

# **LEFT BEHIND IN AMERICA: THE NATION'S DROPOUT CRISIS**

**A REPORT BY THE CENTER FOR LABOR MARKET STUDIES AT NORTHEASTERN  
UNIVERSITY IN BOSTON AND THE ALTERNATIVE SCHOOLS NETWORK IN CHICAGO**

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## **ABOUT THE CENTER FOR LABOR MARKET STUDIES**

Located within the Department of Economics of Northeastern University, the Center for Labor Market Studies (CLMS) is an applied research, evaluation, and policy-oriented technical assistance unit. CLMS activities include conducting sponsored and other research on labor market developments, trends and problems and measures the outcomes and impacts of employment and training policies and programs. The Center produces a variety of research publications on the above topics, provides a wide array of technical assistance and training activities, is actively involved with national, regional, state, and local employment and training organizations and professional research associations, and disseminates research and evaluation findings to the national and local media. For more information, please visit <http://www.clms.neu.edu/>.

## EXECUTIVE SUMMARY

### NATIONAL DROPOUT CRISIS CONTINUES

America is currently in the throes of a persistent high school dropout crisis that has been a long time in the making, with substantial disparities in dropout rates across race, ethnic, and income groups and geographic areas. The absence of new funding at the federal and state level since the 1980s has led to decades of disinvestment in re-enrollment programs across the country. In the current global economy, having at least a high school diploma is a critical step for avoiding poverty, and a college degree is a prerequisite for a well-paying job. The costs of dropping out of high school today are substantial and have risen over time, especially for young men, who find it almost impossible to earn an adequate income to take care of themselves and their families.

The Obama Administration's national education agenda expresses clear support for addressing the dropout crisis through preventive measures implemented during the middle-school years and reforming the No Child Left Behind law. The selection of former Chicago Public Schools CEO Arne Duncan as National Education Secretary sets the stage for an exploration of strategies to re-engage students who have already dropped out of high school. **Because of the widespread, pressing nature of the crisis and the large numbers of young people who have already dropped out, a national re-enrollment strategy should be a fundamental part of America's national education agenda.**

In order to lay the groundwork for an informed discussion of solutions, the Center for Labor Market Studies (CLMS) in cooperation with the Chicago Alternative Schools Network analyzed a variety of data from 2007, including dropout data from U.S. Census Bureau American Community Surveys, household data from the Current Population Survey, national data on GED certificate awards, and other official sources to gauge the level of the crisis at the national level and in the nation's 12 largest states which include California, Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, and Virginia.

### A BLEAK NATIONAL PICTURE: NEARLY 6.2 MILLION DROPOUTS

The dropout crisis impacts all of America, but affects men, Blacks, and Hispanics particularly hard. **In 2007, an astounding 16.0% of persons between 16 and 24 years of age (nearly 6.2 million people) were high school dropouts.** Among these dropouts, 60.1% were men, 18.8% were Black, and 30.1% were Hispanic. In addition:

- Nearly one in five U.S. men between the ages of 16-24 (18.9%) were dropouts in 2007.
- Nearly three out of 10 Hispanics were dropouts (27.5%), including recent immigrants.
- More than one of five Blacks had dropped out of school (21%)--versus a dropout rate for Whites of 12.2%.

### DROPOUT CRISIS EQUALLY PRESSING IN 12 LARGEST STATES

The scope of the dropout crisis at the state level was similarly widespread:

- **More than one in ten 16 to 24 year-olds had already dropped out of high school in each of the 12 states surveyed.**
- More than one in five 16 to 24 year-olds were dropouts in Florida and Georgia.
- California had the most dropouts for any state (710,000) with a 14.4% dropout rate among 16-24 year-olds.
- Georgia had the highest dropout rate for this population at 22.1%.

Dropout levels among 16-24 year old for these 12 states were as follows. These figures do not include, an additional number of high school students who dropped out before receiving a diploma by the end of 2007:

STATE	DROPOUTS AGED 16- 24	DROPOUT RATE
California	710,383	14.4%
Florida	423,529	20.1%
Georgia	270,114	22.1%
Illinois	218,949	13.2%
Michigan	162,512	12.8%
New Jersey	111,236	10.8%
New York	368,854	14.6%
North Carolina	202,280	17.6%
Ohio	188,335	13.3%
Pennsylvania	196,360	12.5%
Texas	582,109	18.5%
Virginia	139,783	13.9%

**(Additional national and state findings are available in the full report).**

#### **LIFELONG ECONOMIC IMPACTS FROM DROPPING OUT**

Americans without a high school diploma have considerably lower earning power and job opportunities in today's workforce. Over a working lifetime from ages 18-64, high school dropouts are estimated to earn \$400,000 less than those that graduated from high school. For males, the lifetime earnings loss is nearly \$485,000 and exceeds \$500,000 in many large states. Due to their lower lifetime earnings and other sources of market incomes, dropouts will contribute far less in federal, state, and local taxes than they will receive in cash benefits, in-kind transfers, and correctional costs. Over their lifetimes, this will impose a net fiscal burden on the rest of society.

By contrast, adults with high school diplomas contribute major fiscal benefits to the country over their lifetime. The combined lifetime fiscal benefits—including the payment of payroll, federal, and state income taxes—could amount to more than \$250,000 per graduated student. Such a public fiscal benefit more than outweighs the estimated cost of enrolling a student who has dropped out.

