

## TEN QUESTIONS (AND ANSWERS) ABOUT GRADUATES, DROPOUTS, AND NCLB ACCOUNTABILITY

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The No Child Left Behind Act (NCLB), enacted in 2002, holds states and the schools under their jurisdictions accountable for student performance. It does so according to standards that considerably exceed the requirements of earlier federal legislation. While student achievement must be the principal indicator of performance under NCLB, statewide accountability systems are also required to incorporate one additional academic outcome. At the secondary level, this “other academic indicator” is required by law to be the high school graduation rate.

The public attention devoted to tested achievement has largely eclipsed the role that graduation rates play in NCLB accountability. As a result, we are only now beginning to appreciate the complexities of several key issues. Those issues include the origins of the law’s concern about graduation rates; the status of graduates and dropouts for NCLB accountability; the consequences of using different ways to define and measure graduation rates; and state strategies for incorporating graduation rates into their federal accountability plans. Drawing on recent research at the Urban Institute, this brief attempts to clarify these issues and offer a foundation of knowledge upon which to ground ongoing discussions and analyses of the law.

### 1. What do we usually mean by *NCLB accountability*?

Confusion has sometimes arisen about dropout and graduation rates in the context of No Child Left Behind, due in part to inconsistent use of terminology. It is important, therefore, to explicitly define a key expression: *NCLB accountability*. Discussions of the “accountability” required by NCLB usually pertain rather narrowly to certain provisions of Title I (Part A) of the law. This portion of the legislation stipulates the terms under which the states must develop performance-based accountability systems; define and measure adequate yearly progress (AYP) for student performance; and apply sanctions to districts and schools that fail to meet AYP goals. Throughout

this brief, the term “accountability” will be used as a shorthand way of referring to accountability mandated by Title I (Part A) of No Child Left Behind.

### 2. Why are graduation rates part of NCLB accountability?

The state accountability systems mandated under No Child Left Behind must treat academic assessments as the *primary* indicator of performance. To provide some balance, however, the definition of AYP also needs to include a *secondary* academic indicator. For high schools, the law says this must be the graduation rate. The congressional conference report on the NCLB draft legislation explains the rationale for incorporating graduation rates into AYP along with test scores. This provision is intended to serve as a safeguard to discourage schools from raising their achievement levels by pushing out lower-performing students. A “gaming” strategy of that kind would result in higher achievement scores on average and would help schools to avoid sanctions. But these apparent gains would be attained at the expense of producing more dropouts and fewer graduates, thereby undermining the spirit and intent of the law.

#### Legislative Intent

*“adequate yearly progress shall not be met or exceeded based solely on increased dropouts”*

House Report 107-334

### 3. What is the definition of a graduation rate under NCLB?

The statutory language of No Child Left Behind defines high school graduation rates in a specific way. In particular, only students who receive a regular diploma on time can be counted as high school graduates. This is the official definition under the law, the one that states must use for purposes of NCLB

accountability. This statutory definition, however, may not be consistent with many commonsense understandings about what constitutes a high school graduate or with the ways in which the states have defined graduation rates in the past.

#### Statutory Definition

*“the percentage of students who graduate from secondary school with a regular diploma in the standard number of years”*

No Child Left Behind Act, Section 1111(b)(2)(C)(vi)

#### 4. What are the specific guidelines for measuring graduation rates under NCLB?

As mentioned, the language of the NCLB legislation provides a basic outline for defining graduation rates. To develop an operational definition concrete enough to actually measure graduation rates empirically, however, the states require additional guidance on how to interpret and implement the statutory definition. The U.S. Department of Education has issued regulations that provide clarification on who counts as an on-time high school graduate.

The Department says that a high school completion credential that is fully aligned with state academic standards *counts* as a *regular diploma*. Alternative credentials (e.g., a certificate of attendance) that some states issue to students who finish high school without meeting all state-mandated graduation requirements and GEDs *do not count*. To *graduate on time*, according to the Department, students have to complete one grade per year from the beginning of high school, which is usually ninth grade.

So, for example, students who receive a regular diploma within four years of first starting ninth grade would be considered graduates under NCLB. Students held back during high school to repeat a grade *do not count* as graduates, as it would take them longer than four years to finish. These held-back students would not be considered dropouts either, however, provided they remain in school.

#### 5. Does the law allow for flexibility in defining and measuring graduation rates?

Regulations issued by the Department of Education provide two major openings for latitude in interpreting NCLB provisions on graduation rates. First, states are not required to implement any particular kind of data collection system. For

instance, data systems capable of tracking individual students over time are generally acknowledged to offer important advantages, assuming that the data are collected in an accurate and complete manner. Even so, the states are not required under the law to use such a tracking system to collect data about either graduation rates or achievement test scores.

Second, with approval from the secretary of Education, states are permitted to employ a definition of a high school graduation rate other than the one explicitly described in the legislation. This regulatory provision introduces the possibility that the Department could exert significant discretion by effectively authorizing different approaches from one state to another.

