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## Staying in School: A Proposal to Raise High School Graduation Rates

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# Staying in School: A Proposal to Raise High School Graduation Rates

*High school dropouts* face daunting challenges for the rest of their lives. In recent decades, education attainment has slowed while Americans without high school diplomas have fallen farther behind high school and college graduates, experiencing wage stagnation—or even decline—and a host of other negative economic and social consequences. Confronting the challenge of providing education to today's youth is essential to ensuring shared future prosperity.

In a new discussion paper for The Hamilton Project, Derek Messacar and Philip Oreopoulos of the University of Toronto set forward a strategy for boosting the U.S. high school graduation rate. The authors propose that all states increase the compulsory-schooling age to eighteen in order to create a national expectation of high-school completion. They propose that states help and encourage students, families, and educators in meeting this goal by increasing support for at-risk students and improving the ways the schooling age is enforced. By addressing the root causes of dropping out, these proposals could play a key role in making sure that all of today's students are prepared to participate in tomorrow's economy.

## The Challenge

Sixteen percent of recent dropouts in the United States are unemployed and 32 percent live below the poverty line. Among recent dropouts who are employed, the average wage is only \$12.75 an hour. What's more, opportunities for advancement are scarce: the average hourly rate for dropouts at age fifty is still only \$16.50.

High school dropouts also fare worse on many noneconomic dimensions. More than 4 percent of twenty-five- to sixty-four-year-olds without a high school diploma are institutionalized (with the vast majority of these individuals in prisons and the rest in full-time care facilities), compared with only 1.5 percent of those who graduated from high school but did not matriculate at a college. Thirty-three percent of recent female dropouts gave birth as a teenager, and 13 percent of male and female dropouts are separated or divorced. High school dropouts also experience worse health and even face lower life expectancies.

Despite the bleak outlook for dropouts, graduation rates for seventeen-year-olds have remained mostly unchanged since 1970. Although the share of young adults with a high school diploma or equivalent has increased, this rise has been driven by an increase in the number of people who obtain General

Education Development (GED) certificates, which do not provide the same boost to earnings, employment, and other social outcomes that high school diplomas do.

Dropout rates are especially high among minorities and in low-income areas: almost half of all black, Hispanic, and Native American public high school students do not graduate with their class. Indeed, America's educational outcomes are being driven increasingly by socioeconomic status. In 1960, 55 percent of dropouts under the age of twenty and still living at home came from families whose household income was below the 25th percentile. This figure had risen to 73 percent by 2000.

Finally, there is evidence that a more-educated population makes everyone—not just the direct beneficiaries of that education—better off. Not only does having a more-educated populace lead to lower crime rates, higher civic participation, and lower government spending on transfer programs and law enforcement, but people also earn more when they live in regions with fewer high school dropouts, irrespective of their own levels of education.

Changes in the labor market and in the socioeconomic composition of the dropout population have increased the urgency of raising high school completion. Left unaddressed, the United States' unacceptably high dropout rate will lead to increasing polarization and inequality, and threatens the promise of the American Dream—that each generation will do better than the one that came before it.

## A New Approach

Messacar and Oreopoulos offer a suite of proposals to better prepare today's students for college or the job market, focusing on raising high school attainment among at-risk youth. First, they suggest that all states raise the compulsory-schooling age to eighteen. Recent and historical evidence suggests that this policy change would encourage more students to stay in school longer by creating consequences for not doing so and by helping to instill a powerful social norm that students are expected to stay in high school through graduation.

In order for this policy to be most effective, it must be part of a package of interventions, including strategies to promote smarter and stricter enforcement laws and better support for at-risk students. To that end, the U.S. Department of Education could play an important role both through disseminating evidence to states on the importance of high school completion, as well as by awarding funding to those states that develop the most promising reform packages. In conjunction with the higher compulsory-schooling age, these elements form a new plan to strengthen America's labor force by preparing all students for college and careers.

## Raising the Compulsory-Schooling Age

While acknowledging that this policy change is by itself not a silver bullet for America’s public education problems, Messacar and Oreopoulos argue that raising the compulsory-schooling age is an important and viable route to increasing high school completion.

One of the primary justifications for having a compulsory-schooling age is that students may not fully understand the benefits of more schooling, so that they place too much weight on the current costs of being in school. In weighting the short-term benefits of leaving school against the future benefits of having more education, teenagers may make decisions that they will regret later. In fact, in hindsight, adults that dropped out almost universally regret leaving high school.