#### **WHAT'S NEEDED: A FEDERAL AND STATE RE-ENROLLMENT PROGRAM**

**CLMS believes America's youth will take advantage of opportunities and pathways back to a good education and a well-paying career if only we would offer more of them the chance.** It is our responsibility as a society to explore every potential means to do so. If we do nothing, the cost of inaction will be steep—not just for the nearly 6.2 million high school dropouts, many of whom will remain jobless and with low incomes, but for the economic and social well-being of our nation as a whole, for years to come.

A range of effective re-enrollment programs have emerged in recent years both nationally and in number of cities including Chicago, Los Angeles, Milwaukee, and Portland (Oregon). These programs have found that young people who have left high school before earning a diploma are

not dead-end dropouts, but often are in fact students waiting and looking for opportunities to reenroll and finish high school. The most successful programs are small (80-150 students), offering comprehensive after-school and summer activities, led by experienced principals and teachers, focused on learning in the real world, well funded with local school site program and fiscal control, and track specific, measurable outcomes for student achievement including skill gains, enrollment, attendance, credit gains, promotions, and graduations. These programs should be used as models for additional local and national efforts.

### **HOPE USA Federal Incentive Grant Program**

It is crucial that the No Child Left Behind (NCLB) legislation currently being reauthorized be expanded to fund programming to re-enroll students who have dropped out of school. An immediate way to accomplish this would be to implement the proposed **Hope & Opportunity Pathways through Education (HOPE USA)** initiative. As jointly proposed by the National Education Association, National Urban League, Illinois State Council on Re-Enrolling Students Who Dropped Out of School, the Chicago Urban League, and the Alternative Schools Network, Hope USA would be a \$2 billion federal matching incentive grant program to spur state and local school districts to roll out programs to re-enroll students who have dropped out of school into comprehensive programs to assist them to earn a high school diploma.

HOPE USA's aim would be each year to re-enroll more than 480,000 high school dropouts via comprehensive small-school initiatives (80-150 students) led by experienced principals and teachers, focused on real-world learning, and accompanied by summer and after-school components and year-round employment programs. Key points of the grant program include:

- **A 50/50 Federal/State funding match** to support the creation of diverse programs to re-enroll students that are designed locally, funded at the average district high school per student cost, and have local fiscal determination.
- **Proportionally distributed aid** based on a given state's share of the total number of dropouts across the country.
- **Removal of existing NCLB barriers** that currently penalize local school districts for enrolling older, higher-risk dropouts.

Re-enrolled students who successfully obtained a diploma could earn \$400,000 more in their lifetimes with a high school diploma than as dropouts, and each re-enrolled and graduated student would save taxpayers several hundred thousand dollars through lower social costs such as health care, welfare, and incarceration and increased federal, state, and local tax receipts.

### **Other Recommendations**

Over the longer term, youth from a wider range of age groups need to be supported in their efforts to earn their high school diplomas and develop employment skills:

- **Youth aged 15-19 years** could be served by a combination of summer and year-round employment and education programs funded at \$5 billion which would reach and engage over 2.5 million low-income youth both in and out of school.
- **Young adults aged 20-24 years** could be served by \$7 billion to fund programs reaching 250,000 youth annually that combine work and education in the format that existing, successful national programs use to provide older youth and young adults the opportunity to learn work-related and technical skills, earn a high school diploma or its equivalent, and work several days per week for pay on productive projects

## FULL REPORT

*“My budget invests in developing...new efforts to give dropouts who want to return to school the help they need to graduate; and new ways to put those young men and women who have left school back on a pathway to graduation.”*

**-President Barack Obama, March 10, 2009**

### BACKGROUND ON AMERICA'S DROPOUT CRISIS

America is currently in the throes of a persistent high school dropout crisis that has been a long time in the making. In the current global economy, having a high school diploma is a critical first step for achieving employability at decent wages and avoiding poverty and a college degree is a prerequisite for a well-paying job.<sup>1</sup> The costs of dropping out of high school today are very substantial to both dropouts and to the rest of society, especially for young men and single parents, who find it almost impossible to earn an adequate income to take care of themselves and their families.

A variety of national data analyzed by the Center for Labor Market Studies show that conservatively 16.0 percent of all youth between the ages of 16 and 24 (6,173,883 individuals) had left high school without a regular diploma by 2007. Although the crisis cuts across all states, racial, income and gender lines, low income youth and young Black and Hispanic males are hardest hit. Making matters worse, the federal No Child Left Behind (NCLB) law makes no provision for re-enrolling these dropouts and putting them back on a pathway to graduation.

However, NCLB did not create the dropout crisis. In 1980, the Carter Administration introduced the Youth Act of 1980 to increase from \$2 to \$4 billion annual funding for programs to re-enroll high school dropouts and keep high-risk students ages 16-20 years old in school. The act was not funded by the Reagan administration. Had funding been initiated and maintained, by 2006, in real-dollar terms more than \$184 billion would have been spent on activities to avert the national dropout crisis.

