THE CIVIL RIGHTS PROJECT
HARVARD UNIVERSITY

CONFRONTING THE GRADUATION RATE CRISIS IN THE SOUTH

MAY 19, 2005

EXECUTIVE SUMMARY

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. According to a study released by The Civil Rights Project at Harvard University (CRP) and the Urban Institute in 2004,[1] only about 68% of all students nationally who enter 9th grade will graduate "on time" with regular diplomas in 12th grade.[2] 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 minority males. Yet, because of misleading and inaccurate reporting of dropout and graduation rates, and an exclusive preoccupation with testing data, the public remains largely unaware of this educational and civil rights crisis.

This crisis is particularly acute in Southern states, which have some of the lowest overall graduation rates in the country. The South is a critical region to examine because it has a very large and rapidly growing population and has always been home to a majority of African Americans. In addition, several southern states are now in the epicenter of a huge Latino migration. The region also has a history of racial inequality including unlawful school segregation. As pointed out in this report, two independent studies show a high correlation between racially and socio-economically segregated schools and very low graduation rates. Not surprisingly, the research shows that poor, racially isolated Whites have low graduation rates that are nearly identical to poor, racially isolated Blacks. Nationally, few predominantly White schools have concentrated poverty, but there are significant numbers of these in parts

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[1] Gary Orfield, Daniel J. Losen, Johanna Wald and Christopher Swanson, *Losing Our Future: How Minority Youth are Being Left Behind by the Graduation Rate Crisis* (The Civil Rights Project at Harvard University 2004) [hereinafter Losing Our Future]. February 2004, available online at http://www.civilrightsproject.harvard.edu/research/dropouts/dropouts_gen.php

[2] 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. Data for Class of 2001.

of the rural South.

According to new estimates compiled by Christopher Swanson of the Urban Institute, the Southern region (defined here as sixteen states[3] and the District of Columbia that practiced legally imposed segregation prior to *Brown v. Board of Education*: West Virginia, D.C., Delaware, Maryland, Kentucky, North Carolina, South Carolina, Mississippi, Georgia, Texas, Alabama, Arkansas, Louisiana, Florida, Tennessee, Oklahoma, Virginia) graduated only 64.5% of its students in 2002, or several points lower than the national average. Minority students fared far worse. Only 55.3% of Blacks and 56.3% of Latinos graduated on time with their peers, as compared with 70.5% of whites, and 82.2% of Asians.[4]

In this report, we give special attention to five southern states -- Florida, Georgia, Louisiana, Mississippi, and North Carolina. These states report graduation rates in 2002 ranging from a high of 85% in North Carolina to a low of 61.8% in Georgia. When a more accurate measurement, the Cumulative Promotion Index[5] (CPI) was used, the graduation rates for these five states dipped far lower than these official estimates. In keeping with the national trend, graduation rates for Black and Latino students in these five states are substantially lower still. In Georgia, which has a substantial and growing Latino population, the rates for Blacks, Latinos and Native Americans were all below 50%.

Class of 2002 Graduation Rate

State	Official Rate in Percent	**CPI Rate**	Official Blacks	**CPI Blacks**	Official Latino	**CPI Latinos**	Official Native American	**CPI Native Americans**
Florida	65	**57.4**	51	**45.2**	57	**52.9**	64	**54.9**
Georgia	61.8	**57.6**	51.6	**47.4**	48.7	**42.4**	62.8	**32.7***
Louisiana	Doesn't report	**66.4**	--	**59.2**	--	**62**	--	**51.9***
Mississippi	80.5	**60.7**	--	**55.9**	--	**32.4**	--	**50.0***
North Carolina	85 (97 % in 2003)	**64.6**	--	**55.4**	--	**54**	--	**39.3**

**Results based on data from less than 75% of the Native American population.*
-- data on subgroup graduations not included in official report

[3] Missouri is the only state with a state segregation law in l954 not included in this data.
[4] EPC Policy Bulletin, "Who Graduates in the South?", May 2005, Christopher Swanson, available soon at http://www.urban.org.
[5] The Cumulative Promotion Index (CPI), was designed by Christopher Swanson. See full report for description of how this rate is calculated.

Black, Native American and Latino males fared worst of all. Across the Southern region, the graduation rate for Black males averages only 47.4%, and 50.9% for Latinos. In only one of the five special focus states—Louisiana—did more than half (51.1%) of Black males graduate on time. In Florida, Black males had the lowest graduation rate out of the five states, a mere 38.3%. Of the two states where data on Native Americans males is available, North Carolina had a graduation rate of just 31.7%.

The severity of this situation is further underscored by the dearth of schools in many of these states which "beat the odds" by graduating a higher than expected percentage of their students. Researchers at Johns Hopkins University searched for schools in each of the five states that met the following criteria:

- at least 40% of students qualify for free lunch;
- where 25% or more of students are Black or Latino;
- and where promoting power, defined as a school's success in moving students from grade to grade, averaged over three years (2000--2002), was at least 80%.

In Georgia, they could not identify a single school that met the criteria. In Florida, they found only two such schools, four in North Carolina, 12 in Louisiana, and 15 in Mississippi.[6] The problems that these schools face are likely to become more severe, because Blacks in all Southern states have faced increasing segregation since 1990 and 9/10 of highly segregated Black or Latino schools experience concentrated poverty.

