

POLICY ON POINT

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SREB

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Transitioning to the New High School Graduation Rate

During the past decade, policy-makers, education leaders and various stakeholders have called for a standard high school graduation rate to be used by all states. That rate is about to become a reality.

In the 2011-2012 school year, all states are required to begin publicly reporting high school graduation rates using a single formula: the federal four-year adjusted cohort graduation rate (“four-year ACGR”) — which tracks the progress of a group of ninth-grade students through high school toward graduation.

The new rate will become part of federal accountability requirements in 2012-2013.

A brief history: The road to the four-year ACGR

The move toward a uniform high school graduation rate began in the years following passage of the federal *No Child Left Behind Act of 2001 (NCLB)*. Under *NCLB*, states could choose the formula they used to report high school graduation rates to the U.S. Department of Education (USDOE). Most used a *leaver rate*, some used a *cohort rate* and a few used a *progression rate*. (See box on Page 2 for how rates are calculated.)

Because states were allowed to choose among these types, the results were not comparable from state to state. Even states using the same type of calculation did not figure the data the same way. The National Center for Education Statistics (NCES) responded

in 2004 by convening a task force to address how these rates should be calculated. It ultimately endorsed a cohort-style formula — the *averaged freshman graduation rate* — which has served as NCES’ benchmark for comparing state rates.

Yet even the *averaged freshman graduation rate* is **only an estimate**. It does not account for the movement of individual students into and out of the cohort. To build consensus nationwide on adopting a more rigorous and accurate rate, all 50 U.S. governors and 12 national education organizations signed the National Governors Association (NGA) *Graduation Counts Compact* in 2005. The *Compact* committed the states to improving data collection, adopting a single graduation rate, and reporting progress on graduation and dropout rates.

In 2008, the USDOE built on the efforts of the governors, fine-tuned the NGA calculation and made using the new four-year ACGR a federal requirement.

What’s different about the new rate?

The USDOE’s new formula for calculating high school graduation rates makes several improvements over the other measures. First, it is not an estimate and requires states to follow students from school to school in the state — **no longer mistaking students who drop out as transfers**. For years, states have over-reported transfers and under-reported dropouts, which produced inflated graduation rates.

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Second, by issuing the four-year ACGR, the USDOE has substantially **raised the bar for data quality**. States must use a unique student identifier to **track each first-time ninth-grader** through all four years of high school to graduation

with a regular diploma. It also requires documentation of re-enrollment in another school for any student to be classified as a transfer.

Definitions of High School Graduation Rates

New Federal Four-Year Adjusted Cohort Graduation Rate:

All states are required to report graduation rates using this calculation for the 2011-2012 school year. Developed by the U.S. Department of Education, the new rate accounts for individual students over time. Each school year, high schools will report the names and unique identification numbers of first-time, ninth-grade students. This group is the freshman cohort for that school year and is followed through high school to graduation.

Students who transfer into a high school are added to the cohort that matches their ninth-grade entry date. Students who transfer out of a school are removed from the cohort if they have official documentation from a receiving school or district that they have re-enrolled. Without documentation, withdrawn students remain on the cohort roster as dropouts. Students who emigrate or die are removed from the cohort roster if properly documented. The final “adjusted” count four years later represents the size of the senior class. The number of graduates from that class is divided by the “adjusted” senior-class count to produce the graduation rate.

$$\begin{aligned}
 & \text{Number of Students Who Graduate in Four Years With a Regular Diploma (as defined by the state,} \\
 & \text{but not a GED credential, certificate of attendance, alternative credential or similar diploma type)} \\
 & \qquad \qquad \qquad + \\
 & \text{Number of Students Entering High School Four Years Earlier} \\
 & \qquad \qquad \qquad + \\
 & \text{Students Entering the Cohort by Transfer (requires proof)} \\
 & \qquad \qquad \qquad - \\
 & \text{Students Who Leave the Cohort by Transfer, Emigration or Death (requires proof)}
 \end{aligned}$$

Formulas That Have Been Used to Estimate High School Graduation Rates:

The Averaged Freshman Graduation Rate divides the number of diploma recipients by the estimated first-time, ninth-grade class size four years earlier (an average of eighth-, ninth- and 10th-grade enrollments). It does not account for transfers.

$$\begin{aligned}
 & \text{Number of Graduates} \\
 & \text{With a Regular Diploma} \\
 & \qquad \qquad \qquad + \\
 & \text{Estimated First-Time, 9th-Grade} \\
 & \text{Enrollment for the Group}
 \end{aligned}$$

A Leaver Rate divides the number of students leaving high school because they received *some* credential by the number who left for *any* reason. States vary in what they consider appropriate credentials and reasons for leaving.

$$\begin{aligned}
 & \text{Students Departing High School} \\
 & \text{With a Specified Credential} \\
 & \qquad \qquad \qquad + \\
 & \text{All Students from the Group} \\
 & \text{Departing High School}
 \end{aligned}$$

The Cumulative Promotion Index uses enrollment and diploma counts to calculate progression from grade to grade through to graduation. These rates are reported annually in *Education Week's Diplomas Count* publication.

$$\begin{aligned}
 & (\% \text{ of 9th-Graders Promoted}) \times \\
 & (\% \text{ of 10th-Graders Promoted}) \times \\
 & (\% \text{ of 11th-Graders Promoted}) \times \\
 & (\% \text{ of 12th-Graders Graduating})
 \end{aligned}$$

Sources: U.S. Department of Education, National Center for Education Statistics and *Education Week*.

Third, the new rules provide states with the **option to submit an extended-year ACGR** in addition to the mandatory four-year ACGR, in order to provide a more comprehensive picture of high school completion. Current four-year graduation rates treat students who take an extra year or two to finish high school as dropouts. To date, Mississippi, North Carolina and Texas are among seven states nationwide permitted by the USDOE to submit a *five-year* ACGR (in addition to the four-year rate). A few states (but no SREB states) have even been permitted to submit a *six-year* ACGR.

