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October 17, 2006

MEMORANDUM

TO: Legislative Education Study Committee

FR: Pamela Herman

RE: STAFF BRIEF: GRADUATION RATES AND DROPOUT RECOVERY

The 2006 Interim Workplan of the Legislative Education Study Committee (LESC) includes a presentation regarding the calculation of high school graduation and dropout rates and dropout recovery programs.

Issues:

Data published by the Teacher's College at Columbia University indicate that there are measurable social and economic costs when a young person does not graduate from high school. For example:

- A high school dropout can expect at least \$260,000 less in lifetime earnings than a graduate and will pay about \$60,000 less in taxes. (Other sources suggest the difference in earnings is closer to \$500,000.) These lost earnings could cost the nation as much as \$158.0 billion for each cohort of 18-year-olds that do not graduate, approximately 1.6 percent of the United States gross national product.
- Only about half of the nation's dropouts hold down steady jobs, compared with 69 percent of graduates and 74 percent of college graduates.
- A high school dropout requires an average of approximately \$20,000 more in health care annually than a graduate; and a 65-year-old high school graduate typically enjoys better health than a 45-year-old high school dropout.

- Adult high school dropouts are at a greater risk of requiring public assistance, at a national cost of between \$8.0 billion to \$10.0 billion annually.
- Approximately 75 percent of state prison inmates are high school dropouts; increasing the high school completion rate among men by 1.0 percent could save the United States up to \$1.4 billion a year in reduced crime-related costs.
- High school dropouts are less likely to be civically and politically engaged; approximately 40 percent of dropouts voted in 2004 compared to approximately 56 percent of high school graduates and 78 percent of college graduates.

According to the Alliance for Excellent Education, by knowing how well or poorly school systems are performing the country can ensure that appropriate improvements are made so every student receives an excellent education. The Alliance states, however, that currently graduation rates are not clear, accurate and comparable across schools, districts and states.

In 2005, in response to published reports showing that data from district, state, and federal sources had previously dramatically undercounted school dropouts, the governors of all 50 states signed the Graduation Counts Compact promulgated by the National Governors' Association (NGA), agreeing to do the following:

- *Immediately adopt, and begin taking steps to implement, the following formula for computing a four-year, adjusted cohort¹ graduation rate:*

$\text{Graduation Rate} = \frac{\text{On-time graduates in Year X+4}}{(\text{First-time entering 9}^{\text{th}} \text{ graders in Year X}) + (\text{Transfers In}) - (\text{Transfers Out})}$

- *Build the state's data system and capacity*, ultimately adopting student unit record data with unique student identifiers that can track students through the entire education pipeline from preschool through postsecondary education;
- *Adopt additional, complementary indicators to provide richer context and understanding about outcomes for students and how well the system is serving them*, such as college-readiness graduation rates, five and six year cohort graduation rates, completion rates for students earning alternative credentials including GEDs, in-grade retention rates, percentages of students who have not graduated on time but are still in school or who have completed required courses but failed a state graduation exam, and a high school dropout rate;
- *Develop public understanding about the need for reliable graduation and dropout data*, reporting the data annually and explaining the differences in methodologies; and
- *Collaborate with local education leaders, higher education leaders, business leaders and leaders of local community organizations* to leverage resources, expertise, and local support to communicate important messages about the need for better data.

¹ A high school cohort is defined as a group of students who start grade 9 at the same time (fall of Year X) and are tracked until their scheduled graduation four years later (spring of Year X+4).

According to the NGA, in 2006 two states (Maryland and Colorado) codified provisions of the Graduation Counts Compact in statute, and 13 states actually reported the compact rate in 2006. The NGA indicates that almost all states expect to report the compact rate by 2012.

The New Mexico Public Education Department (PED) currently calculates school and district graduation rates based on “event data” limited to the final year of high school. The graduation rate is calculated by dividing the number of graduates in a given year by the number of 12th grade students enrolled on the 40th day of that school year.

