with a diploma has risen across all racial and ethnic groups. As a result, disparities in graduation between Whites and historically-disadvantaged minorities remain substantial (17 and 15 points for Hispanics and Blacks respectively), despite some narrowing of the gap.
TEA-reported figures are also higher than CPI rates for each of the state’s 5 largest school districts,

The Worst Largest Districts in Texas with the Greatest Inflation Occurs in Districts with the Lowest Graduation Rates by Race and Ethnicity

<table>
<thead>
<tr>
<th></th>
<th>Official All Students</th>
<th>Inflation All Students</th>
<th>CPI All</th>
<th>CPI White</th>
<th>CPI Black</th>
<th>CPI Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas</td>
<td>81.3</td>
<td>35</td>
<td>46.3%</td>
<td>54.5</td>
<td>48.6</td>
<td>43.6</td>
</tr>
<tr>
<td>Houston</td>
<td>71.3</td>
<td>22.4</td>
<td>48.9%</td>
<td>69</td>
<td>48.7</td>
<td>43.3</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>76.5</td>
<td>27.6</td>
<td>48.9%</td>
<td>59.4</td>
<td>45.5</td>
<td>45.7</td>
</tr>
<tr>
<td>San Antonio</td>
<td>79.2</td>
<td>27.3</td>
<td>51.9</td>
<td>46.3</td>
<td>46.5</td>
<td>53.0</td>
</tr>
<tr>
<td>Austin</td>
<td>78.8</td>
<td>23.7</td>
<td>55.1</td>
<td>77.3</td>
<td>44.7</td>
<td>42.8</td>
</tr>
</tbody>
</table>


The districts with the highest level of racial and economic segregation show the lowest graduation rates and the highest inflation in graduation statistics.

Racial and Socio-economic Isolation

The racial and socioeconomic composition of school systems are strongly related to graduation rates. Texas districts with high levels of racial isolation have graduation rates about 13 percentage points lower than school systems with lesser degrees of segregation. A very similar pattern of disparities emerges when we examine the relationship between the concentration of poverty (economic segregation) and graduation rates.

For over a decade, Texas has been a majority minority state. That is, non-white students make up more than half of student enrollment in the state’s public school system. Over time, this trend has continued as the state becomes even more diverse. Between 1994 and 2003, minority enrollment increased from 53 to 61 percent.

During the same period, however, the degree of isolation between racial and ethnic minorities and their white peers has also increased at a similar rate. So, as the state has become more diverse it has also become more
segregated. This trend is particularly troubling because the levels of racial isolation experienced by minority students in Texas are already considerably higher than for the nation as a whole. On a scale of 0 to 1, Texas public schools receive an isolation rating of .76 compared to the national average of .69. In addition, the degree of racial isolation experienced by the average student (including both minorities and whites) reaches extremely high levels in the state’s largest districts.

Although Texas’s overall graduation rate has risen modestly since 1992, the rates remain quite low and the racial gaps pronounced. At the state level, a graduation gap of 30 percentage points separates the highest and lowest performing groups. Even larger gaps are found at the district and school levels. Texas’s central city districts consistently graduated lower percentages than rural and suburban districts. This is consistent with research that shows that segregation and the percentage of minority students in a district has a strong relationship with low graduation rates. Fewer than 2/3 of all students graduate from high school in central city districts and in communities that suffer from high levels of racial and socioeconomic segregation.

Calculating A School’s Promotion Power

Researchers at Johns Hopkins University have developed a method for analyzing data on individual schools that brings the stark reality for children in underperforming high poverty districts into even sharper focus. Without even looking at diplomas, The Hopkins researchers, led by Professor Robert Balfanz, have developed a rubric for identifying high and low performing schools. Their analysis, like Swanson’s, is based on enrollment data, but uses school level data to analyze the rate at which students are able to meet the requirements and pass from grade to grade. Schools with high percentages of successful passage are labeled as having “high promoting power.” Conversely, schools that struggle to keep minority students in attendance and experience high rates of student attrition are deemed to have low promoting power. This research pinpoints Texas’s “dropout factories” as well as schools that appear to be beating the odds of socio-economic and racial isolation by successfully promoting most of its students from 9th to 12th grade.

Some of the key findings based on Professor Balfanz’s analysis include:

1. In Texas, nearly a third of the high school students (n = 300,000) attend high schools with low promoting power where graduation is not the norm. This is more than twice as many students as attend high schools with high promoting power where graduation is a given (n = 139,000)
2. In Texas, Black and Latino students are 3 times more likely than White students to attend a high school where graduation is not the norm (i.e. promoting power of 60% or less). Overall 42% of minority students in Texas attend one of these high schools compared to only 14% of White students.
3. Black and Latino students are less likely than White students to attend a high school where graduation is nearly a given (i.e. high schools with 90% promoting power). Overall only 10% of minority students in Texas attend these schools, compared to 17% of White students.
4. Three-fourths of the high schools in Texas where graduation is not the norm (60% or less promoting power) have 40% or more of their students eligible for free or reduced price lunch. Yet, less than half of these schools receive Title 1 funding.

5. Racial isolation increases the odds that minority children will attend a “dropout factory” for high school. Schools that are exclusively attended by minority students (90% or more minority) make up 44% of the high schools in which dropping out is the norm.

6. In Texas, Low Promoting Power schools exist in both rural and suburban locations but they predominate in Texas’s Cities. 94% of the Minority students in Dallas attend a low promoting power high school, as do 85% of the Minority Students in Houston. In Austin, San Antonio, and Fort Worth sixty to seventy percent of minority students attend high schools in which graduation is not the norm.

