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TO: State Board of Education
FROM: Nancy S. Grasmick *Nancy*
DATE: March 22, 2011
RE: Updated Graduation Rate Standards

PURPOSE:

To request State Board approval for recommended high school cohort graduation rate standards and substitute cohort dropout standards for use in 2011 Adequate Yearly Progress (AYP) determinations. In spring 2011, Maryland will begin transitioning its accountability system to the use of the cohort graduation rates for both reporting and accountability purposes.

BACKGROUND:

Since 2003, Maryland, like at least 31 other states, has met the requirements of the 2001 No Child Left Behind Act using a graduation rate calculation approved by the National Council for Education Statistics (NCES), which has more recently been referred to in the literature as the "leaver rate." In late 2008, the United States Department of Education published non-regulatory guidance stipulating that each state establish a plan to transition to the universal use of the cohort graduation rate for reporting purposes in 2011 and for accountability purposes in 2012.

Meanwhile, Maryland was working on the linking of student data across years as part of its longitudinal student data system, the key technical element necessary for reporting and utilizing the cohort graduation rate data. The 2011 use of the cohort graduation rate in Maryland was necessitated by the passage of a state law (Maryland Annotated Code §7-203.2) in 2006, calling for the state to use the cohort graduation rate this year for AYP determinations. The Maryland law differs technically in minor ways from the methodologies laid out in the Federal non-regulatory guidance, and thus the formula being used adheres to the Federal requirements and to the spirit and intent of the Maryland law. Efforts are currently underway in the legislature to correct the technical issues related to the Maryland law.

Following the requirements of Federal law and non-regulatory guidance, the new standards will be applied in 2011 to the "all students" group only. The actions of the State Board on the 2011 cohort graduation rate standards for the "all students" group will undergo federal review and approval later this spring before implementation in the 2011 AYP cycle. Maryland will thus be able to be compliant with both the 2006 Maryland law (§7-203.2) and the 2008 Federal non-regulatory guidance.

Beginning in 2011, Maryland also will begin phasing in federally mandated changes to the reporting of subgroup performance for all measures in the ten-year-old No Child Left Behind law, including content area performance measures and graduation. Formerly, states were required to disaggregate performance data into five race/ethnicity subgroups (white, African American, Asian/Pacific Islander, Hispanic, and American Indian) plus three special services groups (special education, limited English proficiency or LEP, and free and reduced price meals students or FARMS). For reporting purposes, in 2011 and forward, the special services categories remain the same. However, the five race/ethnicity categories are revised to include seven subgroups—Hispanic/Latino, American Indian/Alaskan Native, Asian, Black/African American, Native Hawaiian/Pacific Islander, white, and two or more races.

The new race/ethnicity categories will not enter into AYP accountability determinations for graduation rate until 2012, when states will be required to involve subgroup graduation rates in AYP for the first time. Consequently, the recommendations currently before the State Board will apply to the 2011 Adequate Yearly Progress cycle only and to the “all students” group only, with graduation rate standards for 2012 and beyond coming before the Board in the 2011-2012 academic year.

EXECUTIVE SUMMARY:

The recommended standards for graduation rate are based on the 2020 Goals for cohort graduation rates and the standards related to the 2011 Adequate Yearly Progress determinations. Similarly, recommendations are also presented for the cohort dropout rate for a very limited number of schools for which the Maryland State Department of Education is unable to generate graduation rates. All recommendations before the State Board of Education emanate from a standards setting process that has been used in Maryland since 1991 and is used in most accountability systems across the nation. The *No Child Left Behind Act of 2001* (NCLB) requires that all states follow given protocols and structures in setting and presenting state standards to assure integrity and soundness in the standards themselves.

The Standards Setting Process. The Maryland State Department of Education convened eighteen representatives from local school systems, advocates for student special services groups, and community and business organizations for a one-day meeting. The group included a local superintendent of schools and other central office administrators familiar with accountability systems, high school principals, special education practitioners, and experts in programs for English language learners. The group also included leaders in Maryland businesses who are familiar with the expectations of graduates in the work place and at the university level. Representatives of school systems included individuals working in urban, rural, and suburban regions of the state, and familiar with the challenges and programs operating in large comprehensive high schools as well smaller and specialized high school programs.

