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Public Education Policy And Progress



FOCUS ON DROPOUT FACTORIES: Associated Press Article Spotlights Low-Performing High Schools, Draws Criticism from Many School Officials

An October 29 Associated Press (AP) story that focused on the approximately 1,700 regular or vocational high schools across the country that are considered “dropout factories” made waves in both the education world and the mainstream media. Dropout factories, a term coined by **Johns Hopkins University researcher Robert Balfanz**, are high schools where no more than 60 percent of the students who start as freshmen make it to their senior year.

“If you’re born in a neighborhood or town where the only high school is one where graduation is not the norm, how is this living in the land of equal opportunity?” Balfanz said.

In addition to the article, the AP also provided reporters with a list of dropout factories in each state, which Balfanz developed using a three-year average for the high school Classes of 2006, 2005, and 2004. He further restricted the sample to regular and vocational high schools; high schools that enroll at least one hundred students and had at least a tenth and twelfth grade; and schools that had complete data for all three classes.

According to Balfanz’s analysis, Utah, which has low poverty rates and fewer minorities than most other states, is the only state without a dropout factory. On the other end of the spectrum, about half of the high schools in Florida and South Carolina are considered dropout factories.

Surprised to be confronted with a list of schools characterized as dropout factories, many school officials took issue with the study, its terminology, and its methods. For example, several pointed out that the report does not adjust for students who die or students who transfer to another school and graduate but who are still counted as dropouts.

Others pointed to their “official” high school graduation rates and noted that they were much higher—sometimes as much as 20 or 30 percent—than those in the Johns Hopkins study. But, according to **Bethany Little, vice president for policy and federal advocacy at the Alliance for Excellent Education**, therein lies part of the problem.

“The unacceptably low graduation rates of America’s youth have been obscured for far too long by inaccurate data, misleading calculations and reporting, and flawed accountability systems at the state and federal levels,” she said in a statement on Google News. “But Johns Hopkins University’s promoting power calculation ... can serve as a warning sign that there is a problem that is causing a school to lose many of its students. If a school’s senior class has significantly fewer students than had been enrolled as freshmen three years before, it should be a signal to

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question where those students have gone. Sure, some may have transferred out—but 30 or 40 percent of them? And shouldn't others have transferred in to take their places?"

Some educators took umbrage on behalf of their teachers and principals and said that the Johns Hopkins study “defames” a school or “sensationalizes” a serious problem that school officials are aware of and are trying to fix. “This was hurtful to the principals, you could hear the wind go out of their sail,” **Deborah Gonzalez, assistant superintendent for instruction and accountability at Phoenix Union High School District** told the *Arizona Republic*.

On the Johns Hopkins website, Balfanz addressed his detractors. He stressed that the report was created not to criticize dedicated teachers and administrators, but to draw attention to a serious problem in many of the nation's high schools. He writes:

We acknowledge that some people may view the term ‘Dropout Factory’ as a harsh and unfair term. We use it to describe a harsh and unfair situation, under-resourced and over-challenged high schools which educate primarily low-income and minority students and year after year are unable to graduate the majority or near majority of students who enter the school. We recognize that these schools are filled with hard-working and dedicated teachers and administrators and resilient students. Our goal is to shine a spotlight on what has been called a ‘Silent Epidemic,’ the low graduation rates of the nation's low-income and minority students, and to demonstrate that the dropout crisis is concentrated in a relatively small sub-set of schools. This potentially makes solutions more possible as resources and supports can be targeted to where they are most needed.

Although the report drew a lot of criticism, there was also evidence that Balfanz achieved his goal of shining a spotlight on the epidemic. A search on Google News for “dropout factories” returns nearly three hundred articles on the report, from a wide variety of sources ranging from the *Anchorage Daily News* to the *Washington Post* and Yahoo.com. Further evidence that the tipping point may be close came from an editorial in the *Montgomery [AL] Advertiser*.

“But no matter how much progress the state has made or how its graduation rate is figured, it is clear that far too many students still do not graduate on time or at all. The state needs to put even more energy into figuring out why, and then what can be done about it,” it reads. “For now, the difficulty of comparing official graduation rates has allowed educators to challenge studies such as the one released by Johns Hopkins University. But in two years, valid official comparisons should be possible. Then Alabamians should be able to tell which schools are truly ‘dropout factories.’”