<table>
<thead>
<tr>
<th>Promoting Power</th>
<th>Number of High Schools</th>
<th>Percent of Schools</th>
<th>Number of Students</th>
<th>Percent of Students</th>
<th>Percent of Minority Students</th>
<th>Percent of Non-Minority Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9%</td>
<td>1</td>
<td>1%</td>
<td>1</td>
<td>1%</td>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>10-19%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>20-29%</td>
<td>5</td>
<td>5%</td>
<td>5</td>
<td>5%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>30-39%</td>
<td>19</td>
<td>19%</td>
<td>19</td>
<td>19%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>40-49%</td>
<td>48</td>
<td>48%</td>
<td>48</td>
<td>48%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>50-59%</td>
<td>122</td>
<td>122%</td>
<td>122</td>
<td>122%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>60-69%</td>
<td>224</td>
<td>224%</td>
<td>224</td>
<td>224%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>70-79%</td>
<td>295</td>
<td>295%</td>
<td>295</td>
<td>295%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>80-89%</td>
<td>228</td>
<td>228%</td>
<td>228</td>
<td>228%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>90-99%</td>
<td>101</td>
<td>101%</td>
<td>101</td>
<td>101%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>100%+</td>
<td>96</td>
<td>96%</td>
<td>96</td>
<td>96%</td>
<td>10%</td>
<td>14%</td>
</tr>
</tbody>
</table>
### Number and Percentage of Low Promoting Power Texas High Schools by Selected Characteristics

<table>
<thead>
<tr>
<th></th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% students eligible for free or reduced-price lunch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40% or more</td>
<td>166</td>
<td>76%</td>
</tr>
<tr>
<td>% minority students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% or more</td>
<td>169</td>
<td>78%</td>
</tr>
<tr>
<td>90% or more</td>
<td>95</td>
<td>44%</td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>116</td>
<td>53%</td>
</tr>
<tr>
<td>Suburban</td>
<td>53</td>
<td>24%</td>
</tr>
<tr>
<td>Rural</td>
<td>48</td>
<td>22%</td>
</tr>
<tr>
<td>School enrollment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 to 299</td>
<td>31</td>
<td>14%</td>
</tr>
<tr>
<td>300 to 1199</td>
<td>65</td>
<td>30%</td>
</tr>
<tr>
<td>1200 or more</td>
<td>121</td>
<td>56%</td>
</tr>
</tbody>
</table>

### Minority Students and High Schools with Weak Promoting Power in Major Texan Cities (2004)

<table>
<thead>
<tr>
<th>City</th>
<th># of High Schools with Weak Promoting Power</th>
<th>% of High Schools with Weak Promoting Power</th>
<th>% of District Minority Students in Weak Promoting Power High Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas</td>
<td>21</td>
<td>75%</td>
<td>94%</td>
</tr>
<tr>
<td>Houston</td>
<td>22</td>
<td>79%</td>
<td>85%</td>
</tr>
<tr>
<td>Austin</td>
<td>5</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>6</td>
<td>75%</td>
<td>72%</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>7</td>
<td>58%</td>
<td>60%</td>
</tr>
<tr>
<td>El Paso</td>
<td>5</td>
<td>50%</td>
<td>48%</td>
</tr>
<tr>
<td>Corpus Christi</td>
<td>2</td>
<td>33%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Texas Overall Class of 2004 Promoting Power Ratios by Race/Ethnicity

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Enrollment for Class of 2004</td>
<td>303,855</td>
<td>128,987</td>
<td>44,878</td>
<td>121,865</td>
</tr>
<tr>
<td>Total number of 12th graders 2003-04</td>
<td>213,256</td>
<td>102,623</td>
<td>27,981</td>
<td>75,173</td>
</tr>
<tr>
<td>Class of 2004 Promoting Power Ratio</td>
<td>0.70</td>
<td>0.80</td>
<td>0.62</td>
<td>0.62</td>
</tr>
</tbody>
</table>

The Characteristics of Low Promoting Power High Schools in Texas

Statistical analysis of promoting power across all Texas regular and vocational high schools in 2004 indicates that urbanicity, high students teacher ratios, free lunch levels, school size, and racial concentration, all have independent negative impacts on promoting power. As a result, large, urban schools that have high degrees of racial concentration, high poverty rates, and more students per teacher have multiple factors working against achieving high rates of promoting power.

- For African-American students, every ten percentage point increase in racial concentration is associated with a 2% decline in promoting power
- Every ten percentage point increase in students eligible for free and reduced-price lunch is associated with a 1.5% decline in promoting power
- For Latino students, every ten percentage point increase in racial concentration is associated with a 1% decline in promoting power
### Table 1: Texas Linear Regression Results of Class of 2004 Promoting Power on Selected Independent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>$\beta^5$</th>
<th>$t$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total School Enrollment</td>
<td>.000**</td>
<td>-.090</td>
<td>-2.19</td>
</tr>
<tr>
<td>Urbanicity$^1$</td>
<td>-.013*</td>
<td>-.219</td>
<td>-5.59</td>
</tr>
<tr>
<td>Percentage of Students Eligible for Free or Reduced-Price Lunch</td>
<td>-.002*</td>
<td>-.188</td>
<td>-4.89</td>
</tr>
<tr>
<td>Percentage of Students Who are Black</td>
<td>-.002*</td>
<td>-.209</td>
<td>-6.38</td>
</tr>
<tr>
<td>Percentage of Students Who are Hispanic</td>
<td>-.001*</td>
<td>-.190</td>
<td>-4.69</td>
</tr>
<tr>
<td>Calculated Pupil to Teacher Ratio</td>
<td>-.004**</td>
<td>-.080</td>
<td>-2.02</td>
</tr>
<tr>
<td>Constant</td>
<td>.969*</td>
<td></td>
<td>38.51</td>
</tr>
</tbody>
</table>