Unfortunately, neither the states, nor the U.S. Department of Education is doing much to hold schools and districts accountable for such high rates of school failure. Although Congress inserted graduation rate accountability provisions into the *No Child Left Behind* law, the lax enforcement on this accountability indicator at both the state and federal level has rendered this requirement virtually useless. While states must meet stringent requirements to improve test scores or risk serious sanctions under this federal law, they face few consequences for failing to improve graduation rates. For example, in North Carolina all students (including all subgroups) must improve test scores, step by step, until they reach 100% proficiency in reading and math by 2014. If any subgroup misses one step, the school fails to make Adequate Yearly Progress (AYP) and faces eventual sanctions such as district takeover. In contrast, while the state has set a goal of graduating 90% of its students,

[6] At least some of these high schools have academic admission requirements. It would not be appropriate to say that such schools were "beating the odds." This report does not identify individual schools.

only the most minimal improvement is required, and subgroups are never required to show improvement to meet AYP. Specifically, districts that fail to meet the 90% goal will still make AYP if they achieve as little as 1/10 of 1% progress over the prior year. At that rate, Charlotte, starting at a graduation rate of 57.1 %, has 329 years to meet the 90% graduation rate goal, yet only nine more years to meet the testing goals!

Dropping out is related to failure in the job market and to criminal activity. The low graduation rates and lax accountability are particularly distressing when viewed alongside the high incarceration rates in this region, particularly among Blacks and Latinos. In every one of these states, incarceration spending increased between 1980 and 2000, from 60% in North Carolina to 201% in Mississippi.[7] Failure to graduate from high school triples the likelihood of being imprisoned. According to researcher Russell Rumberger, the 114,382 students who were officially reported as dropouts from each of the five states highlighted in the 2002-03 year will cost the state $29.7 billion in lost wages.[8] Rumberger also calculated the increased incarceration cost for the state of Georgia at $105 million.[9]

As alarming as they are, these figures only begin to convey the magnitude of the human, economic and social cost to the region of tolerating these low graduation rates. 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 children are dramatically curtailed. Dropouts are much less likely to marry and to form stable families, and their children are very likely to drop out as well. A renewed commitment to keeping more students in school until they graduate from high school is not just sound educational policy; it is sound economic, public safety and criminal justice policy. Increasing on-time graduation rates offers a win/win strategy that will not only improve the region's economic vitality, but will predictably reduce crime, lower incarceration costs, and

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[7] Prison spending: fiscal years 1980-1981, 1985-1986, 1990-1991, and 1995-1996, Bureau of Justice Statistics, Sourcebook of Criminal Justice Statistics and Justice Expenditures and Employment Abstracts. Fiscal year 1999-2000, National Association of State Budget Officers (NASBO), State Expenditure Report, June 2000.

[8] 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. Declines hold true across all types of crime examined. Lance Lochner and Enrico Moretti, "The effect of education on crime: Evidence from prison, arrests and self-reports," American Economic Review (2003) 94: 155-189, p.173.

[9] Incarceration costs based on annual operating costs from Stephan, J. J. (2004). *State Prison Expenditures, 2001*. Washington, D.C.: U.S. Department of Justice, Table 2, and average prison sentence of 10 years taken from Georgia Department of Corrections (December 2004), page 36. *Monthly Statistics*. Atlanta: Georgia Department of Corrections. *See* Day, J. C. & Newburger, E. C. (2002). *The big payoff: Educational attainment and synthetic estimates of work-life earnings*. Washington, D.C.: U.S. Census Bureau.

salvage lives in the process. While there are many causes for dropping out, and substantial research on policy and programs that can increase graduation rates, there have been very few significant state or federal initiatives to seriously implement these programs.

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FULL REPORT

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, in 2001, only about 68% of all students who entered 9th grade graduated "on time" with regular diplomas in 12th grade.[10] 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 Southern States: Achieving a More Accurate Portrait

In this report, we focus on five states: North Carolina, Florida, Georgia, Mississippi and Louisiana. Of these, in 2002, North Carolina publicly reported an 85% graduation rate. In 2003, the state raised the reported rate to an astonishing 97%. But keeping with the 2002 baseline for comparison sake, the remaining rates in descending order are: Mississippi which reported a rate of 80.5%, Florida 65%, and Georgia 63%. Louisiana does not report any rate at all. Georgia, Mississippi and North Carolina base their calculations upon a flawed National Center for Education Statistics (NCES) formula. The formula relies heavily on the officially reported dropout numbers, which are known to be serious underestimates. As a result, these dropout dependent rates significantly overestimate graduation rates compared to other methods.[11] For example, if an enrolled student stops coming to school, that missing

[10] Losing Our Future, supra note 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.
[11] The coverage varies from state to state. For detailed reporting including coverage statistics see Christopher B. Swanson (2003.) *Keeping Count and Losing Count. Calculating Graduation Rates for All Students Under NCLB Accountability*. Washington DC: The Urban Institute. The latest data will

student is not counted as a dropout in most cases. Schools often misreport such missing students who never receive diplomas as transfers, despite the absence of any confirming paperwork or notification. Moreover, because data on dropouts are often unavailable, the NCES method is based on only about half of the districts nationally, and therefore represent far fewer students than measures that avoid using dropout data. Although Florida specifically states that it does not rely upon this method to calculate graduation rates, it nonetheless reports an inflated rate, based on our estimations, in part because it includes General Education Diploma (GED) recipients in its calculations.

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. We believe that the most useful and accurate estimates of high school graduation rates currently available are those that are based on the actual enrollment data that each district provides annually to the nation's Common Core of Data. Using the Common Core's enrollment and diploma data, Dr. Christopher Swanson of The Urban Institute developed the Cumulative Promotion Index (CPI), which is considered among the most accurate methods for estimating graduation rates.[12]

Using this calculation, the overall graduation rate for the Southern region[13] as a whole for the year 2002 was only 64.5%, or several percentage points lower than the national average. Rates for minority students in the Southern region that year were

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be available in a publication due to be released by the Urban Institute in the fall of 2005.

