

GAO

Briefing Report to Congressional Requesters

June 1986

SCHOOL DROPOUTS

The Extent and Nature of the Problem



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

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June 23, 1986

The Honorable Augustus F. Hawkins
Chairman, Subcommittee on Elementary,
Secondary, and Vocational Education
Committee on Education and Labor
House of Representatives

The Honorable William F. Goodling
Ranking Minority Member
Subcommittee on Elementary, Secondary, and
Vocational Education
Committee on Education and Labor
House of Representatives

The Honorable Charles Hayes
House of Representatives

In response to your April 29, 1986, letter, we are providing an overview of what national surveys and the literature say about (1) the number of dropouts, (2) factors relating to youth dropping out, (3) factors associated with youth returning to school, (4) the labor market consequences of dropping out, and (5) selected programs of assistance to dropouts. This is the first phase of a two-phase study. For the second phase, you asked for a more detailed examination of the dropout problem at the local level and the techniques used to address the problem.

For this overview we examined data, primarily from 1985, from the Current Population Survey, a survey of households that is representative of the working age civilian population. We also reviewed analyses of two ongoing national longitudinal surveys--High School and Beyond (sponsored by the Department of Education) and the National Longitudinal Surveys of Labor Market Experience (sponsored by the Department of Labor). These surveys are principal sources of recent data on dropouts. In addition, we examined Department of Education summary information on school system graduation data. Finally, we reviewed reports of evaluations of national employment and training programs for youth and met with five experts on youth employment issues. Most of our work was done in April and May 1986. (Details on the scope and methodology are shown on pages 35 and 36.)

Although overall high school completion rates have risen dramatically during the past half century, many factors cause concern with the current level of dropouts. One factor is that high school students' achievement levels declined during the late 1960's and the 1970's. Another is that the gap in the employment situation between black and white youth has widened since the 1950's. A third, and perhaps the most crucial factor is that chronic joblessness is concentrated among poor and minority dropouts. Because of high unemployment and low labor-force participation, many of these youth reach adulthood with little or no work experience. In summary, we found that:

--Although data on the number of school dropouts vary depending on such factors as data collection methods, estimates based on nationally representative samples of youth provide a reasonable gauge--for the last decade, the dropout rate for youth age 16-24 has remained roughly the same, about 13-14 percent.


--Research findings generally have shown much higher dropout rates for Hispanics, blacks, and economically and educationally disadvantaged young people. Among other predictors of which young people will drop out are being 2 or more years behind grade level, being pregnant, and coming from a home where the father dropped out.

--During the first several years after youth drop out, sizeable proportions of them (perhaps 50 percent) return to school or enroll in General Education Development programs.

--Labor market opportunities, as measured by employment and earnings, are poor for youth who have not completed high school and are worse for blacks than for whites.

--Based on our review of literature summaries, it is not generally known "what works" to prevent youth from dropping out of school or to encourage their return. The identification of programs "that work" would be very useful to school districts, and this is called for in the Dropout Prevention and Reentry Act of 1985.

We did not obtain official comments from the Departments of Education or Labor. We did, however, discuss matters described in this briefing report with knowledgeable officials of these agencies, and their comments have been incorporated where appropriate. We are sending copies of the briefing report to the Departments of Education and Labor and will make copies available to others upon request. Should you need additional information on the contents of this document, please call me on 275-5365.


William J. Gainer
Associate Director

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ABBREVIATIONS

CPS	Current Population Survey
GAO	General Accounting Office
GED	General Education Development
STEP	Summer Training and Education Program
YEDPA	Youth Employment and Demonstration Projects Act

SCHOOL DROPOUTS:
THE EXTENT AND NATURE
OF THE PROBLEM

NUMBER OF DROPOUTS

There are many estimates of the number of dropouts. National surveys provide education progress information from samples of the youth population. School district administrative records, in contrast, lose track of many students who leave the school or geographic area. Thus, the various national surveys cited here provide representative estimates of the extent of the dropout problem among various subgroups, while school district data must be viewed with some skepticism because districts do not have complete information on many students.