**NOTE:** N=1098; $\beta$ is an unstandardized coefficient, $\beta^5$ is a fully standardized coefficient, $t$-value is a $t$-test of $\beta$; *p<0.001. **p<.05; All variables used in this analysis are from the 2003-04 U.S. Department of Education's Common Core of Data 1: Urbanicity: 1=rural, outside CBSA, 2=rural inside CBSA, 3=small town, 4=large town, 5=urban fringe of mid-size city, 6=urban fringe of large city, 7=mid-size city, 8=large city

**Schools That Beat The Odds**

Nonetheless, there are schools that are beating the odds by graduating a higher than expected percentage of its students. The following table lists 14 schools in Texas where at least 50% of students qualify for free lunch, where 50% or more of students are Black or Latino, total school enrollment is 200 or more students, and where promoting power, averaged over three years is at least 80%. Since aggregate statistical data need to be cross-checked with local data before we can be certain that these schools are beating the odds (and their promoting power is just not the result of favorable conditions), these schools need to be seen as potential Beat the Odds schools. In Texas, it is notable that nearly all the potential Beat the Odds schools are rural schools. Two urban schools make the list--the Silva Health Magnet in El Paso and Del Valle High School in Ysleta. This is both a ray of hope showing that an urban school in Texas can beat the odds, and cautionary note on how few urban, high poverty, high minority high schools in Texas have high graduation rates.
From Balfanz’’ studies of schools in California and presentations from educators in those schools, we know that Beat the Odds schools typically share some critical common approaches. They work hard to create engaging and personalized learning environments for all students, put a focus on making sure students attend school everyday, use data to continually monitor that students and the school are on-track and constantly use the data to make mid-course corrections or provide additional supports when they are not, provide sufficient and on-target extra help to students who enter high school with below grade level skills, provide ample opportunities for students who fail courses to re-cover quickly and stay on track to graduation, create professional learning communities to provide teachers with the support they need to provide students with all the extra help and out-reach that is required, and hold high expectations and expect good outcomes for all students.

Turning Low Promoting Power High Schools into Beat the Odds High Schools

Improving a low performing high school requires comprehensive reforms that are neither fast, easy, nor cheap. Enough is known about transforming low-performing, high-poverty high schools to effect substantial improvements in many of them. Working models, success stories, and independent rigorous evaluations exist (e.g. Legters, et. al, 2002; Kemple, et al, 2005; Quint et al 2005). The challenge is to develop the capacity, know-how and will to implement what is known to work in all the high schools in need. First and foremost, it needs to be recognized that truly comprehensive reform is required. A dominant focus on one or even several levers of improvement is not enough to address the degree of educational challenge that currently exists in low performing high schools. Increased personalization and student outreach, high standards, intensive instructional programs to close achievement gaps, improved teacher quality, professional development and teacher supports, engaging school programs, and strengthened connections between high schools and colleges and employers are all needed in large, sustained, coordinated measures.
Patience, commitment and resources also are required. Comprehensive reform efforts at the district and school levels require time to plan and several years of implementation before they can be expected to produce results in student achievement. Some critical factors can be improved quickly within the one or two year time span allowed by the current NCLB accountability framework. In low performing high schools it is possible to achieve significant one year improvements in student attendance, reductions in suspensions, course passing rates, and promotion between grade levels (Kemple et al 2005). Significantly raising student achievement typically takes more time. It requires coordinated improvements in at least four areas, student attendance, engagement, and effort, the instructional program (often both the course sequence students take and the instructional materials used in course), the extra-help opportunities available to students with below grade level skills, and finally teacher and administrator effectiveness and support. If effort, focus, or skill falters in any one of these areas or factors outside of the schools control draw resources and energy away from or a high school lacks sufficient resources to mount simultaneous reforms in all these areas, then progress towards significant achievement gains can be stalled or muted. In addition, while some high schools maybe able to implement effective reforms by re-allocating existing resources, others will need a substantial infusion of additional resources. Moreover, because reforming low performing schools is challenging and takes time, the state and districts need to develop sufficient technical capacity to do the job and/or support third-party intermediaries who can.

Economic Implications of Dropping Out

The U.S. Census estimates that high school dropouts will earn $270,000 less than high school graduates over their working lives. Census data also shows that the earning gap between high school graduates and dropouts has grown over the last two decades—in 1975, high school dropouts earned 90% as much as high school graduates; in 1999, high school dropouts earned only 70% as much.

The negative impact of not graduating may be more severe for some minority groups. A 2002 Census Bureau report shows that the mean earnings of young adult Latinos who finish high school are 36% higher than those who drop out. A 2003 report on the Chicago job market shows that more than half of young adult male African American dropouts in that city have no job at all.