[12] The CPI method is based on the combined average success of groups of students moving from ninth grade to tenth grade, from tenth grade to the eleventh grade, from eleventh grade to twelfth grade, and from twelfth grade to graduation, at the district and state level. This method allows comparisons across years, districts, and states. 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.

[13] The "Southern Region" consists of Alabama, Arkansas, D.C., Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

substantially lower: 55.3% for all Blacks, 56.3 % for Latinos, and 58.4% for Native Americans. In contrast, Whites graduated in the region at a rate of 70.5%. For minority males, the figures are even more alarming: 47.4% for Blacks, and 50.9% for Latinos, (data not available for Native American males in every state). These compare to a graduation rate of 66.6% for White males.[14] The two states with data on Native American males showed they were near or at the bottom, with only 31.7% graduating in North Carolina and 49.1% graduating in Louisiana.

When we use the CPI to determine graduation rates in our five focus states, we find that North Carolina's graduation rate is 64.6%, Florida's is 57.4%, Mississippi's is 60.7%, Louisiana's is 66.4%, and Georgia's is 57.6%; all significantly lower than the officially reported rates. In the case of North Carolina, there is a discrepancy of 20 percentage points between the rate that the state reports and the rate calculated using the CPI method! If the 2003 reported rate is used, that gap grows to over 30 points. Mississippi's CPI rate is over 19% lower than the officially reported rate.

Using Dr. Swanson's data, the charts below document graduation rates in five southern states by race and gender:

Georgia Graduation Rates By Race and Gender 2002

	All Students	Female	Male
Georgia's official report using modified NCES	61.8 Class of 2002[15]		
Georgia Students CPI	57.6	62.8	52.7
By Race/Ethnicity			
American Indian / AK Nat.	32.7	N/a	N/a
Asian/Pacific Islander	76.6	79	73.2
Latino	42.4	43.3	38.4
Black	47.4	55.1	40.3
White	63.7	67.4	60.1

[14] *See* EPC Policy Bulletin, supra note 4.

[15] *See* http://reportcard.gaosa.org/yr2004/k12/Indicators.aspX?ID=ALL:ALL&TestKey=GradRate&TestType=indicators

Florida Graduation Rates By Race and Gender 2002

	All Students	Female	Male
Florida's official report based on grade 9 cohort but included GEDs and Alternative Certificates[16]	65 (Class of 02)		
Florida rate using CPI	57.4	63.4	52
By Race/Ethnicity			
American Indian / AK Nat.	54.9	n/a	n/a
Asian/Pacific Islander	80.7	84.3	73.5
Latino	52.9	58.9	47
Black	45.2	51.7	38.3
White	62.3	67.6	57.8

Mississippi Graduation Rates By Race and Gender 2002

	All Students	Female	Male
Mississippi's official report using modified NCES[17]	80.5 Class of 2002		
Mississippi Students CPI	60.7	67.8	54.1
By Race/Ethnicity			
American Indian / AK Nat.	50	n/a	n/a
Asian/Pacific Islander	65.1	n/a	n/a
Latino	32.4	n/a	n/a
Black	55.9	46.6	64.2
White	65.4	70.2	60.5

[16] *See* http://web.fldoe.org/NCLB/default.cfm?action=report2&level=state
According to the state's Accountability Workbook, "the NCLB graduation rate will vary slightly from the graduation rate that Florida publishes annually because NCLB excludes GED recipients." Florida also asserts that the multi-step process they use to calculate graduation rates is "more accurate than the definition created by the NCES." At page 41 of Workbook.

[17] http://www.mde.k12.ms.us/account/RC3A/HTML/S0000000.HTM

North Carolina Graduation Rates By Race and Gender 2002

	All Students	Female	Male
North Carolina's official report in 2002 used a completion rate, including GEDS. In 2003 its official NCLB graduation rate was much higher.	85% for 2002 and 97% for the Class of 2003. [18]		
North Carolina Students CPI	64.6	68.9	59.8
By Race/Ethnicity			
American Indian / AK Nat.	39.3	46.7	31.7
Asian/Pacific Islander	68.9	73	63.8
Latino	54	58	47.1
Black	55.4	63.4	47.5
White	70.3	71.9	66.6

Louisiana Graduation Rates By Race and Gender 2002

	All Students	Female	Male
Louisiana only officially reports dropouts	n/a	n/a	N/a
Louisiana Students CPI	66.4	70.8	58.3
By Race/Ethnicity			
American Indian / AK Nat.	51.9	59.7	49.1
Asian/Pacific Islander	67.9	77.1	62.9
Latino	62	73.6	48.6
Black	59.2	66.6	51.1
White	68.5	73.3	63.7

[18] In 2002, the state did not have a graduation rate for NCLB purposes. In 2003, the state published its AYP "Graduation Rate." The graduation rate reported here complies with the Adequate Yearly Progress (AYP) measure of the No Child Left Behind federal education law. Of all the students who graduated with a regular diploma, this rate reflects the percentage that graduated in four years or less. It does not reflect all ninth graders who entered high school four years earlier. This rate was far above the reported completion rate (including GED recipients). For more information about AYP, please refer to the Department of Public Instruction's No Child Left Behind Web site. *See* http://www.ncreportcards.org/src/stateDetails.jsp?Page=1&pYear=2001-2002 and www.ncreportcards.org/src/stateDetails.jsp?page=1&pYear=2002-2003.