- In 2003, the US Department of Education (USDE) gave PED permission to continue to use this methodology to determine whether or not high schools achieve adequate yearly progress (AYP) as required by the federal *No Child Left Behind Act of 2001* (NCLB), until the state is able to calculate and disaggregate a four-year graduation rate based on cohort data that follows a group of students through high school.
- On June 28, 2006, PED issued a press release titled “Progress Report on Projected Graduation Rates” that contained first year information on the graduating class of 2008, which PED states is the first cohort being tracked using the individual student identifier system approved by the 2004 Legislature (see Attachment 1). According to PED:
 - in 2004-2005, 30,158 public school 9th grade students were enrolled on the 40th day;
 - in 2005-2006, 26,788 public school 10th grade students were enrolled on the 40th day;
 - 21,856 of the original 9th graders, or 72.5 percent, were still enrolled in the 10th grade;
 - 8,302 of the original 9th graders, or 27.5 percent, were no longer enrolled in the 10th grade; and
 - 17.5 percent of the original 9th grade group are known to be dropouts.

Various national sources have published estimates of four-year graduation rates for New Mexico, including the following:

- In 2003, the Urban Institute Education Policy Center showed the school year 2002-2003 New Mexico graduation rate at 61.2 percent. White females had the highest graduation rate at 70.5 percent; African American and Hispanic males had the lowest, at 47.2 and 50.5 percent (see Attachment 2).
 - This estimate was based on a “cumulative promotion index” (CPI) produced by multiplying the quotient of fall-to-fall enrollment for the four years a cohort moves through grades 9 to 12 of high school.² The report showed graduation rates for the state’s 10 largest school districts, and disaggregated by type of district and demographic subgroups based on data reported by schools to the USDE Common Core of Data.
- A 2005 education working paper from the Manhattan Institute showed the New Mexico class of 2002 graduation rate at approximately 65 percent. The researchers ranked New Mexico 39th in the nation based on their estimates.
 - This estimate was based on a methodology similar to that of the Urban Institute, with an adjustment for changes in state population over the four-year enrollment period.

²
$$CPI = \left[\frac{\text{EnrollmentFallYrX+1}}{\text{EnrollmentFallYrX}} \right] * \left[\frac{\text{EnrollmentFallYrX+2}}{\text{EnrollmentFallYrX+1}} \right] * \left[\frac{\text{EnrollmentFallYrX+3}}{\text{EnrollmentFallYrX+2}} \right] * \left[\frac{\text{GraduatesSprYrX+4}}{\text{EnrollmentFallYr+3}} \right]$$

- The researchers estimated graduation rates for the classes of 1991 through 2002; the rate was highest in 1991 at approximately 73 percent and lowest in 1998 at approximately 60 percent.

Why Students Drop Out

In March 2006, the report of a survey conducted for the Bill and Melinda Gates Foundation titled *The Silent Epidemic* concluded that “while some students drop out because of significant academic challenges, most dropouts are students who could have, and believe they could have, succeeded in school.” The survey conducted focus groups and interviews of 467 racially and ethnically diverse high school dropouts aged 16 to 24 from around the nation, who stated the following:

- nearly half (47 percent) said a major reason for dropping out was that classes were not interesting;
- nearly 70 percent said they were not motivated or inspired to work hard;
- two-thirds said that they would have worked harder if more were demanded of them in terms of homework and academic standards;
- approximately 70 percent were confident they could have graduated if they tried;
- only 35 percent said that “failing in school” was a major reason for dropping out;
- approximately 45 percent said that they started high school poorly prepared by earlier schooling;
- from 59 to 65 percent reporting missing class often the year before dropping out;
- approximately 38 percent said they had “too much freedom” and not enough rules;
- over 80 percent, as adults, said that graduating from high school was important to succeed in life; and
- three-fourths said that if they had to relive the experience, they would have stayed in school.