Texas Study Finds Huge Benefits to Preventing Dropouts

The Center for Public Policy issued a recent report in 2006 which reached similar conclusions as researchers in California and Chicago. The study, called, “The High Cost of Dropping Out: How Many? How Come? How Much?” compared the immediate financial benefits to schools of not educating dropouts to the long lasting financial and social benefits that Texas would reap if every officially reported dropout stayed in school and earned a diploma. Based on the officially reported dropouts, keeping those students in school would cost “an additional 180 million if all the dropouts from Fall 2000 to Spring 2004 actually stayed in school and graduated.” The study further describes how it would cost the state an additional 1.7 billion dollars if all the students who were enrolled in the graduating Class of 2004 attended 4 years of high school and earned a

---

39 Ibid, p. 3.
40 Ibid, Table 3.
diploma. However, the report goes on to show that what seems like high costs would be more than offset by the 3 billion dollars in extra income that would be generated if the 16-19 year olds lacking a diploma simply graduated.

According to the report, the long term economic effect on Texas dropouts in terms of increased reliance government assistance and the eight fold increase in risk for incarceration costs millions of dollars per year. In its conclusion the report cites the Intercultural Development Research associations estimates of costs in the hundreds of billions of the life of students who drop out when forgone income tax, lost revenues, increased welfare, unemployment, job training and criminal justice costs are added into the equation.”

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

According to Russell Rumberger, of the University of California at Santa Barbara, the 66,657 students who were reported as dropouts from the California public schools in the 2002-03 will cost the state $14 billion in lost wages. These costs rise significantly when one considers that the actual number of students who leave school without diplomas is much higher than the estimates provided by the state. Since the greatest economic benefits of earning a high school diploma are realized in the next generation, the most significant loss is to their—and our— future.\footnote{See Lance Lochner & Enrico Morettie, The Social Savings from Reducing Crime through Education, (Joint Center for Poverty Research 2001), available at www.jcpr.org/policybriefs/ vol4_num5.html; Arthur Blakemore & Dennis Hoffman, The Economics of Dropouts: The Complexities of Uncovering the Real Costs of the Loss of “Human Capital” (paper presented at the Southwest Conference on Enhancing School Completion, Arizona State University, Tempe, Arizona, Nov. 7, 2003) (unpublished manuscript on file with Daniel J. Losen).}

Dropouts also cost the state in other ways – through higher crime and incarceration rates, increased welfare, and more dependence on public health care. Sixty-eight percent of all state prison inmates, for example, have not graduated high school. When incarceration costs are considered, Texas’s failure to graduate more students adds millions of dollars to the state’s expenditures. Rumberger’s estimates are based on a study conducted by a team of economists who found that, on average, high school graduation lowers the subsequent probability of incarceration for Whites by 0.76 percentage points, and for Blacks by 3.4 percentage points.\footnote{Lance Lochner and Enrico Moretti, “The effect of education on crime: Evidence from prison, arrests, and self-reports,” American Economic Review (2004) 94: 155-189, p. 173. Rumberger estimates that the reduction in Hispanic incarceration rates would be 2.0 percentage points, based on national estimates that show lifetime probabilities of incarceration at 3.4% for Whites, 10% for Hispanics, and 18.6% for Blacks. See: Thomas P. Bonczar. Prevalence of Imprisonment in the U.S. Population, 1974-2001. (Washington, D.C.: U.S. Department of Justice, 2003), Table 9.} Declines hold true across all types of crime examined. Based on these crime reduction rates, the economists estimate that a 1% increase in the high school graduation rates would save the nation as much as $1.4 billion dollars each year in crime-related costs.\footnote{Ibid, Table 13.}
Despite the tremendous costs that coincide with high dropout rates, current educational policies, such as high stakes tests for students and test-driven accountability for schools, appear to create unintended incentives for school officials to push out low achieving students. Congress took a first step in recognizing the national dropout crisis in 2001 by inserting graduation rate accountability into the No Child Left Behind (NCLB) Legislation, in part out of concern that the focus on testing alone could have unintended negative consequences. Unfortunately, the U.S. Department of Education has been lax about enforcing NCLB’s reporting and accountability measures regarding graduation rates, while rigidly enforcing its testing accountability measures. An overemphasis on test-driven accountability, without the balance that graduation rate accountability provides, creates perverse incentives for school officials to “push out” low-performing students, and thus is likely to worsen the dropout crisis.

The concern about lax graduation rate accountability should be discussed within the context of the central element of the adequate-yearly-progress (AYP) provisions of NCLB. Under the law, states must demonstrate that, in every school and district, students are on track toward achieving 100% proficiency in reading and mathematics within twelve years (by 2014). To ensure that this goal will be met, states must monitor the progress of the districts, and districts their schools, on interim benchmarks. If the school or district in question does not improve enough, and if mandated technical assistance does not help, further intervention is mandatory and includes a host of progressively severe sanctions and consequences.

NCLB requires that racial and ethnic minorities, English-language learners, students with disabilities, and students from low-income families make adequate yearly progress as defined in the statute. If any of these groups does not meet the state’s standards, the educational agency in question will not make adequate yearly progress and will face more severe sanctions. Although benefits should accrue from a sound multi-measure system of subgroup accountability for academic achievement, students in these groups, which are disproportionately low achieving, are more likely to be pressured to leave when predetermined proficiency benchmarks, calibrated to meet the goal of 100% proficiency in twelve years, determine whether schools and districts are sanctioned.

Texas’s “200 Year” Plan Does Very Little to Account for Low Graduation Rates:

Texas’s 84% graduation rate standard is an illusion. Even so, some will object to reporting more accurate rates, and especially the addition of more rigorous verification if doing so is attached to accountability. Under current policy, however, Texas graduation rate accountability is a complete sham. In Texas, as long as “any improvement” remains the standard for school and district accountability and is defined as achieving just 1/10th of 1% growth over the prior year’s graduation level, arguments against greater accuracy with more vigorous standards are not well grounded. Moreover, in districts like Houston and Dallas where the graduation rate for all students is about 50% and because Texas has a goal of 70%, at the required rate of improvement those districts could take up to 200 years to meet the goal. Furthermore, Texas considers only the aggregate

---

45 *One Third of the Nation: Rising Dropout Rates and Declining Opportunities*, Report Released by ETS, available online at: [www.ets.org/research](http://www.ets.org/research).