The AP article is available at <http://www.msnbc.msn.com/id/21531704/>. The list of dropout factories, and Balfanz's explanation of how the data was calculated are available at <http://web.jhu.edu/CSOS/images/AP.html>.

The Alliance website maintains a database of most of the high schools in the United States—those that are dropout factories and those that are not. To see how individual high schools perform or to find out which high schools in the various states or Congressional districts are dropout factories, go to <http://www.all4ed.org/promotingpower>.



THE HIGH COST OF HIGH SCHOOL DROPOUTS: New Alliance Brief Pegs Cost of Class of 2007 Dropouts at \$329 Billion

Coming on the heels of the Associated Press story, a new issue brief from the Alliance for Excellent Education puts a price tag on what the millions of students who drop out of school each year cost the nation and states. For the Class of 2007, the cost is \$329 billion. That’s the amount that the nation’s economy would have benefited from if the dropouts from the Class of 2007 had instead earned their diplomas, according to *The High Cost of High School Dropouts: What the Nation Pays for Inadequate High Schools*.

“Each class of high school dropouts damages the economy,” said **Bob Wise, president of the Alliance for Excellent Education and former governor of West Virginia**. “In its current form, the No Child Left Behind Act does little to address the crisis in America’s high schools, and Congress must take action to support states and districts in putting reforms into place that will allow all students, at all levels, to receive the assistance they need to be successful in school and graduate. The economic future and security of the nation depend on it.”

According to the U.S. Census Bureau, the average annual income for a high school dropout is \$17,299, compared to \$26,933 for a high school graduate, a difference of \$9,634. But the Alliance analysis goes even further. Using research by **Cecilia Rouse, professor of economics and public affairs at Princeton University**, who found that each dropout, over his or her lifetime, costs the nation approximately \$260,000, and high school graduation rate data from **Chris Swanson of Editorial Projects in Education**, the Alliance was able to determine the average additional lifetime income if one class of dropouts were to graduate.

The costs vary widely across states, with larger states such as California, Texas, and Florida paying the highest price for dropouts. But smaller states with low graduation rates such as Nevada and South Carolina also saw huge losses. A sample of the losses incurred from across the nation appears in the table below.

State	9th Graders (2003–2004)	Estimated Graduation Rate (2006–2007)	Estimated Number of Dropouts for the Class of 2007	Total Lifetime Additional Income if Dropouts Graduated
California	528,564	70.7%	154,869	\$40,266,005,520
Colorado	63,312	74.6%	16,081	\$4,181,124,480
Florida	253,565	60.5%	100,158	\$26,041,125,500
Michigan	153,567	69.1%	47,452	\$12,337,572,780
Nevada	34,779	54.0%	15,998	\$4,159,568,400
New York	257,475	65.0%	90,116	\$23,430,225,000
South Carolina	69,415	53.8%	32,070	\$8,338,129,800
Texas	377,912	67.3%	123,577	\$32,130,078,240

“Everyone benefits from increased graduation rates,” the brief reads. “The graduates themselves, on average, will earn higher wages and enjoy more comfortable and secure lifestyles. At the

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same time, the nation benefits from their increased purchasing power, collects higher tax receipts, and sees higher levels of worker productivity.”

The brief points out that unless high schools are able to graduate their students at higher rates, more than twelve million students will drop out during the course of the next decade. The result will be a loss to the nation of over \$3 trillion.

The complete brief, which includes a state-by-state breakdown for all fifty states and the District of Columbia, is available at <http://www.all4ed.org/files/HighCost.pdf>.



**SENATE PASSES EDUCATION FUNDING BILL BY “VETO-PROOF”
MARGIN: Battle with the White House Over Spending Expected in Coming Weeks**

On October 23, the U.S. Senate passed the Fiscal Year (FY) 2008 Labor, Health and Human Services, and Education appropriations bill by a margin large enough to overcome a likely veto by President Bush. The bill, which funds the departments of Labor, Health and Human Services (HHS), Education, and other agencies such as the Social Security Administration, passed by a vote of 75–19. In total, for all departments and agencies that the bill funds, it would authorize \$9.6 billion more in discretionary spending than the amount included in the president’s budget request. For that reason, President Bush has threatened to veto the bill.

Since the Senate vote, the Democratic leadership has been considering different strategies on how to move the bill forward in an effort to garner the most Republican support. One strategy reportedly under consideration was combining the Labor-HHS-Education bill with the Defense and the Military Construction-Veterans Affairs appropriations bills into a \$700 billion “mini-bus” spending bill that would make up about 70 percent of the discretionary spending for FY 2008. Ultimately, that strategy was dropped.