The report lists the following suggestions from those interviewed to help students stay in school:

- improve teaching and curriculum to make school more relevant and enhance the connection between school and work;
- improve instruction and access to supports for struggling students;
- build a school climate that fosters academics, with increased supervision and classroom discipline;
- ensure that students have a strong relationship with at least one adult in the school; and
- improve communication between parents and schools.

Dropout Recovery Programs

National organizations that focus on re-engaging high school dropouts to complete their education have cataloged a wide range of successful approaches to dropout recovery. The American Youth Policy Forum identifies the following characteristics typical of effective school- and community-based dropout recovery efforts:

- open-entry/open-exit structures that allow students to proceed through the curriculum at their own pace, graduating when they have completed requirements. These programs often depend heavily on computer-assisted technology and web-based learning;
- flexible scheduling and year-round learning that accommodate field-based hands-on education and the needs of students with family and work responsibilities;

- teachers as coaches, facilitators and crew leaders who transfer personal responsibility for success to students as respected adults;
- real-world, career-oriented curricula, connecting students to local employer needs for entry-level career positions so students have near-term objectives; as well as extensive investments in preparing students for postsecondary education, employment and further advancement in the world of work;
- opportunities for employment, recognizing that many students need income to support themselves and their families while they focus on specific career goals;
- clear codes of conduct with consistent enforcement, along with the positive rewards of learning, achievement and peer recognition;
- availability of extensive support services related to health, physical and emotional well-being, child care, and often services for homeless youth; and
- a portfolio of options that recognize the wide variety of dropout characteristics and circumstances.

Background:

The national movement to hold schools and school systems accountable for student outcomes has focused new attention on how graduation data are calculated and reported. Advocates and researchers point to graduation rates as a fundamental indicator of whether or not public schools are educating young people to be productive members of society.

- Until recently, the National Center for Education Statistics (NCES) of the USDE and other research authorities have reported annual high school graduation rates that have ranged consistently between 80 percent and 90 percent.
 - These NCES reports are of “status completion rates” that estimate the percentage of a given population with a high school credential regardless of when it was earned. The data on which these reports are based is from the US Census Bureau’s Current Population Survey, a monthly household survey that uses self-reported information.
 - ◆ for the United States for 2001, NCES reported that 86.5 percent of 18- through 24-year-olds not enrolled in elementary or secondary school had completed high school; and
 - ◆ for New Mexico for 2001, NCES reported that 74.4 percent of young adults had completed high school.
- In 2001 and 2003, however, reports from the Manhattan Institute for Policy Research and the Urban Institute described a more credible research methodology showing that, in fact, approximately one-third of students in the United States do not graduate from high school on time with regular diplomas. The reports showed that the outcomes for minority students are even worse, with closer to 50 percent graduating; males fare substantially worse than females; and students in high-poverty, racially segregated urban school systems fare worst of all.

At the national level, the federal NCLB requires that states define the adequate yearly progress (AYP) of high schools to include graduation rates, defined as the percentage of students who graduate from secondary school with a regular diploma in the standard number of years. However, the USDE approved alternative methods of calculating graduation rates in many states that were unable, when they submitted their state accountability plans, to accurately determine a cohort graduation rate as required by NCLB.

In New Mexico in 2003, the LESC endorsed and the Legislature passed the *Assessment and Accountability Act* as part of comprehensive school reform legislation, addressing the need for more accurate student accountability data among its reforms.

- The act requires PED to issue a state identification number for each public school student for use in the department's accountability data system.
- The act also requires each school district's annual accountability report to include a report of graduation rates for each public high school in the school district. As part of the graduation rate data, the school district shall indicate contributing factors to non-graduation such as transfer out of the school district, pregnancy, dropout, and other factors as known.
- To enable PED to fulfill the requirement to issue a unique identification number to each student, the 2003 Legislature appropriated \$300,000 to PED to begin the implementation of the initiative. The Legislature appropriated \$93,000 in 2004 and \$40,000 in 2005 to maintain the system; according to PED, the cost of maintenance is now incorporated in the department agency budget.
- According to PED, the web-based application for the student identification system was completed in May 2004, with regional training for selected school personnel, district coordinators and PED staff in August 2004. Districts began issuing state identification numbers to students in school year 2004-2005.