#### Alternative Definition

For AYP, the graduation rate could also be *“Another definition, developed by the State and approved by the Secretary in the State plan”*

Title I Final Regulations, Sec. 200.19 (a)(1)(i)(B)

#### 6. How do the states put these definitions into practice?

States have outlined their NCLB accountability plans—including definitions of high school graduation rate—in a document known as the “Consolidated State Application Accountability Workbook.” These workbooks were submitted to the U.S. Department of Education and then underwent peer review by a panel of experts outside the federal government. As of June 2003, the secretary of Education had approved all state plans (at least provisionally), based on findings from the peer review and subsequent negotiations with the states.

#### 7. Are states *required* to measure graduation rates in the same way?

Although every state is expected to measure graduation rates in a manner that complies with statutory and regulatory requirements, they *do not* have to do so in the same way. Several factors offer states some leeway in approaching graduation rates. States are not required to implement the same kinds of data systems; therefore, they may not collect the same kinds of data. In addition, states are not required to use the same formula for calculating a graduation rate, even if the same kinds of data are available. Regulatory provisions also allow for an alternative definition of the high school graduation rate, one other than the statutory definition. Finally, the Department can potentially exercise additional discretion in the course of reviewing and approving state accountability workbooks.

## 8. Are states *actually* measuring graduation rates in different ways?

States are afforded the opportunity to exercise flexibility in defining and measuring graduation rates. More to the point, they appear to be taking advantage of that opportunity. A review of NCLB state accountability workbooks by the Urban Institute shows that states have proposed a variety of methods for measuring graduation rates. The indicators being used by the majority of states are based on a method developed by the Department's own statistical agency, the National Center for Education Statistics (NCES). Fewer than a dozen states propose using a true longitudinal graduation rate based on data from individual students tracked over time. To meet compliance with the law, the remaining states are using a diverse assortment of indicators that include completion ratios, grade-to-grade promotion rates, and even dropout rates in lieu of graduation rates. As a result of these varied approaches, the graduation rates publicly reported for purposes of NCLB accountability will not be comparable from one state to the next.

## 9. Does it matter if states use different methods for calculating graduation rates?

Recent studies at the Urban Institute have compared the state graduation rates that would be reported according to several different methods of calculation, each broadly compliant with NCLB requirements. The studies find that different methods produce different results and that, in some cases, these disparities in graduation rates can be quite large. More specifically, evidence also suggests that approaches for calculating graduation rates based on data about dropouts produce inflated estimates compared with other methods. This finding is particularly noteworthy because the NCLB accountability plans for more than half of all states propose using graduation rates that incorporate information on dropouts. Reporting inflated graduation rates could have a significant impact on accountability by reducing the number of schools identified as in need of improvement under the federal law.

## 10. Are dropout rates a required part of NCLB accountability?

Although it is common to think of dropout and graduation rates as going hand in hand, dropout rates are not a required component of NCLB accountability. The other academic indicator that must be used for AYP at the high school level is the

graduation rate, not the dropout rate. Dropout could, however, factor into NCLB accountability in other, more subtle ways. For example, states are free to include dropout rates in their federally mandated annual report cards. This inclusion is optional, however, not required. Furthermore, aside from public disclosure, no accountability stakes would be attached to such reporting. Perhaps more important, dropout rates can also enter AYP indirectly through a "back door." As noted earlier, the majority of states actually use data on dropouts to calculate the graduation rates they incorporate into AYP.

## Bonus Question: Exactly how do graduation rates factor into AYP?

The simple, although perhaps unsatisfying, answer to this question is that we do not know yet. This brief focuses on the basic questions of how graduation rates are defined and measured under NCLB. Regardless of how states ultimately calculate their respective graduation rates, they still face the important task of using that number along with test scores to determine adequate yearly progress. It is difficult at this time to know exactly what kind of stakes will be attached to graduation rates under the federal law. Because state plans have only recently been approved, several key questions cannot yet be answered. How will ambiguities in the wording of the NCLB legislation and regulations on graduation rates be reconciled? How much discretion will the Department of Education exercise in authorizing states to pursue different approaches? Will states further amend their current accountability plans? As the process of state NCLB implementation unfolds, it will be imperative to continue monitoring federal and state actions in these areas. Only then will it be possible to determine whether graduation rates are being incorporated into state accountability systems in a way that meets both the letter and spirit of the law.

## Issues to Watch

- How much weight, if any, do graduation rates have in AYP?
- How high do states set goals for graduation rates?
- Do states set annual measurable objectives for graduation rates?
- Are schools held accountable for graduation rates of students in specific categories (e.g., racial and ethnic groups)?
- Do graduation rates factor into AYP determination for all schools, or just those schools using the second chance or "safe harbor" option?



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### Further Details

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