A higher compulsory-schooling age among the states can also help establish social norms and expectations that encourage students to stay in school, even before any legal measures or punishments are threatened. Students from divorced families, single-parent families, or those who were born to teenage mothers are more likely to drop out. These parents likely have less time to invest in their children and are more likely to be dropouts themselves, and so they may not be as supportive of their children’s educational efforts. New state laws increasing the schooling age could help alleviate this feedback loop, sending the signal that society expects graduation.

Evidence on the effects of previous changes in the compulsory-schooling age also suggests that raising it to eighteen would reap

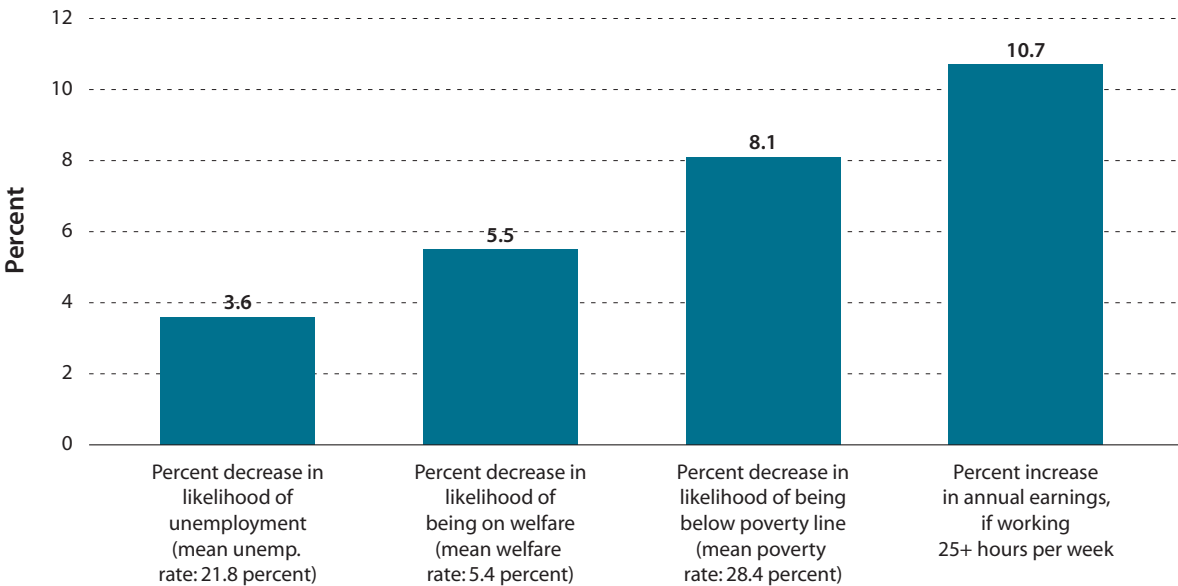
many benefits. Studies have found significant effects of raising the compulsory-schooling age on educational attainment at the secondary and postsecondary levels and large benefits in terms of economic and social outcomes. Increasing the compulsory-schooling age from sixteen to eighteen raised high school graduation rates by 2.4 percentage points, and even increased the college completion rate by 1.5 percentage points.

Figure 1 shows the long-term benefits of compulsory-schooling laws. For each extra year of schooling that a student receives due to changes in school-leaving laws, her earnings increase by more than 10 percent. For a student to stay in school until eighteen instead of leaving at sixteen generates a lifetime earnings increase of about \$94,000 (after adjusting for the fact that these earnings occur in the future).

Compulsory-schooling laws also may have many nonmonetary benefits. They have been shown to reduce teen pregnancy and increase lifespans, and high school graduates are also less likely to use cigarettes or illicit drugs. These laws also can help break the cycle of intergenerational transmission of educational outcomes: parents with more compulsory schooling are less likely to have children who repeat a grade or drop out of school.

Of course, these rationales and benefits should be weighed against the potential costs of such a policy. To be effective, compulsory-schooling laws must be paired with effective enforcement mechanisms, which can be expensive. Punitive measures tend to happen late in the cycle of disengagement

**FIGURE 1.**  
**The Effects of One Additional Year of Schooling on Labor-Market Outcomes**



Source: Data are from the 2000–2005 American Community Surveys.  
Notes: Values are obtained by regressing educational attainment on the dependent variable, instrumenting using compulsory-schooling laws. The sample includes twenty- to twenty-nine-year-olds who were aged sixteen between 1987 and 2001.



and are often costly, and the authors argue that they should be used only when other measures have been exhausted. Messacar and Oreopoulos therefore propose that enforcement efforts first focus on spotting at-risk students, guiding them to counseling, and getting their parents involved.

In cases where other measures have been exhausted, restrictions on driving privileges may prove to be an effective tool to deter truancy. Additional possibilities include community service requirements or financial penalties.