Presenters:

Dr. Tom Dauphinee, Chief Statistician, Academic Growth and Analysis Bureau, PED, will describe how PED calculates graduation and dropout rates, and will present the department's most current data for the cohort of students who started 9th grade in fall 2004 and are expected to graduate in spring 2008.

Dr. Catherine Cross Maple, Deputy Secretary, Learning and Accountability, PED, will describe some school district credit recovery initiatives in New Mexico.

Questions the committee may wish to consider:

1. What is PED's most recent calculation of the high school graduation rate in New Mexico for all students, and for the various demographic subgroups?
2. What issues, if any, have arisen in using data based on state student identification numbers to calculate persistence rates for New Mexico students?
3. How many high school dropouts are there in New Mexico? How many might benefit from being targeted by dropout recovery efforts?
4. What dropout recovery efforts has PED identified that show promise of success for New Mexico students?
5. Is legislation necessary to codify the requirement to use cohort data for calculating graduation rates in New Mexico?



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News Release

For Immediate Release: June 28, 2006

“Progress Report on Projected Graduation Rates” Released By Public Education Department

Santa Fe – Education Secretary Dr. Veronica C. Garcia released today the first report of the New Mexico “Progress Report on Projected Graduation Rates” containing first year information on the number of public school 9th grade students from the school year 2004 who enrolled in 10th grade in the 2005 school year. The students followed in this report were tracked by using the individual student identifier system that was approved in the 2004 Legislative session. These numbers provided the opportunity for the New Mexico Public Education Department’s Assessment and Accountability Division to follow public school students who enrolled in public schools throughout the state.

According to the report, of the 30,158 students enrolled as ninth graders on the 40th day of school in the 2004 -2005 21,856 were enrolled as tenth graders on the 40th day of the 2005 -2006 school. If this group of students were the graduating class for this school year, only 72.5% would have graduated with an attrition rate of 27.5%.

Earlier this week **Education Week** released their graduation rates for New Mexico. Some media noted a difference in the 2002-2003 graduations rate that the former State Department of Education (SDE) released (a graduation rate of 89%) and the figures that **Education Week** reported (a graduation rate of 56.7%).

“These differences are a result of methodology in how the former SDE collected this data,” said Secretary Garcia. “Regardless, we now have a consistent system in place to follow students even if they transfer to public schools throughout the state.” “We will monitor these numbers carefully, but we must address the reasons that students have for leaving public school. We will increase rigor, relevancy, and relations as the cornerstones for our new high school redesign program that was announced in May.”

The students followed in this report were tracked by using the individual student identifier system that was approved in the 2004 Legislative session. These numbers provided the opportunity for the New Mexico Public Education Department’s Assessment and Accountability Division to follow public school students who enrolled in public schools throughout the state.

Total Enrollment, 40 th Day		Students Present in both	Attrition from 9 th to 10 th
9 th Grade	10 th Grade		
30,158	26,788 *	21,856 (72.5%)	8,302* (27.5%)

**17.5% of these students were known to be dropouts.
2% could be identified as having formally withdrawn (est.).**

*** This includes students new to the tenth grade they may be from private schools or out of state,**

-more-

“Progress Report on Project Graduation Rates” Released – page 2 – June 21, 2006

In school year 2007-2008, the number of graduates divided by the number of students in the group will be the calculated graduation rate for schools. The following students will be added to the group:

- Students enrolled in 9th grade on the 40th day at a school in school year 2003-2004
- Students entering the group after that date by virtue of transfer from another school
- Students entering the group from lower grades who will graduate earlier than four years

This group will not include:

- Students who transfer to another school, residential treatment center , juvenile detention center (or other form of incarceration)
- Students who are deceased
- Students who graduate before school year 2007-2008
- Students who leave the U.S. and its territories
- Students who are new immigrants and are ELL, who enter the US and enroll in school after their 17th birthday

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NEW MEXICO											
DEMOGRAPHIC PROFILE											
Public Education System						Student Demographics					
Student Population		320,303				Race/Ethnicity		<u>(%)</u>			
Schools		765				American Indian		11.1			
Districts		89				Asian		1.1			
Charter Agencies		0				Hispanic		50.2			
						Black		2.4			
						White		35.3			
						Limited English Prof.		21.4			
						Free/Reduced Lunch		54.6			
						Special Education		19.4			
GRADUATION RATE PROFILE											
Results by Student Subgroup						Results by District Type					
		<u>CPI (%)</u>						<u>% of dists</u>		<u>CPI (%)</u>	
All Students		61.2				Racial Composition					
Gender						Majority White		36.0		65.4 [†]	
Female		64.4				Majority Minority		64.0		60.1	
Male		56.4				LEP Participation					
Race/Ethnicity						Low (<9%)		46.1		65.2 [†]	
American Indian		60.0				High (>9%)		53.9		60.0	
Asian		64.2 [†]				Free/Reduced Lunch					
Hispanic		54.7				Low (<38%)		4.5		76.0	
Black		55.9 [†]				High (>38%)		95.5		60.4	
White		67.8				Special Education					
Race by Gender						Low (<13%)		10.1		56.8	
		<u>Female</u>		<u>Male</u>		High (>13%)		89.9		61.5	
American Indian		58.1 [†]		54.1		Location					
Asian		68.1 [†]		57.3 [†]		Central City		4.5		60.1	
Hispanic		58.4		50.5		Suburb		5.6		56.1	
Black		56.9 [†]		47.2 [†]		Town		31.5		62.8	
White		70.5		63.5		Rural		58.4		64.8 [†]	
TEN LARGEST DISTRICTS											
	Enrollment	Locale	Largest R/E Group	Minority %	FRL %	CPI Graduation Rate (%)					
						Total	Am Ind	Asian	Hisp	Black	White
ALBUQUERQUE	85,276	Cent. City	Hispanic	60.0	44.1	56.0	48.4	74.9	47.2	52.1	66.8
LAS CRUCES	22,185	Cent. City	Hispanic	69.7	57.6	70.7	---	---	65.4	---	78.2
GALLUP-MCKINLEY CO.	13,962	Town	Am. Ind.	91.9	75.8	76.9	74.6	---	---	---	90.6
SANTA FE	13,378	Cent. City	Hispanic	71.6	48.0	68.2	39.2	---	59.6	---	82.5
GADSDEN ISD	13,100	Suburb	Hispanic	94.4	78.8	48.5	---	---	50.2	---	27.8
RIO RANCHO	10,219	Rural	White	40.7	26.6	73.5	44.9	---	---	---	75.5
FARMINGTON	10,209	Town	White	49.6	43.6	60.8	51.7	---	55.2	---	66.5
ROSWELL ISD	9,884	Town	Hispanic	59.7	62.6	55.1	---	71.4	45.9	---	67.5
LOS LUNAS	8,569	Suburb	Hispanic	69.1	57.3	54.7	63.7	---	49.2	---	58.7
CLOVIS	8,342	Town	White	53.0	60.8	63.8	---	---	49.1	78.6	69.8

Source: Common Core of Data Local Educational Agency and School Surveys, National Center for Education Statistics.

⁻⁻⁻ Value not calculated because necessary data field(s) not reported in CCD.

* Low Coverage - Rate not reported because statistic covers less than 50 percent of student population.

[†] Moderate Coverage - Rate covers between 50 and 75 percent of student population.

SOURCE: *Who Graduates, Who Doesn't?*, The Urban Institute, 2003