Data from the Current Population Survey

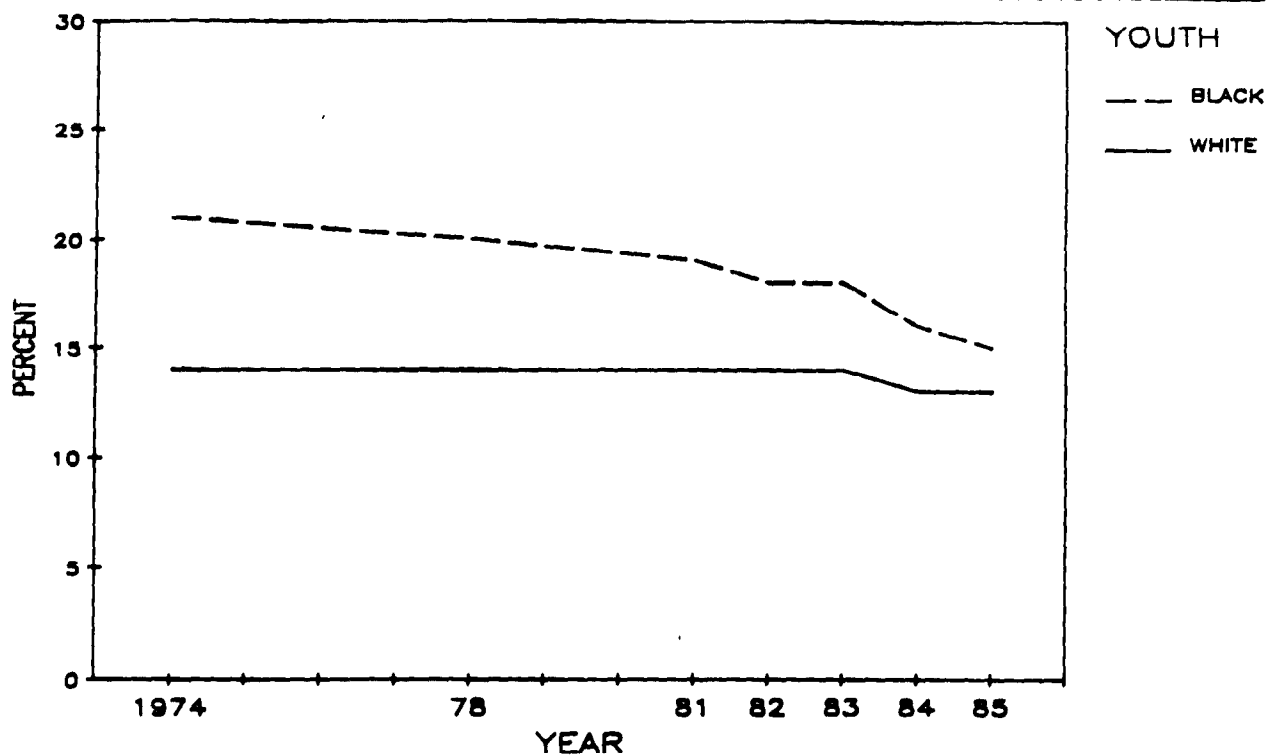
School dropouts in the Current Population Survey (CPS)¹ are defined as persons who neither are enrolled in school nor are high school graduates. (High school completion may include attainment of General Education Development (GED) certification.) CPS data show that in October 1985 there were about 4.3 million dropouts age 16-24, of whom about 3.5 million were white, about 700,000 were black, and about 100,000 were other races. Fourteen percent of youth age 18-19 were dropouts--16 percent of young men and 12 percent of young women.

¹The CPS--a monthly survey of the U.S. population sponsored by the Bureau of Labor Statistics and conducted by the Bureau of the Census--is representative of the working-age civilian non-institutional population of the United States. In addition to the basic monthly information, the CPS is used for a program of special supplemental questions. Some of these supplements are repeated annually in the same month; for example, there are special questions on characteristics of students, graduates, and dropouts (October supplement to the CPS).

As with other surveys, the CPS may contain errors in respondents' answers to questions. For example, respondents may interpret questions differently or may be unwilling or unable to provide correct information. Since the CPS interviews are with a responsible person in each sample unit, a parent is likely to be responding to questions about the youth in the household and may not be knowledgeable (or objective) regarding the youth's school status.