Other direct costs include the costs of hiring more teachers and building more infrastructure. However, the incremental costs in many communities are likely to be small because the number of dropouts relative to the student body is small. Hence, it is likely that, in many communities, the additional students could be accommodated without requiring significant additional resources.

Keeping these students in school may also result in larger classes for other students. Since the students who would have dropped out may be more likely to be more disruptive in school, there could be additional costs on other students in terms of the quality of the learning environment. Some are concerned that forcing these students to stay in school could even increase violence in schools.

In total, Messacar and Oreopoulos suggest that these costs are relatively modest for the country as a whole, and are unlikely to outweigh the dramatic benefits of increased education outlined above. Furthermore, they propose that any strategy to increase the compulsory-schooling age be coupled with promising programs to mitigate these negative effects and enhance the educational benefits of time spent in school.

## Reengaging At-Risk Youth

A close examination of high school dropouts reveals that these students typically show signs of disengagement—including truancy, failing grades, suspensions, and behavioral problems—as far back as early elementary school. As these students fall behind, they feel even less motivated to attend class, causing a vicious cycle where they fall even farther behind. Many dropouts report leaving school because they do not feel a connection with teachers or classmates.

This evidence points to the potential power of programs to detect and combat disengagement early on. By connecting with would-be dropouts before this vicious cycle starts, in primary school, both schools and parents can prevent at-risk youth from dropping out in secondary school.

Drawing on the economic evidence, Messacar and Oreopoulos suggest several options for schools seeking to address this challenge:

## Roadmap

- The U.S. Department of Education should launch a campaign to spread information on the challenges associated with not graduating from high school, and encourage state lawmakers to raise compulsory-schooling ages.
  - The Department of Education and the National Governors Association should reach out to states working on related issues to assemble best practices and to provide technical assistance to states seeking to raise the minimum school-leaving age.
  - The Department of Education should create a contest for states to submit proposals to raise high school attainment by increasing the compulsory-schooling age to eighteen and by complementing the law changes with further strategies for reengagement.
  - Schools should start programs to reengage students by reaching out to parents, providing mentoring and tutoring options, and setting high expectations for student achievement.
- 
- **Outreach to parents.** Parents should be encouraged to set high expectations for their children and to set rules and provide help with homework. Regular communication between parents and schools has been shown to help parents take a more active role in their child's education; informing parents can empower them to intervene before their children make the decision to leave school.
  - **Mentoring and tutoring programs.** Regular mentoring and out-of-school tutoring can help direct students toward completion and provide them somewhere to go for help. Studies of one program that featured mentors who met with middle school students and their parents found positive effects on tardiness, absenteeism, graduation, and literacy.
  - **High academic expectations at school.** Recent evidence has pointed to the impacts of putting students in an environment where they are expected to succeed. Compulsory-schooling laws help, in part, to achieve this, but teachers and administrators should create the expectation of high school completion and should be available to guide students to graduation.
  - **Pursuing promising alternative education programs.** Traditional models of school are not one-size-fits-all, and

## Learn More About This Proposal

This policy brief is based on The Hamilton Project discussion paper, “Staying in School: A Proposal to Raise High School Graduation Rates,” which was authored by

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## Additional Hamilton Project Proposals

### Harnessing Technology to Improve K-12 Education

*By Aaron Chatterji and Benjamin Jones*

Despite the promises of educational technology to provide personalized learning, K-12 education has seen little innovation. Since it is difficult for buyers to know what works in education technology, they are often reluctant to enter the market. To address this challenge, this paper proposes the establishment of EDU STAR, a new organization to bridge the information gap between sellers and buyers. EDU STAR would provide reports on the effectiveness of various software-based learning tools, establishing a transparent and therefore more dynamic market for the technologies and encouraging the development of new tools to help students learn.

### Learning from the Successes and Failures of Charter Schools

*By Roland Fryer*

Because many successful charter schools represent a radical departure from traditional public schools, they often embody a black box to educational reformers. However, new evidence is beginning to shed light on what makes certain charter schools effective, and on how this can be applied to traditional public schools. In particular, experiments in Houston public schools have proven that five concrete reforms—increased time at school, better human capital practices, more student-level differentiation, more data-driven instruction, and a culture of high expectations—can bring some of the benefits of high-achieving charter schools to a broader student population.

engaging students may require thinking about alternative approaches to education. For example, career academies—small high school learning environments combining academic and technical curricula around a career theme—have been shown to increase earnings for participants, particularly for males, even eight years after graduation. Not all vocational education programs, however, have yielded such positive results, so states and school districts should take care to invest in programs with successful track records.