46 If a school or district fails to make adequate yearly progress (AYP) for two years in a row, it is flagged for technical assistance and “identified for improvement.” See 20 U.S.C. § 6311(b)(1) (2002).

47 See id. §§ 6311, 6317.
graduation rate for accountability purposes when determining AYP. This means that it does not consider the low graduation rates of any subgroup in the spirit of the commitment to close the state’s gap in educational outcomes.

**Recommendations Regarding NCLB and Accountability**

Texas should not settle for “any improvement” when looking at graduation rates. The absurdly low threshold required for schools and districts to achieve compliance suggests that Texas is not serious about graduation rate accountability.

Until the single identifier system is shedding light instead of shadows over graduation rates in Texas, the state should invite independent researchers to audit the process. For accountability purposes the state should set a clear floor and the floor should be calculated for major racial groups, not just students in the aggregate. Schools and districts should be given rewards for schools or districts falling below the floor but that make substantial and steady progress over a number of years toward the goal. The state should provide substantial technical assistance to struggling schools and districts, especially toward improving the rates for Latinos, Blacks and Native Americans. AYP sanctions should be reserved only for districts that received both technical assistance and additional to address the problem yet after ample time to implement changes made little or no progress toward the goal.

**Accountability and NCLB**

Further, although reporting improvements are promised, there are currently no signs that Texas will use the improved reporting to hold the state, districts or schools accountable for significant gains. While improving the data is a critical starting point, real progress will only come when accurate data is used to reveal failed policies and failing schools, but can also target resources and researched based reforms that are likely to generate more effective high schools and substantially better graduation rates for children.

In fact, the evidence is strong that improving the quality of our schools so that far more children earn a *bona fide* diploma and gain the skills to succeed in college and the workforce is a shared priority of business leaders, politicians and the citizens of all states.

Unfortunately, the policies that have been in place in Texas, on both the reporting and the accountability use of graduation rates, undermine the graduation accountability goals of the No Child Left Behind Act of 2001. But Texas could lead the nation once again by passing more rigorous reporting and accountability requirements. To facilitate that process in Texas, and in every state, The Civil Rights Project has drafted model state legislation for the consideration of any state with input from numerous civil rights and educational advocacy organizations, legislation that could help states develop a fair yet forceful approach to addressing this problem.

**Model Legislation**

There is a graduation crisis in America. The crisis is deepest for Black, Latino, and Native American students whose chances of graduating “on time” with a high school diploma are only about 50/50. There is a general consensus among educators and policymakers that we need to improve graduation rates for the health of our democratic society and economy. They also agree that American schools need to track individual students
from entering secondary school to high school graduation or departure. The bipartisan support for improving the data collection, accuracy and reporting of graduation rates is demonstrated by the fact that all 50 governors signed a compact calling for such reporting.

Less attention has been paid to holding educational agencies accountable for improving rates of graduation. Much of the attention to this issue began once the federal law required improvement of graduation rates to be part of the measure of Adequate Yearly Progress (AYP) under NCLB. Unfortunately, neither the reporting nor the graduation rate accountability provisions of the law have been seriously monitored or enforced. At the same time, the test-score accountability provisions are rigidly implemented. Anecdotal evidence shows how high test-score accountability inadvertently creates incentives for encouraging low-scoring students to drop out, in subtle and not so subtle ways, which is referred to as a “push-out” phenomenon. If low scoring students drop out, their school’s average test score rises. The incentives to push students out are exacerbated by the failure to enforce graduation rate accountability, which was added to the law purposefully to mitigate this problem. Specifically, the federal administration, in issuing regulations to implement NCLB, softened graduation rate accountability requirements of the statute while they held fast to the lock-step test driven measures in NCLB accountability.

The model legislation is intended to rectify some of the shortcomings in both reporting and accountability for graduation rates. While the reporting provisions are not expected to change, the accountability provisions may be more responsive to new studies and ideas.

The accountability provisions are drafted to accomplish the following three main objectives:

- Improve the graduation rates of students across the country, and especially groups of poor and minority children.
- Create a counter to the existing incentive to push out lower achievers in order to boost test scores.
- Provide the technical assistance and dropout prevention resources to the students and school systems of greatest need.
- Close loopholes in current graduation rate reporting practices, such as inappropriately removing students from the cohort when students enroll in GED programs, districts fail to receive verification from receiving schools for transfers, or when districts or schools lose critical student level data.

The accountability provisions represent expert opinion from a number of the foremost scholars on dropout prevention and high school reform. The proposal suggests a 5% growth rate averaged over two years. The experts we consulted with agreed that this amount of improvement, although modest, would be considered neither a low standard, nor unrealistically high. Moreover, this goal seems high enough to counter the incentive to push out low achievers.

The Civil Rights Project works to provide research driven policy recommendations. In this case, however, there has not been enough research to date to precisely anticipate how much improvement in graduation rates is reasonable to expect and under what conditions. Researchers can point to some data, like that on the Talent Development High Schools showing that high school reform efforts appeared to have been correlated with approximately 4% improvement in graduation rates in two years. This improvement was not the result of an infusion of resources or of technical assistance specifically targeted at dropouts but a general high school

---

48 See *Losing Our Future*, supra note 3.
improvement strategy, so slightly greater gains might be realistic with focused interventions and added resources.