Lax State and Federal Accountability for Improving Graduation Rates May Be Contributing to the Crisis:

Congress took a first step in recognizing the severity of the dropout problem by inserting graduation rate accountability into the *No Child Left Behind* (NCLB) Legislation passed in 2002. The graduation rate requirement was inserted into the Act's definition of adequate yearly progress (AYP) in part to create a balance to test-score accountability, which can create a perverse incentive to push low-performing students out of school. 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.

Under the AYP provision of 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). 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 NCLB's standards, the school or educational agency in question will not make adequate yearly progress and will face more severe sanctions.

In contrast to the serious enforcement of test-score accountability requirements, the rules and regulations issued by the Department of Education (DOE) are confusing, inconsistent, and remarkably lax in regard to graduation rates. First, the DOE approved state standards for defining and calculating graduation rates that fail to account for large numbers of students. Second, it issued regulations that all but eliminated graduation rate accountability for major racial and ethnic groups. Third, it approved state accountability plans despite extremely weak graduation rate accountability plans, such as those described below.[19]

As a result of this lax enforcement, the five states in this report vary considerably in the way they report graduation rates, and in the threshold they must meet in order to make AYP.

Florida: Florida's graduation rate goal is 85%. They officially reported a rate of 66% for the Class of 2003, which represents a gain of 1% over 2002. Florida declares that it does not use the NCES method. The officially reported graduation rate, however, is

[19] Daniel J. Losen, *Graduation Rate Accountability under the No Child Left Behind Act and the Disparate Impact on Students of Color, in* Dropouts In America: Confronting The Graduation Rate Crisis 53 (Gary Orfield ed. 2004) [hereinafter Dropouts In America].

inflated because Florida includes GED recipients. Official reports say they exclude GED's for purposes of AYP but it is unclear whether these adjusted AYP graduation rates are reported publicly. Florida also reports the prior year's rate in the current report so that the 2004 report lists the 2003 graduation rate but testing information for 2004. For accountability, Florida requires a 1% increase over the prior year. In reporting, they round percentages to the nearest whole number. It is unclear whether the same practice applies for accountability.

According to Florida's official report, graduation rates for African Americans declined from 51 to 50% in 2004. Limited English proficient students also declined from 46 to 44 percent. Socio-economically disadvantaged students held steady at 51% but only 34% of students with disabilities graduated in 2004, an increase over the rate of 30% from 2003. There is no corresponding CPI comparison for the latter three categories (LEP, disability and poverty).

Georgia: Georgia uses the NCES modified method that relies on school reports of dropout statistics. The state has established a graduation rate goal of 60%, which is far lower than most state goals. Moreover, meeting the graduation rate goal is not rigorously enforced compared to testing goals, as any improvement will suffice for schools and districts falling below that goal. According to a spokesperson, "any improvement" could be as little as 1/10 of 1%, but the state policy does not officially define the limit. The state does have excellent district reporting on this indicator, and has available updated 2004 graduation rates, disaggregated by subgroup.

For 2004, Georgia reports a graduation rate of 65.4%.[20] According to the official report, all racial groups improved over the prior year, with Blacks at 56.8% and Hispanics at 49.6%. For Limited English proficient students the rate listed is 40.9% Economically disadvantaged students are officially reported at 56%. Students with disabilities are officially reported as having a 28.6% graduation rate for 2004 and have declined from 30.4% in 2002.[21] Using the 1/10 of 1% rate of growth required, and using the CPI rate as the baseline, it would take Black students 73 years to meet even the non-rigorous goal of 60% graduation.

Mississippi: Mississippi sets a goal of 72%. For districts and schools below the goal, any growth over the prior year will suffice. The state officially reports having an 81.3% graduation rate in 2003, but it does not disaggregate this data, even at the state

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[20] *See* http://reportcard.gaosa.org/yr2004/k12/Indicators.aspX?ID=ALL:ALL&TestKey=GradRate&TestType=indicators

[21] Id.

level, in its official State AYP report.[22] Using the CPI rate of 32.4% for Latino students, assuming the state would permit 1/10th of 1 percent growth to count, it could take Mississippi's Latinos 400 years to meet the state's modest 72% goal. But with no subgroup accountability on this measure for AYP purposes, progress for Latinos, *per se*, is not required.

North Carolina: North Carolina has a 90% goal. The state does not report subgroup graduation rates at the state or district level, and does not rely on a cohort analysis to calculate the total graduation rates.[23] The state officially reported its graduation rate for AYP purposes pursuant to NCLB as 97% for 2003.

North Carolina's apparently high 90% graduation rate standard is an illusion. For accountability, North Carolina is among the weakest of the 39 "soft" states that set a graduation rate goal under requirements of the NCLB, but give an accountability "pass" to any school or district that falls below the goal, if they show "any improvement." In North Carolina, improvement is defined as 1/10th of 1 percent improvement.[24] Using this permissive growth schedule, Charlotte, starting at a graduation rate of 57.1%, has 329 years to meet the 90% graduation rate goal, yet only 12 years to meet the testing goals.

Louisiana only reports dropout data. They have no graduation rate goal or indicator.

Graduation Rates In the South at the District Levels:

While the overall state rates provide important and useful information, they do not address the large disparities that can exist within individual districts within the same states. Such disparities often come about because of different levels of racial segregation, poverty, resource allocations, teacher quality, disciplinary policies, and a host of other factors.