## A Path Forward

Ultimately, each of the policy actions proposed by the authors will require leadership from state and local governments that have jurisdiction over the compulsory-schooling age, and whose leaders understand the needs of that community. Therefore, any federal action should focus on encouraging communities to consider and to understand the potential benefits and costs of these policy changes.

Federal policymakers can play a part by educating states on the benefits of changing their laws and by offering incentives and technical assistance. Specifically, the Department of Education could disseminate the evidence discussed here as part of an educational campaign on the importance of raising high school attainment rates. The Department and the National Governors Association could work with states that are implementing support programs or experimenting with enforcement to create best practices and to help customize packages of policies to specific situations.

Finally, building on the success of Race to the Top in encouraging innovation in schools, the Department of Education could sponsor a contest for states to increase graduation rates by raising the compulsory-schooling age, in combination with some of the other interventions discussed in this proposal. The Department would then award funding to states to implement the most promising packages of reforms.

## Conclusion

K-12 education in the United States is leaving a sizable portion of the population behind, and more effort is needed to ensure that public education provides economic opportunity for all Americans. Although no single policy change can solve the serious problems that exist in our schools, Messacar and Oreopoulos propose raising the compulsory-schooling age to eighteen in all states as one concrete action that can increase graduation rates and make American students better off. The authors propose that increases in the compulsory-schooling age be accompanied by other policies that prevent disengagement among at-risk students early in their schooling careers. Together, these measures would strengthen K-12 education in this country and would better prepare America's workforce to compete in the global economy.

# Questions and Concerns

## 1. How will the learning experiences of other students be impacted?

Nudging would-be high school dropouts to remain in school could have negative consequences for other students, particularly those who are already struggling. More students in the public school system could lead to classrooms that are more crowded and disruptive. Research also suggests that, although increasing compulsory-schooling ages reduces overall crime rates, it leads to small increases in crime within schools. This is a serious concern that is not to be dismissed, but also that cannot be the justification for allowing a large section of the population to slip through the cracks. Doing nothing about America's dropout problem is not a feasible alternative to raising the compulsory-schooling age. Rather, state and local governments should focus on minimizing these disruptions by complementing this law change with programs that support at-risk students.

## 2. Are there other more-effective reforms besides increasing the compulsory-schooling age?

Many other education reforms have shown promise in increasing graduation rates, particularly among at-risk students. For instance, Multiple Pathways to Graduation, a

program that was started in New York City, entails several interventions to support struggling students, including smaller community schools, after-school tutoring, and career centers. Programs like these are complementary to compulsory schooling and not alternatives. The more states invest in interventions that have been proven to be effective in raising graduation rates, the less they will have to spend on enforcing the compulsory-schooling law. Ideally, these laws would operate mostly in the background, and would be a measure of last resort to keep students in school. Other programs are still needed to engage at-risk students and strengthen the education system.

## 3. Should there be exceptions to compulsory-schooling laws?

Most compulsory-schooling laws currently on the books allow for exceptions in special circumstances such as pregnancy or the need to care for a family member. The purpose of increasing the minimum school-leaving age is to increase high school attainment, but schools will still need to determine exemptions on a case-by-case basis. That said, school districts should try to accommodate at-risk students whenever possible, rather than write them off. To that end, programs that emphasize technical or career training may entice students to stay in school who otherwise would have dropped out and entered the work force.

## Highlights

Derek Messacar and Philip Oreopoulos of the University of Toronto discuss the many economic challenges facing high school dropouts in today's economy, and propose a new plan to increase graduation rates.

## The Proposal

**Raise the compulsory-schooling age to eighteen.** Many studies have shown that raising the compulsory-schooling age makes students better off on a wide variety of long-term social outcomes including earnings, employment, and health. In light of this economic evidence, every state should mandate that students remain in school until eighteen years of age or until they graduate from high school.

**Reengage at-risk students early in their educational careers.** Raising the compulsory-schooling age is a good start towards increasing high school attainment, but more should be done to achieve this important goal. Schools should target students' disengagement in the elementary grades by increasing mentoring and counseling programs directed toward at-risk students.

**Encourage state-government experimentation to increase high school completion rates.** When it comes to education reform, there is no one-size-fits-all approach. Within the framework laid out in this proposal, states and school districts will have to decide which combination of programs and policies work best for them. To that end, the U.S. Department of Education should disseminate information to state and local governments on what options are available to them, and which programs have a track record of success.

## Benefits

Increasing the compulsory-schooling age has been shown to increase graduation rates by 2 percentage points. When combined with other policies aiming to keep at-risk students engaged in their education, these effects are likely to be even larger. Increasing educational attainment not only benefits those students who are the direct recipients of high school diplomas and college degrees—studies show that having a more-educated workforce raises wages across the board and increases civic participation.



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