Instead, combined spending on programs aimed at high-risk youth aged 16-20 between 1980 and 2006 stood at \$34 billion, a whopping \$150 billion less than could have been spent. Because of this severely curtailed funding, as many as 15 million high-risk American youth were left without an educational safety net. These youth—among the country's poorest and experiencing the highest rates of joblessness in the nation—went without the critical services and supports they needed to develop the educational and employment skills necessary to become productive adults and compete in the global economy, and many became caught in a cycle of drugs, gangs, crime, and incarceration.

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<sup>1</sup> For earlier studies on the nation's dropout crisis and the economic and social costs, see: (i) Gary Orfield (Editor) [Dropouts in America: Confronting the Graduation Crisis](#), Harvard Education Press, Cambridge, 2004; (ii) Bob Wise, [Raising the Grade: How High School Reform Can Save Our Youth and Our Nation](#), Jossey-Bass, San Francisco, 2008; (iii) Andrew Sum, Ishwar Khatriwada, Joseph McLaughlin, et. al., [An Assessment of the Labor Market, Income, Social, Health, Civic, Incarceration, and Fiscal Consequences of Dropping Out of High School: Findings for Michigan Adults in the 21<sup>st</sup> Century](#), C.S. Mott Foundation, Flint, Michigan, January 2008; (iv) Boston Youth Transitions Task Force, [Too Big Too Be Seen: An Invisible Dropout Crisis in Boston and America, May 2006](#); (v) Paul Barton, “Chasing the High School Graduation Rate: Getting the Data We Need and Using It Right,” [Policy Information Perspective](#), Educational Testing Service, Princeton, NJ, 2009

Following an April 2006 *Time Magazine* cover story detailing the crisis<sup>2</sup>, in May 2007 education leaders from across the country gathered in Washington, D.C. for a the *National Summit on America's Silent Epidemic*. The national discussion confirmed that America is failing to address a major educational crisis. Clearly, much work needs to be done to get millions of youth off the street and back in school and return to them their economic futures. The price of inaction will be increasing incarceration, welfare, high poverty rates among children, and healthcare costs for all U.S. taxpayers as dropouts and their families continue to fall through the cracks.

The Obama Administration's national education agenda<sup>3</sup> expresses clear support for addressing the dropout crisis through preventive measures implemented during the middle-school years and reforming No Child Left Behind. The selection of former Chicago Public Schools CEO Arne Duncan as National Education Secretary sets the stage for an exploration of strategies to re-engage students who have already dropped out of high school. The nation cannot afford to neglect those who already made a decision to leave school.

In 2009, a *Hope & Opportunity Pathways through Education (HOPE USA)* incentive grant plan is being jointly proposed by the National Education Association, National Urban League, Illinois State Council on Re-Enrolling Students Who Dropped Out of School, the Chicago Urban League, and Alternative Schools Network to develop pathways for high school dropouts to return to school and earn their high school diploma. Because of the widespread, pressing nature of the crisis and the large numbers of young people who have already dropped out, national re-engagement strategies such as **HOPE USA** should be a fundamental part of America's national education agenda.

The following report analyzes and discusses key demographic characteristics of the dropout crisis for the U.S. as a whole and for the nation's 12 largest states which include California, Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, and Virginia, highlights successful local re-enrollment initiatives, and discusses potential national solutions.

## RESEARCH

Using a variety of national household surveys, counts of recent GED recipients, and other data, research conducted by the Center for Labor Market Studies at Northeastern University in Boston, Massachusetts shows that the dropout crisis has a major impact on many large states across the country. The study ranks the 12 largest U.S. states according to the number of dropouts as well as the percentage of young adults who have dropped out in each state.

Research also shows how the incidence of dropout problems varies across race-ethnic and gender groups. Data are available for dropouts by race and gender in all 12 states.

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<sup>2</sup> Thornburgh, Nathan, "Dropout Nation", *Time*, April 9, 2006, available online at <http://www.time.com/time/magazine/article/0,9171,1181646,00.html>.

<sup>3</sup> The Obama Administration's National Education Agenda is detailed on the White House homepage at <http://www.whitehouse.gov/agenda/education/>.

This report is primarily based on data from the American Community Surveys (2007), a large scale national household survey, and is supplemented by data on GED awards from the American Council on Education. (For Methodology, please see Appendix.)

As will be discussed in the addendum following this report, almost one-third (30%) of 16-24 year old youth without a regular high school diploma had obtained a GED certificate by the time of the American Community Surveys (ACS) in 2007, but we include them in the count of dropouts since they left school without obtaining a regular diploma. National research has consistently revealed that GED holders, on average, do not fare as well in the labor market as regular high school graduates, and they are considerably less likely to obtain any type of post-secondary degree. Only a tiny fraction of GED holders (less than 10%) from the high school graduating Class of 1992 obtained a post-secondary degree by 2000 and recent national longitudinal data from the NLS 97 survey show an even lower college degree attainment rate among GED holders.<sup>4</sup>

**Table I: Estimated Numbers of 16 - 24 Year Old Youth in Each of the Four Dropout Groups, U.S., 2007**

<b>Group</b>	<b>Number</b>
<b>High School Dropouts, No GED, Living in Private Households</b>	<b>3,335,749</b>
<b>16 - 24 Year Old Dropouts Residing in Institutions (juvenile homes, jails, prisons)</b>	<b>246,854</b>
<b>16 - 24 Year Olds with a GED in 2007</b>	<b>1,833,312</b>
<b>Estimated ACS "Undercount" of High School Dropouts</b>	<b>757,968</b>
<b>Total, above 4 Groups</b>	<b>6,173,883</b>
<b>Total 16 - 24 Year Old Population in 2007,</b>	<b>38,491,312</b>
<b>Estimated Dropouts Rate, 16 - 24 Year Olds</b>	<b>16.0%</b>

## **FINDINGS**

Results of the data analysis clearly show that the dropout crisis impacts all large states across the country: men are more likely to be dropouts than women; and Hispanics and Blacks are far more likely to be dropouts than members of other races.