CPS data also show that for the past 10 years, the dropout rate for youth 16-24 has remained roughly the same--about 13-14 percent. For white youth, the dropout rate generally has been steady for the past decade, while for blacks, the dropout rate has slowly declined (see fig. 1).

**FIGURE 1
DROPOUT RATES OF BLACK AND WHITE
YOUTH AGE 16 TO 24
(OCT. 1974 - OCT. 1985)**



Note: For 1974, the black dropout rate covers "black and other races."

Source: Adapted from tabulations from the Bureau of Labor Statistics, Current Population Survey, October 1983-October 1985; and from Bureau of Labor Statistics Bulletin 2192, Special Labor Force Report 223, and Special Labor Force Report 180.

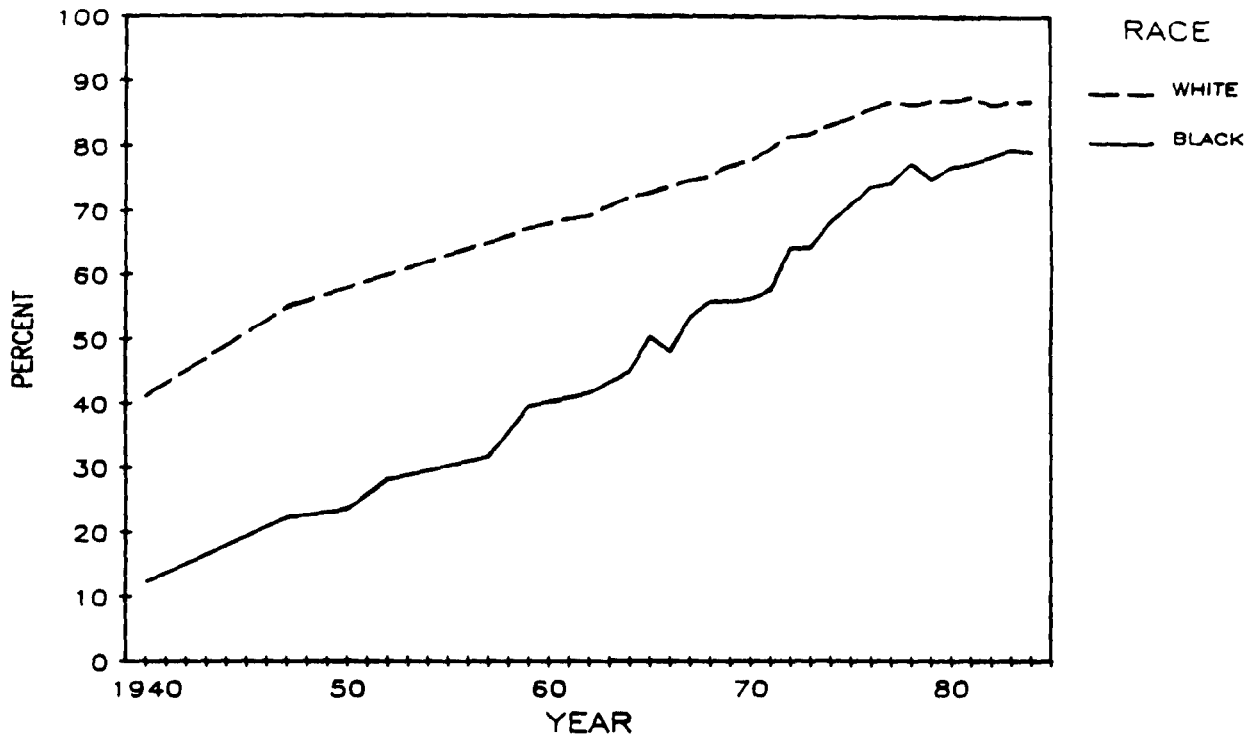
The proportion of youth completing high school has risen dramatically in the last half century. Data on the educational attainment of the population from the CPS (tabulated each March) show that the proportion of persons age 25 to 29 who had completed high school or more was about 86 percent during the early

1980's, and between 75-80 percent in the early 1970's.² In 1950 only slightly more than half of young men and women age 25-29 had completed high school or more, and in 1940 the comparable proportion was 38 percent.

