

## History of Indiana's Graduation Rate

An accurate measure of the high school graduation rate is a critical step toward improving high school accountability and improving our understanding of the characteristics of the population of students who do not earn regular high school diplomas or who take longer than four years to graduate. Numerous reports and statistics from the U.S. Department of Labor indicate the importance of a high school diploma. For example, in 2006, the unemployment rate for high school dropouts aged 25 and older was more than 1.5 times the rate of individuals who had a high school diploma (6.8 percent compared to 4.3 percent, respectively). Data for the same year also showed that median annual earnings for high school graduates were nearly 32 percent higher than the earnings of those who did not receive a high school diploma. These data make very clear the high economic costs of not completing high school.

In August 2004, the National Center for Education Statistics (NCES) released a report synthesizing the recommendations of a panel of experts on graduation rate calculations. The panel recommended an adjusted cohort graduation rate as the best method for calculating the graduation rate. In 2005, the National Governors Association (NGA) Task Force on High School Graduation Rate Data also recommended that all States adopt and begin immediately taking steps to implement a standard four-year adjusted cohort graduation rate consistent with that proposed by the NCES panel.

The Indiana General Assembly was ahead of the nation. In 2003, the General Assembly passed legislation (codified at IC 20-26-13) that instructed the Department to begin using a new method for calculating high school graduation rates in 2005-06 (the first time four years of student-level data would be available), making Indiana among the first states to calculate graduation rates based on student-level information.

### New Graduation Rate Calculation — (Beginning 2005-06)

In 1999, the Indiana General Assembly passed legislation (codified at [IC 20-31-7](#)) that allowed the Department of Education to begin tracking individual student progress through Indiana's Student Test Number (STN) system. The Department implemented the STN system statewide in 2002 following a pilot project.

In 2003, the General Assembly passed additional legislation (codified at [IC 20-26-13](#)) that instructed the Department to begin using a new method for calculating high school graduation rates in 2005-06 (the first time four years of student-level STN data would be available), making Indiana among the first states in the nation to calculate graduation rates based on student-level information. The new formula began by establishing a cohort (or class) of first-time freshmen that expands and contracts as students transfer in and out of school during the years that follow.

### Former Graduation Rate Calculation - 1988-89 through 2004-05

Prior to 2005-06, Indiana used a uniform measure for high school graduation rates based on a calculation that recommended by the National Center for Education Statistics and adopted by many states. That rate is calculated as follows:

For the graduation class of any year, the percentage of the class that did not drop out in Grade 9 is calculated based on the October enrollment in Grade 9. Then the percentage that did not drop out in Grade 10 is calculated based on the October enrollment in Grade 10. The same is done for Grades 11 and 12. All the percentages are then multiplied together. For example:  $.95 \times .96 \times .96 \times .95$  equals a rate of 83.2 percent.

This graduation rate was not a four-year high school completion rate. It calculated the percentage of students who persisted in school from one year to the next, regardless of their educational progress. Calculating a four-year completion rate required a method for following individual students from entry into Grade 9 through graduation, which first became possible in Indiana with the 2005-06 school year (Class of 2006).