### **Nation**

To illustrate the scope of the dropout crisis in the U.S., consider the following numbers. In the aggregate, the data demonstrate that 16.0% of all 16-24 year olds in this country –nearly one out of six – were estimated to have dropped out by 2007 and another million or so of those enrolled in high school will eventually drop out.

<sup>4</sup> For a review of the labor market and educational benefits of the GED credential, see: John Tyler, "Does GED Improve Earnings? Estimates From a Sample of Successful and Unsuccessful GED Candidates, *Industrial Labor Relations*, 2004, Vol. 57, 4, p.579-98; (ii) Kathryn Parker Boudett, Richard J. Murnane, and John B. Willet, "Second Chance Strategies for Women Who Drop Out of School," *Monthly Labor Review*, Dec. 2000, U.S. Bureau of Labor Statistics

Findings show that when one adds the number of dropouts between the ages of 16-19 and 20-24, there were nearly 6.2 million total dropouts in 2007.

- **Total Dropouts Age 16-24:** 6,173,883
  - **Dropouts Age 16-19:** 1,817,429
  - **Dropouts Age 20-24:** 4,356,454

**Table II: Total Dropouts and Dropout Rates By Race-Ethnicity, 2007**

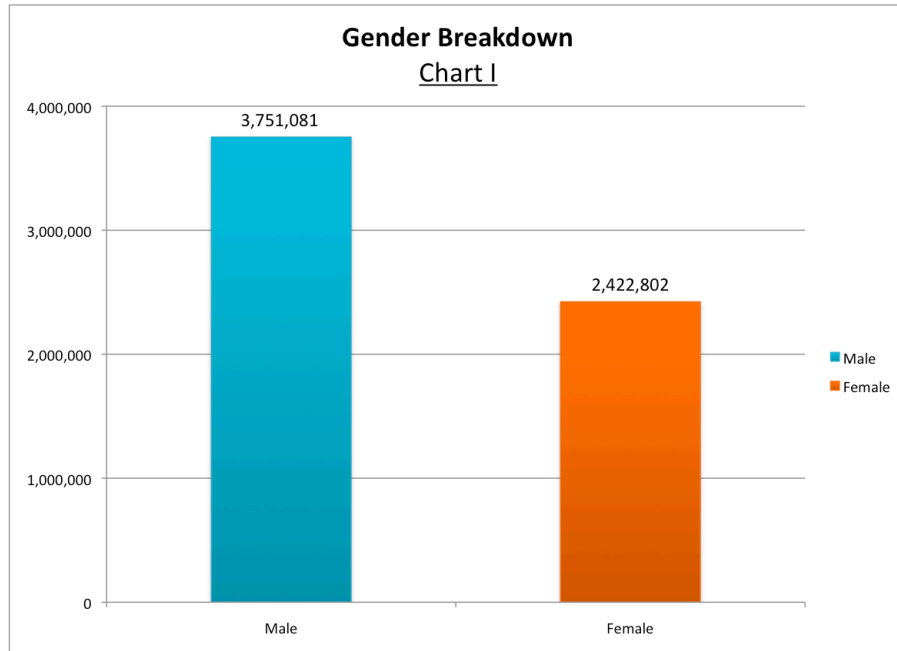
	<b>Total Population, 2007</b>	<b>Total Dropouts, 2007</b>	<b>Dropout Rate, 2007</b>
White	23,350,067	2,849,809	<b>12.2</b>
Black	5,535,350	1,161,343	<b>21.0</b>
Hispanic	6,765,995	1,858,498	<b>27.5</b>
Other	2,839,900	304,234	<b>10.7</b>
<b>Total</b>	<b>38,491,312</b>	<b>6,173,883</b>	<b>16.0</b>

### **Gender**

According to the data, nearly one in five U.S. men between the ages of 16-24 (18.9%) were dropouts in 2007. They accounted for 60% of all young dropouts in the nation.

- **Male Dropouts Age 16-24:** 3,751,081
- **Female Dropouts Age 16-24:** 2,422,802