The increase in high school completion has been even more striking for blacks in the 25-29 age group, rising from 45 percent in 1964 to 79 percent 20 years later. For their white counterparts, the proportions were 72 percent in 1964 and 87 percent in 1984 (see fig. 2).

²The CPS does not survey military personnel. Since this group was relatively large in the early 1970's, precise comparisons should not be made on high school completion between these years and some others.

FIGURE 2
PERCENT OF BLACKS AND WHITES AGE 25 TO 29
WHO HAVE COMPLETED HIGH SCHOOL OR MORE
(1940 - 1984)



Note: (1) Data were unavailable for 1982 and for selected years before 1964. (2) For 1940-59, data for blacks cover "black and other races."

Source: U.S. Bureau of the Census, Current Population Reports Series P-20 #390 and Series P-20 (forthcoming), adapted from Table A-2, Education in the United States 1940-1983 by Dave M. O'Neill and Peter Sepielli, Bureau of the Census, 1985.

However, although the percentage of high school graduates has more than doubled in the past 40 years (and the percentage of college graduates more than tripled), it cannot be inferred that the graduates' educational achievement has remained the same. In fact, there is evidence that in the late 1960's and

in the 1970's, there was a considerable decline in high school students' achievement levels.³

Note, too, that the data on high school completion may include a GED. There is evidence that GED requirements are declining, that its value in the labor market is less than that of a high school diploma, and that the GED is being used extensively as a substitute for a high school diploma.⁴

Data from other major surveys

Data from High School and Beyond show that about 14 percent of public high school sophomores in spring 1980 dropped out before their expected graduation in 1982.⁵ Thirteen percent of the white youth, 17 percent of the black youth, and 19 percent of the Hispanics dropped out. Among the Hispanics, the dropout rate for Puerto Ricans in the United States was somewhat higher than for youth of Mexican or Cuban descent.

According to High School and Beyond data, dropout rates for white youth from public schools were higher in the Southern and Western regions of the United States than in the Northeast or North Central regions. For blacks, however, dropout rates were higher in the latter regions; among Hispanics, regional differences were small. For each race/ethnic group, dropout rates were higher in cities than in suburbs and rural areas. High

³See Education in the United States 1940-1983 by Dave M. O'Neill and Peter Sepielli, Special Demographic Analysis, CDS-85-1, U.S. Department of Commerce, Bureau of the Census, July 1985 (p. 22). The authors note there is evidence that the decline continued to the early 1980's. However, a report by the Congressional Budget Office, Trends in Educational Achievement (April 1986), finds that an end to the decline in student performance appeared in about 1979 in tests given to high school seniors (p. 37).

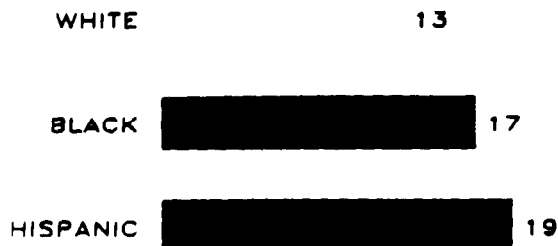
⁴Employment and Training Institute, The University of Wisconsin-Milwaukee, and analysis of National Longitudinal Surveys of Labor Market Experience data by William R. Morgan, Center for Human Resource Research, The Ohio State University.

⁵The dropout rate for the more than 25,000 public high school sophomores was 14.4 percent. For the more than 30,000 sophomores in the sample who were in public and private high schools in 1980, the dropout rate was 13.6 percent. (An examination in fall 1982 of the school transcripts of the sophomore sample identified a number of additional students who dropped out). Because some youth drop out before the second half of their sophomore year, the estimates from High School and Beyond understate the dropout rate.

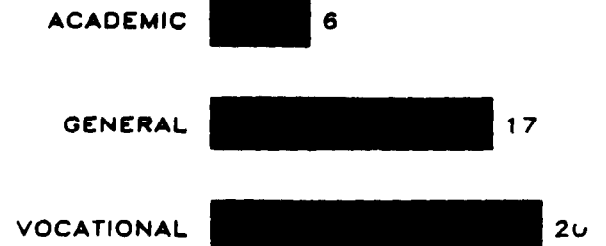
School and Beyond data also show that the dropout rate for youth from households with low-income, low-skill wage earners and limited educational backgrounds was about three times the rate of those from the highest end of the socioeconomic scale (22 percent vs. 7 percent) (see fig. 3).