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[22] www.mde.k12.us/account/RC4A/HTML/SOOOOOOO.HTM

[23] On the state website where they report graduation rates for their report cards they say, AYP "Graduation Rate." The graduation rate reported here complies with the Adequate Yearly Progress (AYP) measure of the No Child Left Behind federal education law. Of all the students who graduated with a regular diploma, this rate reflects the percentage that graduated in four years or less. It does not reflect all ninth graders who entered high school four years earlier. For more information about AYP, please refer to the Department of Public Instruction's No Child Left Behind Web site. *See* www.ncreportcards.org/src/stateDetails.jsp?page=1&pYear=2002-2003.

[24]"In North Carolina, the Other Academic Indicator is the attendance rate or the graduation rate of a school. Progress is considered to be at least .1 percentage point increase up to the 90 percent threshold. Any fluctuations above 90 percent for the attendance or the graduation rate will meet the requirement for progress." http://www.ncpublicschools.org/nclb/abcayp/ayp#6

Almost All Listed Southern Districts Would Fall Short of A Modest Goal of 66% if They Employed the CPI Method

If a goal of 66% (using CPI) were established for graduation rate accountability, as the chart below shows, all of Florida's largest five districts, three of Georgia's, two of Louisiana's, one of Mississippi's, and four of North Carolina's would fall short if this floor was used in the aggregate. If this measure was required for all racial and ethnic subgroups, it appears that only one county in Mississippi (Madison) would meet the goal, with Rankin a question mark because of insufficient data.

The following table documents graduation rates for all racial subgroups in the five largest districts in each of the five states for 2002.[25]

Table 1: 2002 Graduation Rates for the Largest Districts in Five Southern States

FIVE LARGEST DISTRICTS			Largest Racial/Ethnic Group	Minority %	Free or Reduced Lunch %	Graduation Rate (%)					
	Enrollment	Locale				Total	Am Ind	Asian	Hisp	Black	White
Florida											
Dade County	375,836	Metro	Hispanic	89.2	59.7	50.1	92.6	78.4	**51.3**	**43.0**	62.3
Broward County	262,055	Suburb	White	60.7	38.1	---	---	---	**---**	**---**	56.4
Hillsborough County	169,789	Metro	White	49.5	48.8	55.8	52.5	89.7	**53.4**	**41.2**	62.5
Palm Beach County	160,223	Suburb	White	51.7	41.2	56.0	49.2	86.1	**53.7**	**43.6**	63.3
Orange County	157,433	Metro	White	57.4	43.8	55.9	---	85.1	**52.0**	**42.7**	63.8
Georgia											
Gwinnett County	116,339	Suburb	White	39.8	20.9	70.9	41.6	82.1	**49.2**	**66.0**	72.0
Cobb County	98,338	Suburb	White	37.0	22.0	73.3	---	85.4	**44.7**	**64.0**	77.2
Dekalb County	97,501	Suburb	Black	87.9	55.9	51.3	35.0	58.3	**33.5**	**50.0**	66.3
Fulton County	69,841	Suburb	White	52.5	31.9	67.8	85.7	92.2	**44.3**	**52.1**	81.6
Atlanta City	56,586	Cent. City	Black	93.2	80.1	51.8	---	57.2	**36.6**	**51.7**	61.3
Louisiana											
Orleans Parish	73,185	Cent. City	Black	96.2	77.3	64.9	---	72.7	**69.5**	**64.5**	64.3
East Baton Rough Parish	52,350	Cent. City	Black	74.0	62.7	68.6	---	74.6	**---**	**62.9**	76.3
Jefferson Parish	50,766	Suburb	Black	61.6	69.3	60.1	85.6	---	**62.3**	**55.9**	60.7
Caddo Parish	44,859	Cent. City	Black	64.2	51.9	61.9	---	65.6	**68.6**	**58.9**	65.6
Saint Tammany Parish	32,834	Suburb	White	18.6	29.6	72.2	---	---	**---**	**56.4**	74.1

[25] EPC Policy Bulletin, supra note 4.

Table 1: 2002 Graduation Rates for the Largest Districts in Five Southern States (cont)

Mississippi											
Jackson City	31,436	Cent. City	Black	95.6	81.7	48.2	---	---	---	**48.4**	44.2
Desoto County	20,920	Suburb	White	21.1	28.7	62.9	---	---	---	**62.6**	61.5
Rankin County	15,292	Rural	White	22.4	34.2	66.7	---	---	---	**65.6**	67.0
Harrison County	12,938	Rural	White	28.8	55.9	60.8	---	66.7	---	**61.7**	59.1
Madison County	9,039	Suburb	White	39.3	29.2	79.2	---	---	---	**83.7**	76.8
North Carolina											
Charlotte-Mecklenberg	106,312	Metro	White	55.3	36.5	57.1	23.4	57.5	**46.9**	**45.5**	69.1
Wake County	101,756	Metro	White	38.5	18.7	74.5	46.9	89.3	**50.1**	**61.4**	82.0
Guilford County	64,546	Metro	White	51.8	37.6	66.1	44.1	56.2	**53.4**	**56.6**	75.5
Cumberland County	51,434	Metro	Black	57.9	48.0	69.9	61.1	---	**84.2**	**72.1**	64.3
Forsyth County	45,707	Metro	White	47.5	34.4	66.7	---	57.2	**61.9**	**57.4**	72.6

Note: Cut points for high district levels of LEP participation, Free/Reduced Lunch eligibility, and Special Education are set at national averages.

The Impact of Segregation

In every state, among the largest districts depicted in the chart above, those that had the highest percentage of poor children, (indicated by free and reduced lunch) had the highest percentage of minority students. These high-poverty high-minority districts often had the lowest overall graduation rate.