The discussants were provided with detailed background on the Maryland standard setting process, an explanation of the implementation plans for the standards into Maryland's accountability system, and an overview of both Maryland and Federal law and regulations governing the use of the standards. They were also familiarized with the accountability transitions that the Federal law is causing in other states similar to Maryland as well as the status of graduation rate reporting and accountability practices as reported by respected national groups.

As in other similar standard setting processes, the discussants understood that their recommendations would be presented to the State Superintendent of Schools along with appropriate supporting information for consideration. I am presenting her recommendations today to the State Board of Education for your consideration, based on my analysis of the committee commentary.

Cohort Graduation Rate Calculations. The computational methods for determining the four-year and five-year cohort graduation rates follow those identified in the 2008 Federal non-regulatory guidance as required of all states for reporting and accountability. The four-year cohort graduation rate is based on the number of students receiving the Maryland High School Diploma in four years divided by the number of students who entered ninth grade for the first time four years earlier plus transfers in, minus transfers out and student deaths. According to Federal rules, recipients of GEDs and other non-standard diplomas or certificates cannot be counted as graduates. The five-year cohort rate is calculated similarly by following the same cohort one more year. For 2011 Adequate Yearly Progress determinations, statistics come from the class of students who entered high school in fall 2006 and graduated in 2010 (four-year cohort graduation rate) or in 2011 (five-year cohort graduation rate).

Cohort Graduation Rate Accountability. Adequate Yearly Progress determinations for schools, school systems, and the State in 2011 involving the cohort graduation rate will involve the "all students" group only, though Maryland is and will report subgroup performance for the race/ethnicity and special services categories. The graduation rate accountability standard for 2011 can be achieved in one of three ways by following the progress of the cohort of students entering grade nine for the first time in fall 2006.

The 2008 Federal non-regulatory guidance requires states to report the four-year cohort graduation rate and to make accountability decisions based minimally on the four-year cohort graduation rate. However, it also permits states to incorporate the five-year cohort graduation rate into the accountability system as well as a rigorous, but fair, improvement target for graduation rates for those limited schools making substantial gains in graduation rates but falling short of the State's Annual Measurable Objective. As a consequence, Maryland will incorporate a three-step AYP model involving the graduation rate. The graduation rate standard can be met in 2011 by examining the graduation rate data as follows:

1. Has the school, school system, or State achieved the Annual Measurable Objective (AMO) for the four-year cohort graduation rate for the student cohort entering grade nine for the first time in Fall 2006 and graduating no later than 2010? If the rate is achieved, the standard is met. If the standard is not met, a second analysis is conducted.
2. Has the school, school system, or State achieved the AMO for the five-year cohort graduation rate for the same cohort entering grade nine for the first time in Fall 2006 and graduating no later than 2011? If the rate is achieved, the standard is met. If the standard is not met, a third analysis is conducted.
3. Has the school, school system, or state demonstrated substantial one-year improvement in its four-year cohort graduation rate, according to a mathematical calculation based on the distance of the four-year graduation rate from the Annual Measurable objective? If adequate improvement is made, the standard is met.

Recommended Standards for 2011 Cohort Graduation Rates. The following table includes the standards recommended to the State Board for 2011 Adequate Yearly Progress determinations:

Recommended 2011 Cohort Graduation Rate Standards for the All Students Group

Measure	Recommended 2011 Standard	Explanation
2010 Four-Year Cohort Graduation Rate	81.5%	The student cohort entered high school for the first time in Fall 2006, with 2010 representing graduation within four years. This standard applies to Question #1 above.
2011 Five-Year Cohort Graduation Rate	84.4%	The student cohort entered high school for the first time in Fall 2006, with 2011 representing graduation within five years. This standard applies to Question #2 above.
2010 Four-Year Cohort Dropout Rate	13.0%	The student cohort entered high school for the first time in Fall 2006, with 2010 representing graduation within four years (including summer.) The four-year cohort dropout rate represents those students dropping out of high school in that time period. This standard applies to the limited number of schools not generating a four-year graduation rate.