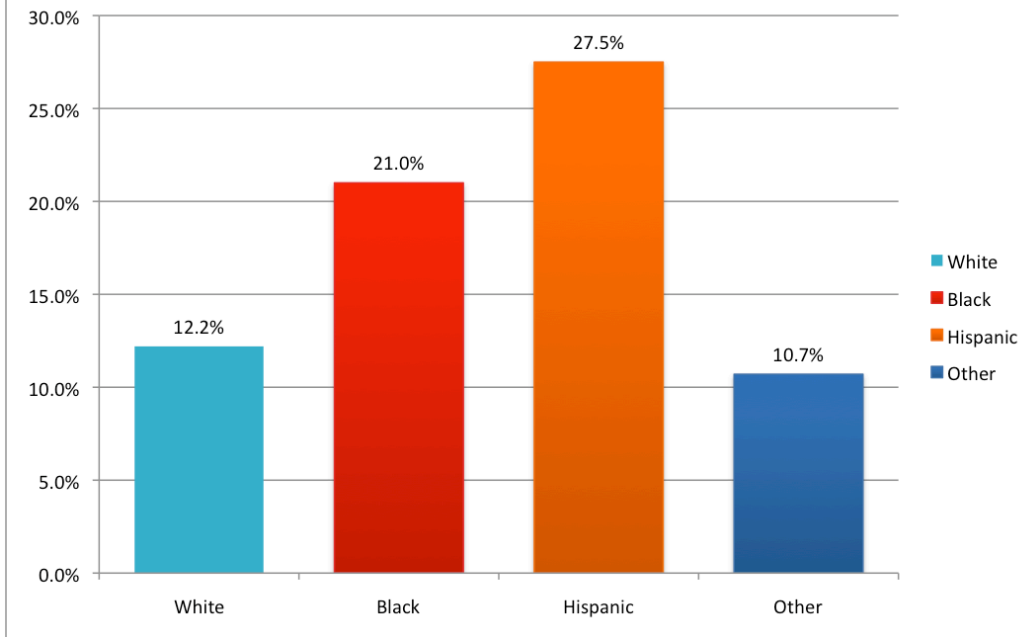
## Race

The dropout crisis is having a disproportionate impact on Hispanic and Black communities, especially among males. Data show that:

- Nearly three out of 10 Hispanics have dropped out of school (27.5%), including immigrants.
- More than one of five Blacks drop out of school (21%).
- For Whites, the dropout rate was 12.2%.
- More than 3 million Blacks and Hispanics in the U.S. were dropouts in 2007, according to the data (1,161,343 Blacks and 1,858,498 Hispanics).
- Nearly two in five Hispanic males and one in four Black males, age 20-24, were high school dropouts.
- In California alone there were 710,838 dropouts, a figure that would rank as the seventeenth most populous city in the US—larger than Fort Worth, TX, Boston, MA and Seattle, WA.

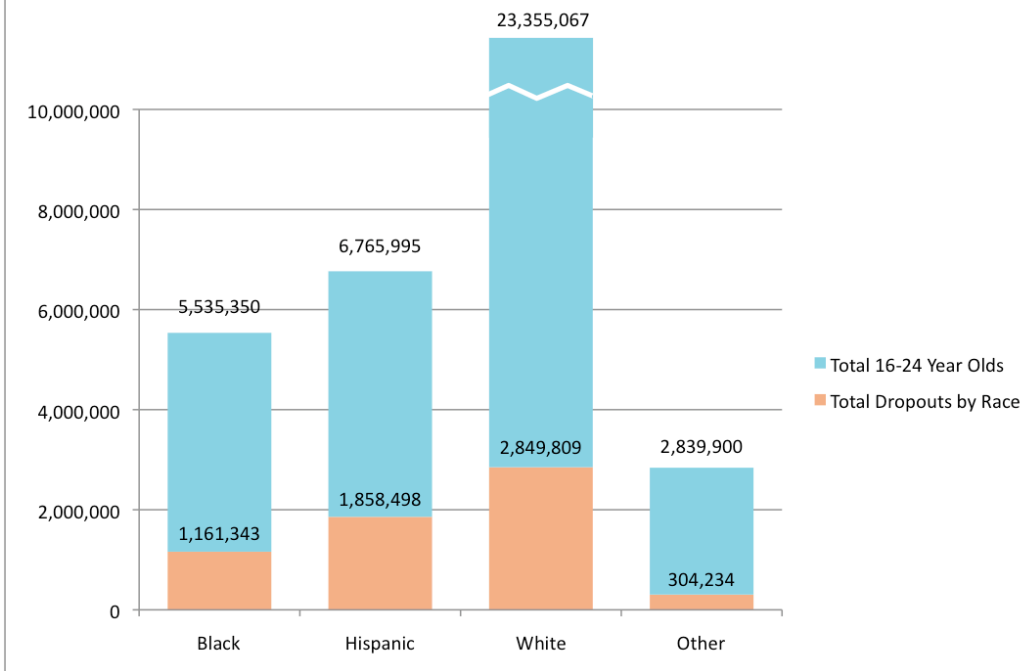
### Dropouts As a Percent of 16 - 24 Year Olds

Chart II



### Number of Dropouts 16-24 Years Old By Race

Chart III



## States

The number of dropouts in the 12 states that were surveyed ranged from just over 111,000 in 2007 (New Jersey) to more than 700,000 (California). Since these figures exclude a number of 16-19 year olds currently enrolled in school who will eventually drop out, the actual number nationwide will certainly be at least one million higher. Highlights include:

- In all 12 of the states surveyed, more than one out of ten 16-24 year-olds had already dropped out of school.
- In two states (Florida and Georgia), more than one in five students have dropped out of school. These estimates are conservative since they exclude students still enrolled in high school who will drop out before receiving a diploma.