Most important is that the accountability requirements would not apply to any school or district that had not received technical assistance and other dropout prevention resources for at least four consecutive years. The delayed implementation of accountability, while technical assistance and resources flowed would give schools and districts more time to turn around their graduation rate crisis, and is based on a wealth of research that suggests that deep school reform often doesn’t show desired outcomes in the first two years of implementation.

The model legislation is not specifically geared to any particular state and should be regarded as a draft or template for more specific state legislation. Alternatively it can be regarded as an administrative rule and adopted as a regulation. Because the research on how to improve graduation rates is underdeveloped, this model legislation as it provides specific benchmarks for accountability (Title II) should especially be regarded as a working document. The Civil Rights Project may feel compelled to amend these recommendations in the future, to the extent that new research indicates that the goals or mechanisms represented are unreasonable, or could be strengthened in significant ways.
Appendix

Model Legislation

Proposed Legislative Bill Template
For Use By States in Developing Legislation Relating to:

THE COLLECTION and USE OF ACCURATE DATA ABOUT STATE HIGH SCHOOL GRADUATION RATES

By:

<table>
<thead>
<tr>
<th>SPONSORS SECTION</th>
<th>Insert legislative sponsor’s name followed by co-sponsors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>[TITLE PROVISIONS SECTION]</td>
<td>A BILL</td>
</tr>
<tr>
<td>AN ACT concerning</td>
<td>High School Outcomes Improvement Act</td>
</tr>
<tr>
<td>[PURPOSES SECTION]</td>
<td>This section provides a synopsis of what the Act prescribes, usually written after bill is drafted.</td>
</tr>
<tr>
<td>For the purpose of requiring the [State Education System] to adopt and implement a certain formula for use in calculating certain information about “on time” graduation rates from the State’s public high schools; requiring the [State Education System] to undertake certain activities with respect to graduation rates from the State’s public high schools; and relating generally to the collection, maintenance, public reporting and analysis of data relating to graduation rates from the public high schools of the State.</td>
<td></td>
</tr>
<tr>
<td>PURPOSE SECTION NEEDS ACCOUNTABILITY CLAUSE</td>
<td></td>
</tr>
<tr>
<td>[REFERENCE SECTION]</td>
<td>This section is used to identify any existing state code, articles, or sections to be amended.</td>
</tr>
<tr>
<td>By adding to Article - Education Section ____ Annotated Code of ____ (2004 Replacement Volume and 2005 Supplement)</td>
<td></td>
</tr>
<tr>
<td>[ENACTING CLAUSE SECTIONS]</td>
<td>This section introduces the Text of Body of the draft bill.</td>
</tr>
<tr>
<td>BE IT ENACTED BY THE GENERAL ASSEMBLY OF ___, That the Laws of ____ read as follows: Article – Education</td>
<td></td>
</tr>
<tr>
<td>[PREAMBLE SECTION]</td>
<td>This is an optional section if a legislative purpose section is used below. However,</td>
</tr>
</tbody>
</table>
(1) Whereas, the high schools of the State of _____ play an integral role in preparing students for college and work in the 21st Century. The High School Outcomes Improvement Act recognizes that high school success is more important than ever for the health of our economy, for civic life, and to ensure equal opportunity, it is of critical importance to the success of our public high schools to prepare all students for college and work in the 21st century;

(2) Whereas, without accurate data on graduation rates it is extremely difficult to evaluate the efficacy of the state’s system of public education. Better information can lead to better policies and program implementation;

(3) Whereas, parents and community members, who are critical to ensuring strong educational accountability, are hampered in their efforts to improve our schools if they do not have accurate data;

(4) Whereas, it is of critical importance that accurate data be collected, maintained, analyzed and publicly reported by our state’s education system with respect to high school student graduation rates;

(5) Whereas, in the State of ________ existing data from independent researchers indicates that when graduation rates are broken down by racial and ethnic group, by students with disabilities compared to their non-disabled peers, by English language learners and by socio-economically disadvantaged students compared to non-disadvantaged peers, that many of these sub-groups are experiencing particularly low rates of high school graduation;

(6) Whereas, ultimately the State of ________ is committed to develop and implement a student –unit-record data system, with unique student identifiers that can track students through the ________’s education system from kindergarten through post-secondary education.

(7) Whereas, this state hereby commits to developing and maintaining a data and public reporting system that accurately accounts for all students when calculating high school graduation rates and informs the public of progress toward the goal of universal high school graduation.

[LEGISLATIVE PURPOSE SECTION]

(1) The [state legislature] finds that it is of critical importance to the success of our public high schools in preparing students for college and work in the 21st century that accurate data with respect to high school student graduation rates are collected, maintained, analyzed and publicly reported at the school, district and state level state’s education system.

(2) The purpose of this statute is to initiate a process by which the state may achieve the goal of collecting, maintaining, analyzing and reporting of data relating to the graduation rates of the students in our public high school as an essential step in addressing gaps in educational achievement among our diverse student population.

[SCOPE, CONSTRUCTION, OR APPLICATION OF THE STATUTE SECTION]

This statute applies only to graduation rate data for students who have attended the public high schools of the state.
In this Act:

(1) “GRADUATION RATE”: is defined as the percentage of the “four year adjusted cohort” who earned a regular high school diploma “on time” as calculated using the graduation rate “four-year adjusted cohort rate formula.”