Research we released in our 2004 report *Losing Our Future* revealed that, independent of poverty, the level of segregation and the proportion of nonwhite students in a district are also related to lower graduation rates. While poverty matters a great deal, the segregation of the school district, in national data, was an important predictor of failing to graduate.[26] This is a tremendous concern as the South is experiencing the nation's most rapid increase in Black segregation. Black youths in the South are about four times as likely to live and attend school in communities that suffer from high levels of both economic and racial segregation.[27]

According to Dr. Swanson's analysis, lower graduation rates were found in school districts with higher levels of racial segregation for both Blacks and Whites, although the relationship between attending a racially segregated school and low graduation rates is stronger for Black students. Not surprisingly, the research also shows that Whites that are highly segregated, and Whites experiencing high rates of poverty have graduation rates that are nearly identical to the low rates of poor, racially

[26] Losing Our Future, supra note 1 at 6.
[27] EPC Policy Bulletin, supra note 4.

isolated Blacks.[28] Districts with high levels of racial segregation have a 56.6% graduation rate, which is about the same rate as the districts with the highest concentrations of poverty.[29]

In Table 1 above, not a single majority minority district reached or surpassed a 70% graduation rate. In contrast five out of the 16 predominantly White metro, suburban or rural districts achieved that rate or higher.

Some other key points revealed by the data in the chart above include the following:

- Over 15% of the nation's 100 largest districts come from these five states.
- In only four districts out of 25 did more than 2/3 of the Black or Latino students graduate with a diploma, compared to 11 districts for White students.
- In Florida, Blacks failed to surpass the 44% mark in each of the largest districts with no district graduating over 56% of their total student enrollment.
- Latino rates were the most dismal in Georgia's five largest districts. None of these surpassed the 50% rate and in two of the five largest districts, only a little more than 1/3 of Latino students graduated on-time.
- Mississippi shows the broadest range in graduation rates in the five largest districts. One district (Jackson City) graduates less than half of its students, while Madison County has an overall graduation rate of almost 80%. In fact, in four of Mississippi's five largest districts, Black graduation rates were higher than white rates. Some hypothesize that this phenomenon might reflect middle class Whites leaving the public system after elementary school, but this possible explanation was not examined in this report. Further exploration of rates in poorer rural districts in Mississippi might explain why the state's predominantly White, non-high poverty urban districts do not reflect the higher school failure rate among Blacks in the state overall.

Dropouts at the School Level: Low Promotion Power and Segregation

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 and racially isolated 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.

[28] Ibid.
[29] Ibid.

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." Of course a high rate of attrition is also an indicator of low graduation rates.

In last year's *Losing Our Future* report, the Hopkins researchers revealed that in schools where 90% or more of the enrollment were students of color, only 42% of the freshmen advanced to grade 12.[30] Low promotion power is an indicator of low "on time" graduation rates.

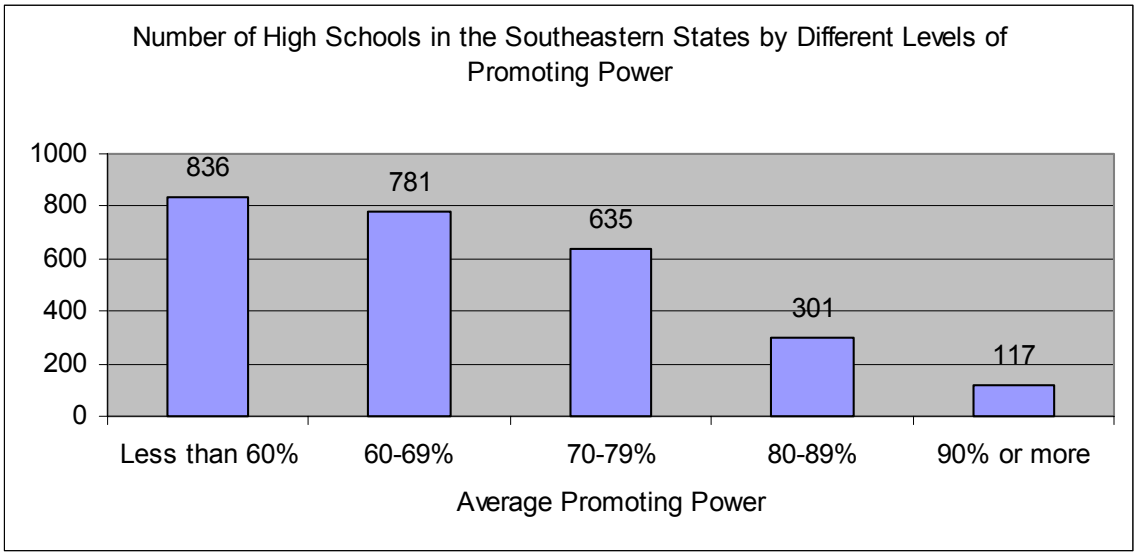
In this year's study of the South, Dr. Balfanz examined the data on promotion power from nine Southern states--Tennessee, Virginia, North Carolina, Mississippi, Georgia, Louisiana, Alabama, Florida, and South Carolina. Some of his key findings include the following:

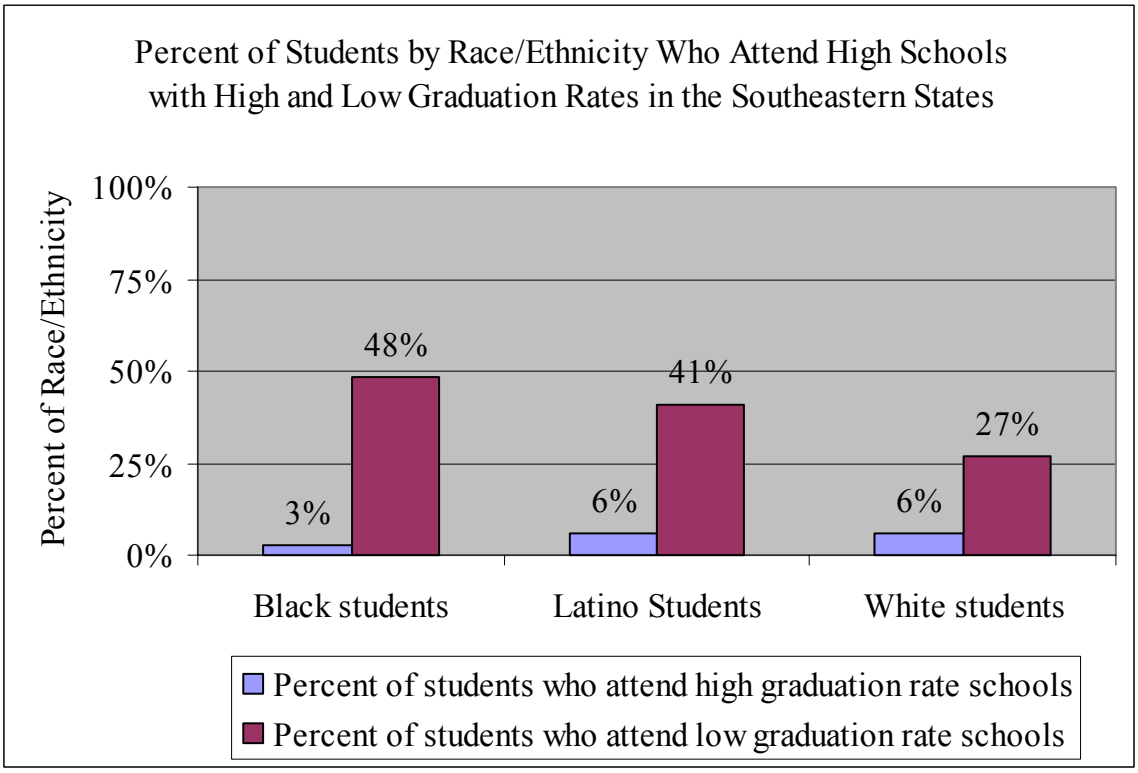
- One third of the high schools in the South (n=874) have low promotion power. In these schools close to half the students do not graduate on time, if at all.
- Nine Southern States contain over 1/3 of all the high schools in the United States with low graduation rates.
- Few high schools in the South have high graduation rates. In only 5% of the regions' high schools do 90% or more of the students graduate on time, if at all.
- Nearly half of the minority students in the South (46%) attend a high school where graduation is not the norm. The same is true for one out of four (27%) of the region's white students. Overall nearly a million students in the South attend high schools with low graduation rates.
- Minority students in the South are 10 times more likely to attend a high school with low graduation rates, than attend a high school with high graduation rates.
- Over half the high schools with low graduation rates in the South are high poverty schools but most do not receive Title I funds.
- Half the high schools with low graduation rates in the South are located in small towns or rural areas. The rest are evenly split among cities and suburbs.
- High schools with low graduation rates come in all sizes in the South. A third of the schools with enrollments under 300 have low graduations rates, as do a third of the schools with enrollments greater than 2000.

[30] Losing Our Future, supra note 1 at 6.

Schools That Beat The Odds

Balfanz and his team of researchers sought to identify schools in each of the five states that "beat the odds" by graduating a higher percentage of its students than other demographically similar schools. He sought out schools where at least 40% of students qualify for free lunch, where 25% or more of students are Black or Latino, and where the average promoting power, averaged over three years (2000--2002), is at least 80%.





Perhaps the most startling finding from the Hopkins research was the dearth of successful schools in these states. In fact, not a single school in Georgia could meet this threshold! Only two schools in Florida qualified. In North Carolina, four schools met these criteria, as did 12 in Louisiana and 15 in Mississippi. Some of these schools were disqualified because they required students to meet rigorous admissions criteria to attend. In some others, the schools identified with data from 2002 no longer met the criteria. Pending further review, the names of the schools "beating the odds" are not available for inclusion in this report.

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.[31] 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.[32]

[31] Jennifer Cheeseman Day and Eric C. Newburger. *The big payoff: Educational attainment and synthetic estimates of work-life earnings* (Washington, D.C.: U.S. Census Bureau, 2002), Table 2.
[32] Ibid, at 3.

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.[33] 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.[34]

Professor Russell Rumberger, of the University of California at Santa Barbara, has estimated that the 114,382 students reported as dropouts by the five states combined will cost a total $29.7 billion dollars in lost wages. The chart below reflects the economic costs in lost wages based on the official (and understated) dropout numbers provided by each state. Because the "official" dropout numbers are considered very conservative estimates, the actual costs are likely to be much higher.

Southern Dropout Data and Lost Federal and State Income

School Year 2002-2003

State	Official Number of Dropouts	Lost Federal and State Income
Georgia	27,027	$7.3 billion
Florida	44,597	$12.1 billion
Mississippi (9-12)	4,287	$1.2 billion
North Carolina	18,964	$5.1 billion
Louisiana (9-12)	14,507	$4.0 billion

NOTE: Income based on differences in lifetime earning between person with high school diploma and person without high school diploma ($270,000).
SOURCE: Day, J. C. & Newburger, E. C. (2002). *The big payoff: Educational attainment and synthetic estimates of work-life earnings*. Washington, D.C.: U.S. Census Bureau, Table 1.