### The 6 large states surveyed with the most dropouts are:

California	710,383
Texas	582,109
Florida	423,529
New York	368,854
Georgia	270,114
Illinois	218,949

### The 6 large states surveyed with the highest dropout rates are:

Georgia	22.1%
Florida	20.1%
Texas	18.5%
North Carolina	17.6%
New York	14.6%
California	14.4%

### Dropout figures by gender, race, and ethnicity for all 12 states surveyed include:

<b>California Dropouts</b>		<b>Texas Dropouts</b>		<b>Florida Dropouts</b>		<b>New York Dropouts</b>	
Male	453,767	Male	349,142	Male	262,856	Male	219,954
Female	256,616	Female	232,966	Female	160,673	Female	148,900
Black	49,409	Black	73,787	Black	92,787	Black	101,834
Hispanic	477,212	Hispanic	343,304	Hispanic	120,960	Hispanic	117,723
White	141,544	White	151,989	White	197,875	White	129,433
Total	710,838	Total	582,109	Total	423,529	Total	368,854

Georgia Dropouts		Illinois Dropouts		North Carolina Dropouts		Pennsylvania Dropouts	
Male	162,584	Male	131,978	Male	120,196	Male	125,854
Female	107,530	Female	86,971	Female	82,084	Female	70,506
Black	94,490	Black	55,051	Black	53,792	Black	36,446
Hispanic	43,411	Hispanic	78,408	Hispanic	35,738	Hispanic	26,442
White	126,602	White	82,189	White	102,828	White	129,281
Total	270,114	Total	218,949	Total	202,280	Total	196,360

Ohio Dropouts		Michigan Dropouts		Virginia Dropouts		New Jersey Dropouts	
Male	109,161	Male	98,594	Male	82,951	Male	68,513
Female	79,174	Female	63,917	Female	56,832	Female	42,723
Black	43,756	Black	37,379	Black	44,882	Black	28,233
Hispanic	11,671	Hispanic	17,754	Hispanic	21,256	Hispanic	46,832
White	129,007	White	101,407	White	68,551	White	32,206
Total	188,335	Total	162,512	Total	139,783	Total	111,236

## ECONOMIC CONSEQUENCES

Research has shown that Americans without a high school diploma have considerably lower earning power and job opportunities in today's workforce. Over a working lifetime, high school dropouts are estimated to earn \$400,000 less than those that graduated from high school. For males, the lifetime earnings loss is nearly \$485,000. The mean annual earnings of all adults age 16-64 year (including zero earners/jobless all year) over the 2006-2007 time period are below.

- **No high school diploma:** \$11,031 per year
- **High School diploma:** \$23,059 per year
- **Bachelors degree:** \$50,863 per year
- **Advanced degree:** \$76,091 per year

The annual earnings power of male high school dropouts has been in almost continuous decline over the past three decades, according to studies by the Center for Labor Market Studies and "One-Third of a Nation: Rising Dropout Rates," a report released last year by the Educational Testing Service.

The Center for Labor Market Studies also estimates that adults with high school diplomas contribute major fiscal benefits to the country over their working lifetime. The Center estimates that "the combined net fiscal" benefits – including the payment of payroll, federal, and state income taxes, and local property taxes versus the receipt of cash and in-kind transfers and the considerable costs of incarceration and parole/probation – adds up to more than \$250,000 per youth who finishes high school over their lifetime relative to the average high school dropout. The Center also estimates that the cost of funding an effective two-year program to re-enroll students who have dropped out is about \$20,000.

## IMPLICATIONS: FOCUS ON WHAT WORKS

The time is right for a strong national investment to re-enroll dropouts – the kind of investment that No Child Left Behind has failed to make. We need a sustained national, state, and local dialogue on dropouts – and a national investment that is commensurate with the size of the problem. We must understand that many dropouts can succeed if we re-enroll them in schools designed for success, build their employment skills, graduate them—and prepare them for college and a job. Along the way, we must evaluate schools performance using a growth-gain model, based on student success in increasing their core academic skills, earning credits, and successfully graduating.

While the current level of public investments in youth and young adults who have dropped out of school—or are at risk of being dropouts—is clearly inadequate, a range of effective local and national programs around the country have emerged in recent years that provide strong examples of what might work. There is a need for a systematic evaluation of their impacts.

These programs have found that young people who have left high school before earning a diploma are not dead-end dropouts, but often are in fact students waiting and looking for opportunities to reenroll and finish high school. The most successful schools in these programs are small (80-150 students), offering comprehensive after-school and summer activities, led by experienced principals and teachers, focused on learning in the real world, well funded with local school site program and fiscal control, and track specific, measurable outcomes for students including academic skill gains, enrollment, attendance, credit gains, promotions, and graduations.

Successful national and local programs include:

- **Los Angeles Conservation Corps**, combining charter school programming and work.
- **Soledad Enrichment Action (SEA)**, in Los Angeles, operating many programs including an 18 campus charter school to re-enroll dropouts.
- **Alternative Schools Network**, in Chicago, which has demonstrated for over 30 years successful programs re-enrolling students who have dropped out of school through 23 community-based schools.
- **Chicago Public Schools**, a major local school district that has initiated a wide range of creative programs to re-enroll dropouts.
- **Milwaukee Partnership Program**, administering successful programs to re-enroll students who have dropped out of school through a network of 15 community-based schools since 1986.
- **Job Corps**, an education and vocational training program administered by the U.S. Department of Labor that helps young people ages 16 through 24 improve their formal schooling, obtain vocational training, gain job experience, and take control of their lives.
- **YouthBuild USA**, a nationally funded program which provides education and training opportunities in the context of building affordable housing and has trained more than 40,000 youth.