**FIGURE 3
PERCENT OF 1980 PUBLIC HIGH SCHOOL SOPHOMORES WHO
DROPPED OUT OF SCHOOL BY SELECTED CHARACTERISTICS
(FALL 1982)**

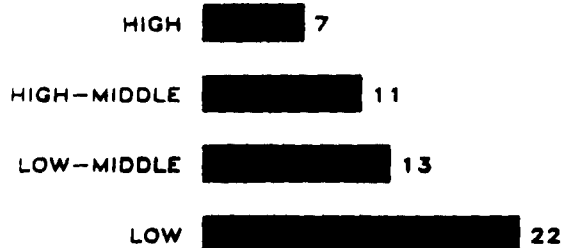
RACE/ETHNICITY:



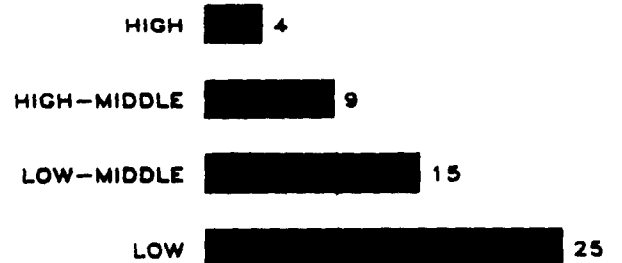
HIGH SCHOOL PROGRAM:



**INCOME, OCCUPATIONAL, AND
EDUCATIONAL BACKGROUND:**



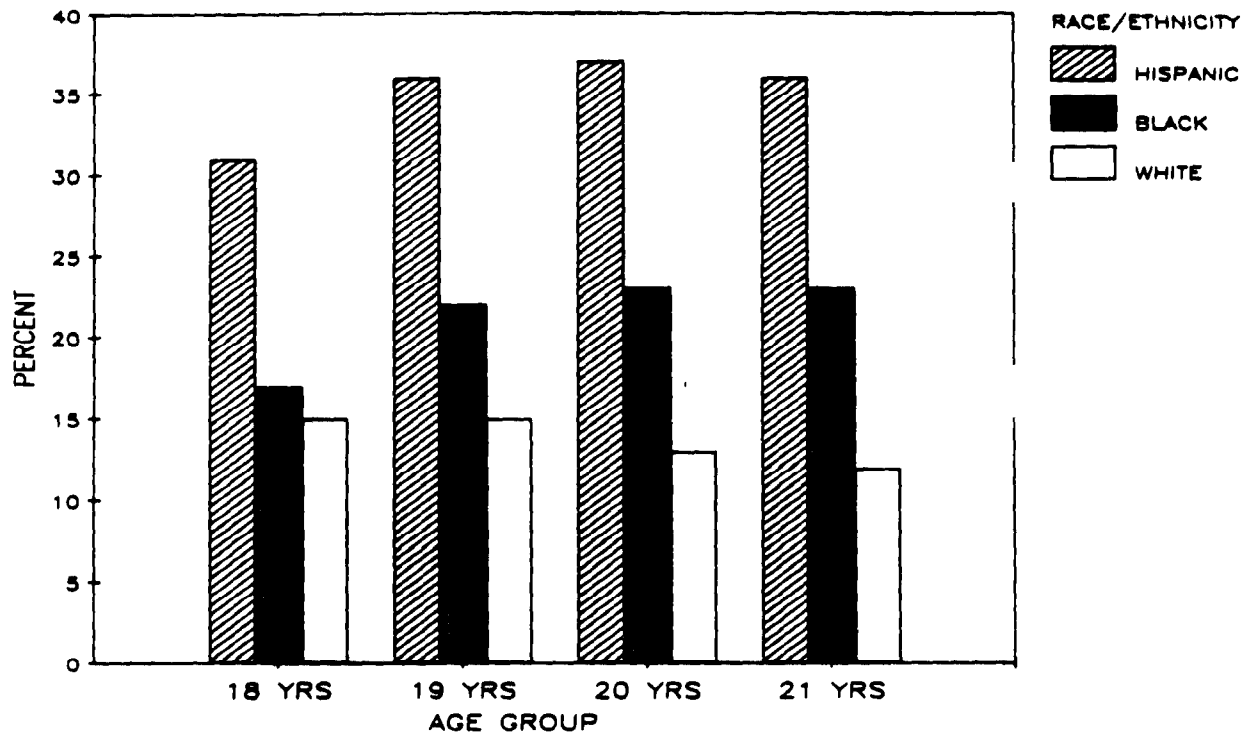
TEST-SCORE QUARTILE:



Source: High School and Beyond, U.S. Department of Education, adapted from chart 5.2 in The Condition of Education 1985 Edition, National Center for Education Statistics.

Data from the National Longitudinal Surveys of Labor Market Experience include a nationally representative sample of over 12,000 young men and women who were age 14-21 when first interviewed in 1979. The data show that among youth age 18 during the period 1979-82, about 15 percent of whites, 17 percent of blacks, and 31 percent of Hispanics failed to complete high school (or attain a GED certificate). For older youth (age 21) the dropout rates for whites, blacks, and Hispanics were 12 percent, 23 percent, and 36 percent, respectively (see fig. 4). Thus, for white youth, dropout rates have declined with age, while for their black and Hispanic counterparts, the rates have increased. This suggests that minority youth may be less likely to return to school once they have dropped out.

FIGURE 4
DROPOUT RATES BY RACE/ETHNICITY
FOR SELECTED AGE GROUPINGS
(1979 - 1982)



Source: National Longitudinal Surveys of Labor Market Experience, adapted from table 6.6 in Pathways to the Future, Vol. IV, A Report on the National Longitudinal Surveys of Youth Labor Market Experience in 1982, Center for Human Resource Research, The Ohio State University, Revised April 1984.

Data from School Systems

School districts differ in the procedures they use to define dropouts and calculate rates. For example, some school districts count as dropouts students who have moved to other areas and enrolled in other schools; some exclude private school enrollments; others count youth as "in school" who have transferred to "night school" and later dropped out.

School districts may look at the number of youth who entered the fifth grade, compare it to the number graduating 8 years later, and consider the difference to be dropouts. National data based on these widely diverse school district practices show that for the past decade about one in four youth did not graduate in the year they would have been expected to complete high school.⁶ School district data, however, show much larger dropout rates for inner-city public schools, including reports of rates of 50 percent or more for some schools.⁷

Administrative records of school districts inherently are limited in tracking youth who leave the schools in their districts before graduation. For example, school districts do not have the resources to track youth who may complete the school year and then fail to show up after the summer or who enroll in a school in another state.

An April 1986 overview of the dropout issue by the Congressional Research Service points out that there is no single reliable measure of the national dropout rate. It also notes that the use of different definitions and procedures to count the number of dropouts makes useful data difficult to obtain.⁸

⁶High School Dropouts: A National Concern, by Samuel S. Peng, National Center for Education Statistics, U.S. Department of Education, prepared for the Business Advisory Commission, Education Commission of the States, March 1985.

⁷According to statistics provided by the New York City Board of Education, which show high dropout rates for its inner city schools, the dropout rate in New York City public schools overall declined to 35.3 percent in the 1984-85 academic year. Half of the improvement was attributed by school officials to better data collection, and half to new dropout prevention and attendance improvement programs.

⁸Library of Congress, Congressional Research Service, Issue Brief IB 86003, "High School Dropouts," by Bob Lyke, Updated 04/16/86 (p. 12).

GAO Observations

While the data we reviewed show that youth are far more likely to complete high school today than 20 years ago, the proportions of dropouts, especially poor youth and blacks and Hispanics, is an issue warranting the attention of the education community.