Before the decision to abandon that strategy was made, President Bush said he would veto such a “three-bill pileup” if it were presented to him and urged Congress to pass each bill “one at a time in a fiscally responsible manner that reflects agreement between the legislative branch and the executive branch.” In response, **Senate Appropriations Committee Chairman Robert C. Byrd (D-WV)**, challenged the Bush administration to “come to the table and discuss its opposition to the levels in these funding bills,” rather than “continuing to fuel the fire of overblown partisan rhetoric.”

“We should sit down and discuss why the Bush administration believes it is necessary to forego vital education, health care and research, veterans medical care, crime prevention, and homeland security funding,” Byrd said. “President Bush seems to have no problem with using the bully pulpit to threaten to veto these spending bills in order to score easy political points. But when it comes down to doing the hard work—coming to the table to discuss what the President wants to cut and why—President Bush ducks the responsibility of leadership.”

On November 1, House and Senate conferees met to work out the differences between the House and Senate versions of the FY 2008 Labor-HHS-Education appropriations bill. In the end, they adopted a version that includes \$60.7 billion for the U.S. Department of Education, roughly \$1.3

billion less than what the House included in its bill but \$600 million more than the Senate bill and \$4.5 billion above the amount that the president requested in his budget. They also agreed to combine the Labor-HHS-Education appropriations bill with the Military Construction-Veterans Affairs appropriations bill.

By combining spending on education and health with military construction and veterans, the Democratic leadership is hoping to get enough Republican support to override a likely veto from President Bush. The House of Representatives is expected to vote on the combined bill on November 7, with the Senate vote occurring shortly thereafter. Both chambers are expected to pass the bill, but the level of Republican support it will receive is still unknown. Additionally, the bill could be subjected to several procedural objections in the Senate that could delay its passage.

With a veto likely and an attempt to override it still on the horizon, it is doubtful that final funding for the U.S. Department of Education will be approved before December. What is certain is that Congress will need to pass another continuing resolution to temporarily fund the federal government while the appropriations process is being finished. The current continuing resolution expires on November 16.

Funding levels for certain programs under the U.S. Department of Education as proposed by the Senate, House of Representatives, House-Senate compromise bill, and President Bush are available at <http://www.all4ed.org/files/Fiscal08ProgramChart.pdf>.



BUDGET SHOWDOWN 2007: New Issue Brief Examines Facts Behind Education Funding

As noted in the article above, the Fiscal Year (FY) 2008 appropriations process is already a contentious one which is likely to get even more heated, mainly because of philosophical differences on spending. Democrats generally seek to increase spending for health and education programs while Republicans generally want to hold the line on spending so as to appear fiscally conservative. However, according to *Budget Showdown 2007: The Facts Behind Education Funding*, a new issue brief from the New America Foundation, recent increases in education and other domestic spending are not to blame for what some see as a bloated federal budget. Instead, the brief finds, increases in discretionary spending from FY 2001 to FY 2006 have been driven primarily by defense and other “war on terror” spending.

“Although Congress plans a significant increase in federal spending on schools, teachers, and students—the most significant this decade when considering discretionary and mandatory sources—education funding has not been a driver of recent increase in federal spending and the contemplated increase is relatively minor with respect to the overall budget,” the brief reads. “One could argue against proposed increased spending on education because of concerns about program effectiveness, efficiency, or value, but any attempt to single out education spending as the main driver of a federal budget that some believe has become too large would be misguided.”

The brief notes that discretionary funding for the U.S. Department of Education increased between FY 2001 and FY 2003 but has been relatively flat over the last four fiscal years. As the brief points out, federal discretionary funding for education has decreased over the last four years

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when inflation is taken into account. In fact, there was only a 1.6 percent increase in funding for the department from FY 2004 to FY 2007, a time when annual inflation averaged around 2 percent.

This year, House and Senate appropriations bills for education range from \$60.1 billion in the Senate to \$62.8 billion in the House, representing a significant \$3 to \$5 billion increase over FY 2007. According to the brief, if final spending totals fall in this range, it would represent the largest increase for education since the No Child Left Behind Act was passed in 2001. However, the bills are also \$4 to \$6 billion higher than President Bush proposed in his budget. Consequently, he has issued veto threats on both.