- **Center for Employment and Training (CET)**, providing job training and education, and has 33 centers in 12 states, including Illinois, Texas and California.
- **Youth Corps (Service and Conservation Corps)**, an education and training program that enrolls over 23,000 youth annually. The program is a direct descendant of the Civilian Conservation Corps, which was created during the Depression and employed three million people in the 1930s and early 1940s.
- **Various alternative school programs** in Portland, Oregon, have also proved effective in re-enrolling students who have dropped out of school.

## **RECOMMENDATIONS: THE CALL FOR NEW NATIONAL INVESTMENTS IN DROPOUTS**

For dropouts, we know there are specific program interventions that can play an important role in restoring that hope for educational and labor market success. Nearly 6.1 million young Americans between the ages of 16 and 24 do not have diplomas. We know how to serve the education and employment needs of at least some members of this group, and we have the means to make this happen. Our nation must make a major investment in students who have dropped out and want to re-enroll in school.

### **Immediate Recommendations**

It is crucial that the No Child Left Behind (NCLB) legislation currently being reauthorized be expanded to include programming and resources to re-enroll students who have dropped out of school. NCLB to date has not focused on high school programming with its reauthorization. NCLB should not only focus on high school programming but also the need to develop a much broader array of programs to re-enroll students who have dropped out of school.

An immediate way to accomplish this would be to implement the proposed **Hope & Opportunity Pathways through Education (HOPE USA)** initiative. As jointly proposed by the National Education Association, National Urban League, Illinois State Council on Re-Enrolling Students Who Dropped Out of School, Chicago Urban League, and the Alternative Schools Network, Hope USA would be a federal matching incentive grant program to spur state and local school districts to roll out programs to re-enroll students who have dropped out of school into comprehensive programs to assist them to earn a high school diploma.

HOPE USA's aim would be to engage more than 480,000 students via comprehensive small-school initiatives (80-150 students) led by experienced principals and teachers, focused on real-world learning, and accompanied by summer and after-school components and year-round employment programs. Key features of the proposed grant program include:

- **A 50/50 Federal/State Funding Match:** HOPE USA would be a \$2 billion annual federal incentive grant program to support the creation of diverse programs to re-enroll students, with a 50/50 match between federal funds and state and local monies. State and local monies would come from increases in daily attendance funds generated by students who are newly re-enrolled by the program. Programs would be designed locally, funded at the average district high school per student cost, and have local fiscal management.
- **Proportionally Distributed Aid:** HOPE USA federal funds would be distributed proportionally across states based on a given state's share of the total number of

dropouts across the country. Estimates are readily available at the state and federal levels to accomplish such a distribution of funds.<sup>5</sup>

- **Removal of Existing NCLB Barriers:** Existing national policies that would pose a barrier for states to participate in HOPE USA would be revised or replaced to provide incentives for districts to re-enroll high-risk dropouts. Specifically: NCLB measures requiring that school districts meet target achievement rates would be revised to allow older, lower-skilled dropouts to be re-enrolled without penalty; new growth-gain performance measures would be developed to measure student re-enrollment, attendance, academic skill and credit gains, promotions, graduations, and transitions; re-enrolled students who drop out a second time would not be counted against school district or state dropout rates.

As proposed, HOPE USA would generate significant economic and social benefits for re-enrolled students and taxpayers across the country. Re-enrolled students would earn considerably more in their lifetimes with a high school diploma than as dropouts. This additional income can help lift earners and their families out of poverty and into economically stable lives with a real chance to succeed.

In addition, over their lifetime, based on recent experience each re-enrolled and graduated student could save taxpayers at least \$250,000 through lower social costs such as health care, welfare, and incarceration and increased tax payments. By earning higher salaries, high school graduates add to the tax rolls. The higher lifetime earnings, reduced transfer costs, and increased taxes of high school graduates could easily offset the costs of re-enrolling them in school. There is a need to evaluate the impacts of these investments.

### **Long-Range Recommendations**

Over the longer term, youth from a wider range of age groups need to be supported in earning their high school diplomas and developing employment skills. The first group are youth aged 15-19 years old. They could be served by a combination of summer and year-round employment and educational services funded at \$5 billion which would reach and engage over 2.5 million low-income youth both in and out of school.

The second group is young adults, age 20-24 years old. There could be programs that combine work and education in the format that YouthBuild, Conservation Corps programs and other programs provide older youth and young adults, including the opportunity to learn work-related and technical skills, earn a high school diploma or its equivalent, and work several days per week for pay engaged in productive projects. We also recommend an additional \$7 billion be allocated to support these types of programs to reach over 450,000 young adults each year.

The funding for both of these groups of youth and young adults should be focused to reach the groups that are most at risk and are out of school. The cost of these programs is small compared to the potential cost of doing nothing in terms of future health problems, lost tax revenues due to low earnings, and higher costs of imprisonment, welfare, and other transfer costs that amount to over \$250,000 per youth who remains on the street and does not earn a high school diploma.