(2) “FOUR-YEAR ADJUSTED COHORT GRADUATION RATE FORMULA”: defines the formula for calculating the graduation rate as the number of students who graduate on time with a regular diploma (that does not include a GED or other certificate of completion or alternative to a diploma), divided by the number of students who formed the four year adjusted cohort for that graduation class. It may be expressed as follows: Graduation rate = (On-time graduates in year x) divided by [(the number of students in the ninth grade adjusted cohort) + (transfers in) – (transfers out)].

(3) “NINTH GRADE ADJUSTED COHORT”: is defined as the students who entered grade 9 together; and, any students that transferred into the cohort in grade 9 through 12. To remove students from the cohort, the school or district must confirm that the student has either transferred to another school or district [as defined in paragraph (5)] or is deceased. Students for whom it is educationally appropriate may be assigned to a different cohort based on an expected graduation date determined through an individualized review and planning process. This includes, but is not limited to, students with disabilities for whom the individualized education plan contains an expectation of high school graduation more than four years after entering grade nine, students with limited English proficiency who require extra years for additional English language instruction; and students in programs that give them five years to earn both a high school diploma and an associate’s degree. All other students, including those retained in grade, those who enroll in a GED program, or take leave of school for any other reason, are not counted as transfers and remain in the “four-year adjusted cohort.” Students who are retained in grade, or take leave of school and return are counted only once as part of their initial “four-year adjusted cohort.”

(4) “TRANSFERS IN”: are students who enroll after the beginning of the entering cohort’s first year in high school, up to and including in grade 12.

(5) “TRANSFERS OUT”: are students the school or district has confirmed has transferred to another school, district, or other educational program for which they are expected to receive a regular high school diploma. Confirmation of a student’s transfer to another school/district/program requires formal documentation that the student enrolled in the receiving school. Students enrolled in a GED or other alternative educational program that does not issue or provide credits toward the issuance of a regular high school diploma are not considered transfers. Students for which there is no information should be documented as non-graduates.

(6) “ON TIME GRADUATES”: means those students who earned a regular high school diploma at the conclusion of their fourth year or before. This may include graduates who earned their diploma during a senior summer session in those jurisdictions offering summer sessions for seniors.

If possible, the definition should clarify at which point during the school year the ninth grade adjusted cohort should be counted; this should happen as close to the beginning of the school year as possible. This should reflect the enrollment practices of the state and districts, but

(7) “REGULAR DIPLOMA”: is defined as the standard diploma awarded to the preponderance of students in the state that is fully aligned with state standards, or a higher diploma, and does not include GEDs, certificates of attendance, or any lesser diploma award. The intent here is to set the goal at receipt of a full diploma.

Many states may have specific names for this “regular diploma,” and this
(8) “INTERIM GRADUATION RATE FORMULA”: is defined as the ratio of regular diploma recipients in the given year to 9th grade enrollment four years prior.

### TITLE I: REPORTING ACCURATE GRADUATION RATES

(1) Within 90 days of the effective date of this section, the [state education agency], in conjunction with each local school board, district, or agency, shall adopt and implement the standard 4-year adjusted cohort graduation rate definition and data collection protocol using the graduation rate formula as defined in paragraph [Definitions Section](2), including permissible adjustments as defined.

(2) [The state’s education system], in conjunction with each local school board, district, or agency, shall develop and retain capacity for collection, analysis, and public reporting of public high school graduation rate data. The state should calculate and report graduation rates using the four year adjusted cohort graduation rate formula defined in [Definitions Section](2) no later than the end of the next school year after enactment of this statute, and annually thereafter.* The number of students who have been assigned to a different cohort based on an extended graduation date determined through an individualized review and planning process as described in [Definitions Section](3), shall be reported alongside graduation rates. Graduation rates shall be calculated and publicly reported in the aggregate and disaggregated by each of the major racial and ethnic groups, for students with disabilities, for English language learners, for socio-economically disadvantaged students, and for non-socio-economically disadvantaged students.

(3) To provide a richer context and understanding about outcomes for students [the state’s education system], in conjunction with local school boards, districts, or agencies, may, within five years of the effective date of this statute, develop and implement one or more complementary indicators to enhance the state’s ability to measure and report different forms of high school completion, including: five- and six-year cohort graduation rates; a college-ready graduation rate; adjusted on-time rates; a dropout rate; completion rates for those earning alternative completion credentials from the state or a GED; in-grade retention rates; and percentages of students who have not graduated but are still in school or who have completed course requirements but failed a state exam required for graduation. [The state’s education agency] shall develop consistent definitions to ensure that these measures are reported in comparable ways across schools and districts within the state. These additional indicators may not replace, for purposes of reporting or accountability, the graduation rate delineated in this Act. Nothing in this Act should be construed as limiting the reporting on a variety of other indices not explicitly recommended in this paragraph.

(4) [The state’s education system] shall collaborate with local school boards, districts, or agencies in the process of adopting and implementing the public high school graduation rate required by this section. This collaboration shall include the calculation and public reporting of an interim graduation rate within a year of the of the effective date of this statute, or before, and annually thereafter until such time as the state and local governments have all the data required to fully implement the cohort graduation rate definition mandated by Title I, Section (1) of this statute. This interim graduation rate shall be the ratio of regular diploma recipients in the given year to 9th grade enrollment four years prior, as defined in [Definitions Section](2).