Recommended Goals for 2020. Neither the Federal rules nor the State Cohort Graduation Rate law required the identification of goals for 2020. However, the No Child Left Behind Act of 2001 does require targets for 2014 for all standards in order to establish ascending annual targets each year between now and then. Maryland, like some other states, elected to set the 2020 goals instead of 2014 standards in order to establish the long-term goal that the State is working toward for the “all students” group as part of the reform initiatives. The 2014 target is then determined by establishing a trend line from 2011 to 2020. The resulting timeline helps stakeholders understand that the short-term targets, though realistic, should not stifle long-term growth.

The following table includes the goals for use with 2020 AYP determinations:

Recommended 2020 Cohort Graduation Rate Goals for the All Students Group

Measure	Recommended 2020 Goals	Explanation
2019 Four-Year Cohort Graduation Rate	95.0%	The student cohort entered high school for the first time in Fall 2015, with 2019 representing graduation within four years. This standard applies to Question #1 above.
2020 Five-Year Cohort Graduation Rate	97.0%	The student cohort entered high school for the first time in Fall 2015, with 2020 representing graduation within five years. This standard applies to Question #2 above.
2020 Cohort Dropout Rate	1.0%	The student cohort entered high school for the first time in Fall 2015, with 2019 representing graduation within four years. The four-year cohort dropout rate represents those students dropping out of high school in that time period. This standard applies to the limited number of schools not generating a four-year graduation rate.

Recommended Annual Measurable objectives 2011 through 2020. Federal rules have permitted states to distribute Annual Measurable Objective level increases for graduation rates with three-year steps in 2005, 2008, and 2011. Looking forward to the 2020 goals, Maryland projects continuing the stepwise progress through 2020, with increases in 2014, 2017, and again at 2020. In the past, this approach has permitted stability in targets and fostered local efforts to improve graduation rates.

The following table displays the Annual Measurable objectives for the standards through 2020:

**Recommended 2011-2020 Annual Targets for
 Cohort Graduation Rate AYP Determinations for the All Students Group**

Measure	2011*	2012	2013	2014*	2015	2016	2017*	2018	2019	2020*
4-Yr. Cohort Graduation Rate	81.5	81.5	81.5	86.0	86.0	86.0	90.5	90.5	90.5	95.0
5-Yr. Cohort Graduation Rate	84.4	84.4	84.4	88.6	88.6	88.6	92.8	92.8	92.8	97.0
4-Yr. Cohort Dropout Rate	13.0%	13.0%	13.0%	9.0%	9.0%	9.0%	5.0%	5.0%	5.0%	1.0%

*Federal rules permit stepwise increases in 2011 and 2014, with Maryland extending the stepwise progression through 2017 and 2020.

Next steps for standards. The United States Department of Education called for states to submit their revised Accountability Workbooks under NCLB by February 15, 2011, laying out their plans for implementation of the cohort graduation rate standards for graduation rate reporting and accountability in 2012. Results of the Federal reviews are anticipated in late spring 2011. The standards adopted by the State Board of Education will be forwarded for inclusion in the Maryland submission.

State Board of Education adoption of the standards at this time will permit Maryland to meet the expectations of the Federal and State law in a timely fashion. The standards recommended are the result of a deliberative and inclusive process and establish the means by which the State will measure the graduation rates of schools, school systems, and the state for 2011. Subsequent standard setting in Fall 2011 will be focused on the newly implemented Federal race/ethnicity categories and existing student special services subgroups. Beginning in 2012, Federal rules require states to make AYP determinations using subgroup performance in addition to the “all students” group.

ACTION:

The Maryland State Board of Education is requested to approve the recommended standards and goals related to the Cohort Graduation Rate for implementation beginning in 2011 AYP determinations.