The brief notes that spending on international and defense programs grew at a much faster rate than on domestic ones. It finds that, between FY 2001 and FY 2006, discretionary spending on defense and international programs increased by 69 percent, or \$231.3 billion. Domestic expenditures, on the other hand, only represent 31 percent of the increase in the overall budget. Breaking domestic spending down even further, the New America Foundation finds that increases in education spending only account for 5.5 percent of the total. And even if the proposed increases for FY 2008 were enacted, spending for the U.S. Department of Education will still make up only 5 percent of all discretionary spending and less than 3 percent of the overall federal budget.

In examining the desires of the president versus the Congress on spending, the brief points out that the \$23 billion difference between the two only equals 2 percent of discretionary spending and eight tenths of 1 percent (0.8 percent) of the total federal budget. It also compares that difference to recent increases in military spending. “The president recently increased his request for supplemental war spending to \$193 billion for fiscal year 2008, an increase of \$42 billion—almost twice the amount that the domestic discretionary funding fight is over,” the brief reads.

The complete brief, as well as video from the release event, is available at http://www.newamerica.net/events/2007/education_and_federal_budget_showdown. The release event featured **Peter Cohn, budget and appropriations reporter for *Congress Daily*; Barbara Chow, policy director for the U.S. House of Representatives Budget Committee; Heather Rieman, the author of the report and a policy analyst with the Education Policy Program at the New America Foundation; and Jason Delisle, research director of the Education Policy Program at the New America Foundation.**



WHO'S SMART?: U.S. Department of Education Releases Grant Recipient Numbers for Academic Competitiveness and SMART Grants

On October 26, **U.S. Secretary of Education Margaret Spellings** announced that over \$233 million in Academic Competitiveness (AC) grants were awarded to nearly 300,000 students nationwide and that an additional \$195 million in National Science and Mathematics Access to Retain Talent (SMART) grants were awarded to nearly 61,000 students.

“Math, science and critical foreign language skills are the new currencies in our global economy, and we must continue to work hard to inform students about the money available for them if they

take classes in these fields,” Spellings said. “These grant programs will not only enable more students to attend college but also better prepare our students for a globally competitive workforce.”

This year was the first year for both programs, which were signed into law on Feb. 8, 2006, through the Deficit Reduction Act. AC grants provide additional aid to first- and second-year college students who complete a rigorous high school curriculum, are enrolled full-time in college, and who maintain a 3.0 GPA. National SMART Grants are for third- and fourth-year Pell grant-eligible college students who have maintained a 3.0 GPA, who major in math, science, or critical foreign languages, and who are enrolled full-time.

Students who are selected to receive AC or SMART grants get that money on top of what they receive in Pell grants. AC grant recipients get \$750 in their first year of college and up to \$1,300 in their second year. SMART grant students can receive up to \$4,000 during each year.

According to a report issued by the U.S. Department of Education, the most AC grant recipients were enrolled at Pennsylvania State University (4,128), the University of California–Davis (1,926), the University of Texas–Austin (1,718), the University of California–Los Angeles (1,686), and the Ohio State University (1,620). For SMART grants, Brigham Young University (1,584), the University of Phoenix (1,326), the University of California–San Diego (921), DeVry University (789), and Pennsylvania State University (715) had the most recipients.

The Department of Education has set a goal to double the number of students receiving AC and SMART grants by 2010–11. To reach this goal, the report says that high schools need to do a better job in graduating more students on time and ready for college and work. It also challenges high school and postsecondary personnel, state policymakers, and access advocates to know their state’s approved programs of rigorous study and to better advocate for low-income students’ access to rigorous, college preparatory classes. According to the report, only 4 percent of low-income high school students complete rigorous college preparatory courses, and only 25 percent of first-time, full-time Pell recipients nationally received an AC Grant.

To help school personnel better steer students into one of the programs, the report includes a list of descriptions of common issues faced during the first year of implementation and how some innovative states and institutions addressed them.

The complete report is available at <http://www.ed.gov/programs/smart/results2007/national.pdf>.

Straight A’s: Public Education Policy and Progress is a biweekly newsletter that focuses on education news and events both in Washington, DC and around the country. The format makes information on federal education policy accessible to everyone from elected officials and policymakers to parents and community leaders. The Alliance for Excellent Education is a nonprofit organization working to make it possible for America’s six million at-risk middle and high school students to achieve high standards and graduate prepared for college and success in life.



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