*If the state does not currently have the capacity and necessary data to calculate graduation rates using the four year adjusted cohort graduation rate formula defined in [Definitions Section](2), the legislation should clarify that states shall develop and retain this capacity immediately, and calculate and report the rate defined in [Definitions Section](2), as soon as possible, but no later than five years from the effective date of this statute.
TITLE II: USING ACCURATE GRADUATION RATES TO HOLD SCHOOLS, DISTRICTS AND THE STATE ACCOUNTABLE

(1) Resources for Graduation Rate Improvement and Accountability: Generally, any school or district falling below a 90% graduation rate using either method in paragraph (2) will be deemed as “in need of technical assistance.” Each district with one or more high school below 90% will reserve funds equal to at least 5 percent of the district’s Title I funds, (or the equivalent state funds) to be used exclusively for dropout prevention programs or interventions specifically designed to improve the graduation rate of the group or groups falling below 90%.
   (A). Funding sources: If funds are made available to a district under Part H of Title I of The No Child Left Behind Act of 2001, they may be used to meet the requirements of this provision.
   (B). Prioritization and Limitations: Districts not eligible for Title I funds under NCLB are not eligible for technical assistance or additional state or federal funds pursuant to this provision. Where a district can only provide funds and technical assistance to a limited number of schools qualifying for assistance, the local educational agency shall rank order the high schools by graduation rates calculated pursuant to paragraph (2) and assign the highest priority for technical assistance and dropout prevention resources to the schools that have the lowest graduation rates.

(2) Calculating Graduation Rates: For the purpose of determining adequate yearly progress (AYP) under the federal No Child Left Behind Act of 2001 (NCLBA), the [state education agency] shall amend its accountability plan so that the interim graduation rate mandated in Title I, Section (4) shall be used as the additional high school indicator for the purposes of determining each high school’s and LEA’s AYP status, until such time as the cohort graduation rate mandated by Title I, Section (1) can be implemented. Upon implementation of the cohort graduation rate, the [state education agency] shall amend its accountability plan so that the cohort graduation rate shall be used as the additional high school indicator for the purposes of determining each high school’s and LEA’s adequate yearly progress (AYP) status.

(3) Restrictions on Technical Assistance: Schools and LEAs with a four year adjusted cohort graduation rate of less than 90 percent, that make substantial and consistent progress yet do not average a 5 percent increase every two years, and have fallen below the 90% standard each year, technical assistance and eligibility for dropout prevention resources will be limited to four consecutive years, subject to the discretion of the state for review in case of unusual hardship or special circumstances.

(4) Connecting to federal accountability under NCLB: For the purpose of determining AYP under the NCLBA, the [state education agency] shall amend its accountability plan so that individual schools and LEAs shall be required to increase graduation rates, overall and in each of the subgroups described in section 1111(h)(1)(C)(i) of the Elementary and Secondary Education Act as amended by the NCLBA, in order to make overall AYP. For a district or school to make AYP, the [state education agency] shall require an increase of 5 percent (averaged over two years) from a baseline of X percent [the graduation rate for the current school year using the adjusted cohort four year graduation rate defined in [Definitions Section](2)] as provided below:

The State is encouraged to set specific and appropriate growth requirements for those schools and LEAs with an adjusted cohort four year graduation rate of more than 90 percent.
(a) Commencing in four years from the date of enactment of this provision, schools and districts that are below 90% graduation rate for all students or for the subgroups specified under NCLB, and have not averaged 5% improvement over the most recent two year period, will be deemed not to have made AYP pursuant to NCLB if they have received technical assistance and dropout prevention/intervention resources for at least four years pursuant to paragraph (2) or (3) of this title.

(b) The application of NCLB AYP provisions as required in paragraph (a) may be reviewed by the state in case of unusual hardship or special circumstances. Pursuant to the relevant provisions of NCLB, schools and districts may also appeal any determination that the school or LEA did not make AYP pursuant to this paragraph.

(c) For schools and LEAs with a four year adjusted cohort graduation rate of 90 percent or more, progress should be required to the extent appropriate.

(d) The state shall modify, to the extent necessary, the state plan submitted to the Secretary of Education for accountability under NCLB by specifying the additional requirements of this Act that are contingent on the receipt of technical assistance and resources at the district and school level.

(e) Nothing in subparagraph (a) or (d) shall be construed to diminish any requirements for school or district level graduation rate accountability under the provisions of the No Child Left Behind Act or the state plans approved by the Secretary of Education pursuant to the NCLB.

**TITLE III: REPORTING REQUIREMENT ON IMPLEMENTATION OF STATUTE**

(1) Within (XX or 90) days of the effective date of this statute, [the state’s education agency] shall submit, and make publicly available, a report to the governor and the [state legislature] on the implementation of Title I, Section (1) of this section [the adoption and implementation of the standard 4-year cohort graduation rate formula, disaggregated pursuant to Title I, Section (2)].

(2) On or before November 1st of each year, [the state’s education agency] shall submit, and make publicly available, a report to the governor and the [state legislature] on its efforts to collect, maintain, analyze, and publicly report high school graduation rates, and how the steps taken by that system comply with other appropriate provisions of this section, including the use of the definitions provided in this Act. This report shall describe the statistical analyses and data verification activities undertaken by the state to confirm the accuracy of reported graduation rates, and shall detail any discrepancies identified.

(3) The reports described in paragraphs (1) and (2) must describe the interim measures the state is taking pursuant to Title I, Section (4), until such a time when the interim measures are no longer in effect. The reports must also detail each category, code and the corresponding definitions that the state has authorized for identifying, tracking, calculating and publicly reporting transfers out and other students for which there is no information, in compliance with Title I, Section (2) and Title I, Section (3) of this statute.

[CLOSING SECTION- Effective date of statute]: SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect …… July 1, 200X.