Fourth, the 2008 regulations require that states **set more aggressive annual graduation rate targets** than *NCLB* previously required. Under *NCLB*, some states determined that virtually any annual improvement in the state's overall graduation rate was considered adequate progress, including a gain of only one-tenth of 1 percent. With the regulations that are now set to go into effect, the USDOE has forced states to set higher annual targets that demonstrate "continuous and substantial improvement from the prior year."

Finally, the new rules require states to **report graduation rates for all student groups** identified in federal law for accountability reporting, including those defined by race and ethnicity, gender, income and disability. While most SREB states have reported these data voluntarily for years, all states will be required to report them in 2011-2012 under the new rules.

Are SREB states ready for the new rate?

Most are. Eleven SREB states currently report a cohort-style rate similar to the one the USDOE has required for accountability purposes. Since the new four-year ACGR is a cohort rate, those states are well-positioned for the transition. Most SREB states are also ready to report graduation rates by various student groups.

The quality of states' data systems is also very telling. The national Data Quality Campaign (DQC) promotes 10 "essential elements" that all states need in order to report education data accurately and effectively, including graduation rates. The NGA previously identified four of the elements states need to implement its recommended graduation rate, and they remain relevant to the ACGR as well: statewide student identifiers; student-level enrollment data; student-level graduation and dropout data; and a state data audit system.

All 16 SREB states currently have these four essential elements in place — and 10 SREB states have all 10 elements.

Having these elements is a start. But where many SREB states — and many nationwide — fall short is in **using the**

data effectively. According to the DQC, Texas leads the nation in effective data use, with Arkansas, Florida, Georgia, Maryland and Virginia making progress as well.

States can benefit by using the data to study the relationship between high school completion and students' performance in college and to track which patterns of high school course-taking better facilitate graduation.

What should states expect after the transition?

In the 2011-2012 school year, most SREB states that have been reporting a four-year cohort rate should not expect their four-year ACGR to differ much from old cohort rates. (See table on Page 4 for recent graduation rates.) On the other hand, some states may see a decline, especially those that have mistakenly counted dropouts as transfers and those that have counted as a graduate a student who earned a credential other than a regular diploma.

States anticipating a drop in graduation rates should:

- be prepared to communicate directly with all key constituencies — particularly school boards and parent groups — in advance of the first release of the new rates.
- help the news media understand any anticipated rate drop so that reporters can communicate with the public.
- be prepared to report the new rate alongside the old rate for at least three years in order to provide longitudinal graduation data that stakeholders can evaluate.
- consider revising the target rates that they report to the USDOE annually for school accountability, using the 2011-2012 four-year ACGR as a new baseline.

Summary

Federal regulations enacted in 2008 require states to use a uniform graduation rate — the four-year ACGR — and set more aggressive annual targets than in the past. During the 2011-2012 school year, all states will begin to report the rigorous new rate publicly for all groups of students.

Most SREB states are well-positioned to transition to the new federal rate because they have already reported cohort-style graduation rates for all groups of students for several years. Some SREB states expect their graduation rates will drop when they begin reporting the four-year ACGR. These states need to focus on direct communication with key constituencies and the media to ensure that messages about what has changed are timely, clear and accurate.

Most Recent Reported High School Graduation Rates in SREB States
Eleven SREB states appear well-prepared for the new federal rate, having reported cohort rates in 2010.

| | Cumulative Promotion Index (2007-08 Graduates) | Averaged Freshman Graduation Rate (2008-09 Graduates) | State-Reported Rates to USDOE (2009-10 Graduates) | |
|----------------|---------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|-------------------|
| | | | Cohort Rates | Leaver Rates |
| United States | 71.7 | 75.5 | NA | NA |
| SREB median | 68.7 | 74.6 | NA | NA |
| Alabama | 64.8 | 69.9 | — | 87.0 |
| Arkansas | 69.7 | 74.0 | 84.8 | — |
| Delaware | 67.6 | 73.7 | 81.6 ¹ | 86.7 ¹ |
| Florida | 63.9 | 68.9 | 79.0 | — |
| Georgia | 58.8 | 67.8 | — | 80.8 |
| Kentucky | 72.8 | 77.6 | — | 82.7 |
| Louisiana | 59.6 | 67.3 | 67.4 | — |
| Maryland | 76.8 | 80.1 | 80.7 ¹ | 86.5 ¹ |
| Mississippi | 61.4 | 62.0 | 72.0 | — |
| North Carolina | 72.8 | 75.1 | 74.2 | — |
| Oklahoma | 70.0 | 77.3 | — | 78.5 ² |
| South Carolina | 58.6 | 66.0 | 72.1 | — |
| Tennessee | 76.9 | 77.4 | — | 86.1 |
| Texas | 66.6 | 75.4 | 80.6 | — |
| Virginia | 72.7 | 78.4 | 77.0 | — |
| West Virginia | 71.7 | 77.0 | 84.3 | — |

“NA” indicates not applicable. Because individual state rates are not necessarily calculated the same way, it is not possible to report a U.S. or SREB median rate for state-reported rates.

“—” indicates state does not use this type of rate for most recent federal accountability purposes.

Notes: The SREB median is the average of the two SREB middle states. State rates that exceed the national rate are shown in **bold**.

¹ State reports a leaver rate in state accountability documentation to the U.S. Department of Education (USDOE) but also reports a cohort rate alongside the leaver rate.

² 2008-2009 graduation rate.

Sources: National Center for Education Statistics, *Education Week's Diplomas Count 2011*, and state departments of education as reported to the USDOE.

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