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<sup>5</sup> CLMS further suggests all states be required to implement a uniform student based longitudinal tracking system for identifying non-graduates from their public school systems in accord with the original National Governor's Association Graduation Rate Compact.

## **CONCLUSION**

On February 24, 2009 President Obama told the U.S. Congress, "A good education is no longer just a pathway to opportunity. It is a prerequisite...we know the countries that out-teach us today will out-compete us tomorrow. That is why it will be the goal of this administration to ensure that every child has access to a complete and competitive education, from the day they are born to the day they begin a career." The dropout crisis is imposing substantial costs on local neighborhoods, communities, and the nation. We simply cannot afford more dropouts.

CLMS believes many of America's youth would take advantage of such opportunities and pathways back to a good education and a well-paying career if only we would offer them the chance. It is our responsibility as a society to explore every potential means of doing so. If we do nothing, the cost of inaction will be steep--not just for the 6.1 million out-of-school youth who will remain mired in joblessness, dependence, and poverty, but for the economic and social well-being of our nation as a whole, for years to come.



## APPENDIX: METHODOLOGIES AND DATA SOURCES

Public policies to address high school dropout problems are dependent on timely and statistically reliable information on the numbers and demographic characteristics of high school dropouts in the nation and in individual states. CLMS research staff have been engaged in a comprehensive set of efforts to estimate the number of 16-24 year old youth in the U.S., Illinois, and eleven other large states in calendar year 2007 who were not enrolled in school and lacked a regular high school diploma. We will refer to members of this group as high school dropouts.

The methodology used provides conservative estimates of the number of dropouts. Comparisons of our estimates with direct estimates of non-graduates in selected states with accurate longitudinal data reveal that our estimates consistently fall below those generated by direct longitudinal tracking systems.<sup>6</sup>

As is revealed below, slightly more than one-fourth of this age group had obtained a GED certificate by the time of the American Community Surveys (ACS) in 2007, but we include them in the count of dropouts since they left school without obtaining a regular diploma. National research has consistently revealed that GED holders, on average, do not fare as well in the labor market as regular high school graduates, and they are considerably less likely to obtain any type of post-secondary degree. Only a tiny fraction of GED holders (less than 10%) from the high school graduating Class of 1992 obtained a post-secondary degree by 2000 and an even lower share of young national GED holders have done so in recent years.

To obtain our estimates of the number of 16-24 year old dropouts in the U.S. in 2007, a stock estimate<sup>7</sup>, we had to utilize a variety of data sources and employ a number of estimating methodologies. Among the data sources used to derive the estimates of the number of young adult dropouts were the following:

- The 2007 American Community Surveys, a national household survey, which involved interviews with approximately 1.9 million households across the nation and a sample of inmates of group quarters and institutions.
- Estimates of the number of 16-24 year olds who had obtained a GED certificate by the time of the 2007 ACS survey. The ACS survey includes GED holders in the count of high school graduates and those with some college. The survey, however, does not specifically identify GED holders as distinct from regular high school graduates.
- Data on annual awards of GED certificates to youth by age group from 1999-2007 were used to generate estimates of the number of 16-24 year olds who held GED certificates in the U.S. and 13 large states by gender and race-ethnic group in 2007.
- Estimates of non-coverage rates for gender, age, and race-ethnic groups of 16-24 year olds from the ACS and Current Population Surveys (CPS) in 2007. These estimated non-coverage rates were used to generate estimates of the number of 16-24 year old

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<sup>6</sup> For the high school class of 2007, North Carolina reported a 4-year, on-time graduation rate of only 69.5% while Florida reported a rate of 72.4% (including GED recipients).

<sup>7</sup> A stock estimate represents the number of high school dropouts at a particular point in time. Since a number of the 16-24 year olds were still in high school in 2007, some of them will become dropouts over time.

dropouts in the U.S. who were missed by the ACS survey. Our estimates of the non-covered population without a regular high school diploma are based on 3 sets of calculations. First, we estimated the number of 16-24 year olds not covered in the ACS survey. Second, we assumed that the non-covered group would have a 50% higher dropout rate relative to the covered population given that more low-income and minority youth are missed by the survey. Third, we estimated the number of GED recipients in the non-covered 16-24 year old population.

The total estimated count of 16-24 year old dropouts consists of the following four groups<sup>8</sup>:

- The number of 16-24 year old residents of private households (homes, apartment buildings, public housing) who reported on the 2007 ACS survey that they were not enrolled in school and did not hold a high school diploma, a GED certificate, or its equivalent.
- The number of 16-24 year olds across the nation who left high school without obtaining a diploma but who received a GED certificate by the end of 2007. The American Council of Education's annual counts of GED recipients in the U.S. by age group over the 1999-2007 period were used to generate this estimate.
- The number of 16-24 year olds who were inmates of institutions and did not hold a school diploma or a GED. The 2007 ACS public use microdata files were relied upon to generate this pool of dropouts living in institutions. The bulk of these institutionalized youth were living in juvenile homes, jails, or prisons at the time of the 2007 survey.
- Our estimate of the number of 16-24 year old dropouts who were not counted by the 2007 ACS survey (the "undercount").

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<sup>8</sup> Our count of dropouts includes immigrants that may not have attended school in the U.S., but have not earned a regular high school diploma in their home country.