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.[35] Failure to graduate from high school triples the likelihood of being imprisoned. Around 60 percent of black male high school dropouts born between 1965–69 had served time in prison by their early thirties.

[33] Ibid, Table 3.
[34] Center for Labor Market Studies, Northeastern University, *Youth Labor Market and Education Indicators for the State of Illinois* (Chicago: Alternative Schools Network, October 2003).
[35] Sentencing Project, "Facts About Prisons and Prisoners," at http://www.sentencing project.org/pdfs/1035pdf

Professor Rumberger calculated the increased incarceration costs for Georgia at $105 million.[36] 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.[37] 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.[38]

The Need for Strengthening Educational Accountability Systems in Southern States

The overwhelming desire of many districts and schools to avoid the test-driven accountability sanctions of the Act may be contributing to a "push-out" phenomenon. The following scenario illustrates this negative incentive: Imagine that a school has 1,000 tenth-grade students. Three hundred are very low achievers and fail a proficiency test. The remaining 700 are predominantly moderate achievers who pass. The school does not make the adequate-yearly-progress testing goals. The next year the pressure is higher because coming in under the goal for two years will result in state intervention. The Act requires an even higher percentage of the students who are enrolled to pass the test for the school to make adequate yearly progress; 95 percent of the enrolled eleventh graders must take the test. However, if 200 of the 300 low achievers leave for a GED program or simply drop out before the year gets under way, the "leavers" will not be tested or counted for test-based accountability. As a result, the smaller test pool will have far fewer low achievers, and the test scores of this group should rise considerably over those of the original. Without any instructional improvements or added supports, the school's test profile will have improved dramatically in just one year.

One example of how accountability incentives can lead school officials to push out low achieving students is found in a recent study conducted by economist David

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[36] Incarceration costs based on annual operating costs from Stephan, J. J. (2004). *State Prison Expenditures, 2001*. Washington, D.C.: U.S. Department of Justice, Table 2, and average prison sentence of 10 years taken from Georgia Department of Corrections (December 2004), page 36. *Monthly Statistics*. Atlanta: Georgia Department of Corrections. Day, J. C. & Newburger, E. C. (2002). *The big payoff: Educational attainment and synthetic estimates of work-life earnings*. Washington, D.C.: U.S. Census Bureau.

[37] Lochner and Moretti, supra note 8, at 173. Rumberger estimates that the reduction in Latino 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 Latinos, 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.

[38] Ibid, Table 13.

Figlio. Figlio's study found that schools in several Florida districts meted out longer suspensions to students who performed poorly on the standardized tests than to high performing students for similar offenses. He also found that, in these schools, the punishment "gap" grew substantially during the period of time when tests were administered. The authors concluded that schools were using "selective discipline" in order to "reshape the testing pool" by keeping low-performing students out of school on test days.[39] This study backs up the strong belief of many, supported by much anecdotal evidence, than an overemphasis on test-driven accountability creates perverse incentives for school officials to "push out" low-performing students.

Additional anecdotes detailing pressure applied to "push out" students in Alabama, Florida, Mississipi and Texas included in our 2004 Losing Our Future report suggest that the pressures to rid the test-taking rolls of low achievers is a factor in many Southern schools.[40]

Recommendations

Accountability and No Child Left Behind: We need to examine the impact of high stakes exit exams on graduation rates and consider ways to develop multiple measures of attainment for students who fulfill all other high school requirements. Evidence abounds of school officials who try to push out students who perform poorly on these tests. Graduation-rate accountability was inserted into NCLB in order to diminish this "push out" effect. Yet, the absurdly low threshold required for schools and districts to achieve AYP on graduations rates suggests that no southern state is serious about graduation rate accountability.

States should not settle for "any improvement" when looking at graduation rates. Rather, they should set a clear graduation rate floor for all major racial groups, not just for students in the aggregate, and hold schools accountable for making reasonable progress toward meeting these goals. States should provide substantial technical assistance to struggling schools and districts, especially for improving graduation rates for Latinos, Blacks and Native Americans. AYP sanctions should be reserved only for districts that consistently make little or no progress toward meeting their goal.

Data Collection and Reporting: While reforming accountability systems will help ensure that this crisis is addressed, it will not solve the dropout problem. States

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[39] David Figlio, Testing, Crime and Punishment, Working Paper No. 11194, National Bureau of Economic Research, March 2005, available at http://www.nber.org/papers/W11194.

[40] *See* Losing Our Future, supra note 1 at 25 for Alabama (describing unlawful dumping of low achievers into alternative schools; Florida (describing letter from principal telling student who failed exit exam in tenth grade not to return in the fall) at 37.

should also implement high quality longitudinal data systems that can track individual students as they proceed through school. These systems must be supervised by independent experts and be sufficiently funded to assure that no student disappears from the tracking system. They should be linked to other data sources including juvenile and criminal justice records. Until such a single identifier system is in place, these states should use the CPI estimate for both reporting and accountability purposes.

Prevention, Intervention, and Counseling: Many school districts desperately need more and better programs to serve students at risk of dropping out of high school. These include more counseling services, better diagnosis and tutoring, and other academic programs that are effective in reengaging vulnerable and struggling students. These supports are critical for ninth grade, when students transition to high school. Research suggests that this is a pivotal time for students, when many make the decision to drop out. We also need to provide more structured support for students who are re-entering school after lengthy suspensions, juvenile detention, or other long absences. Without more focused attention, these students are particularly vulnerable to dropping out of school.