Although there are limitations with national survey data, the 13- to 14-percent dropout estimate of youth age 16-24 based on such data provides a reasonable indicator of the overall problem, which can be measured over time without concern about changes in local record keeping. National surveys obtain information on the educational progress of youth, including those who leave school and then enroll in another school or in a GED program, while school district administrative records lose track of many youth. School districts cannot be expected to obtain information on all youth who enroll in schools elsewhere, nor can they track youth who leave the school system and then, say, enter the military and attain a GED.

Nevertheless, it probably would be useful to the school districts themselves if they used a standard definition for dropouts and uniform collection and reporting procedures, thus providing directly comparable data. Such changes also would help measure the effectiveness of programs in reducing the number of dropouts.

FACTORS RELATING TO DROPPING OUT OF SCHOOL

As noted, research findings generally have shown higher dropout rates for Hispanics, blacks, and youth from households of lower socioeconomic status. Youth as a whole drop out of school for family, school, and work-related reasons. Among the most powerful predictors for dropping out is being behind grade level.

Self-Reported Reasons for Dropping Out

Youth who drop out report the following reasons for leaving school: poor grades, not liking school, marriage or marriage plans, pregnancy, and preference or need for work (see table 1). Self-reporting, however, is affected by youth's perceptions of their circumstances, and they may report inaccurately. Thus, it also is valuable to measure the circumstances that surround decisions for dropping out; for example, analyzing data on characteristics of youth's family background, school experience, and personal characteristics.

Table 1:

Reasons for Dropping Out Cited by Dropouts
From 1980 Sophomore Cohort, by Sex

<u>Reasons</u>	<u>Male</u>	<u>Female</u>
	----- (percent) -----	
School-related:		
Expelled or suspended	13	5
Had poor grades	36	30
School was not for me	35	31
School ground too dangerous	3	2
Did not get into desired program	8	5
Could not get along with teachers	21	10
Family-related:		
Married or planned to marry	7	31
Was pregnant	-	23
Had to support family	14	8
Peer-related:		
Friends were dropping out	7	2
Could not get along with students	5	6
Health-related:		
Illness or disability	5	7
Other:		
Offered job and chose to work	27	11
Wanted to enter military	7	1
Moved too far from school	2	5
Wanted to travel	7	7

Note: Some students reported more than one reason.

Universe: A total of 2,289 dropouts from among more than 30,000 sophomores in 1980 from 1,015 high schools throughout the United States.

Source: High School and Beyond, NCES 93-221b, National Center for Education Statistics, U.S. Department of Education, adapted from Table 8, High School Dropouts: A National Concern, by Samuel S. Peng, National Center for Education Statistics, March 1985.

Correlates of Dropping Out

One study that conducted an analysis⁹ of the correlates of dropping out showed the following to be important:

- Being two or more years behind grade level.
- Being pregnant.
- Coming from a household where the mother or father were not in the home when the youth was age 14.
- Coming from a household where the father dropped out of school.
- Having relatively little knowledge of the labor market.

Among the other findings from this study were that (1) youth are more likely to stay in school if they are enrolled in a college preparatory curriculum, are satisfied with school, do not intend to marry within 5 years, expect to attend college, and have more regular religious attendance; and (2) after controlling for such other factors as being from a poverty home and education of father, black youth are less likely than white youth to drop out of school. Thus, it appears that although black youth do have higher dropout rates than whites, it is because substantially higher proportions of blacks come from economically and educationally disadvantaged backgrounds.

The data source for this research was the National Longitudinal Surveys of Labor Market Experience. Using other sources of data, such as the Youth Incentive Entitlement Pilot

⁹Michael E. Borus and Susan A Carpenter, "Choices in Education," Chapter 4 in Youth and the Labor Market, Analyses of the National Longitudinal Survey, Michael E. Borus, Editor, The W. E. Upjohn Institute for Employment Research, 1984.

Projects¹⁰ and the Youth in Transition Project,¹¹ researchers have come up with similar findings. Examining the Entitlement Projects, the researchers found that, for low-income youth, the characteristic most strongly correlated with the greatest probability of not completing school by age 20 was being 1 year or more behind expected grade level at ages 16.5 to 17.5 years. Analyzing data from the Transition Project, the researchers found that in addition to such factors as low classroom grades, grade failure, and negative school attitudes, delinquent behavior in the junior high school years was a powerful predictor of dropping out.

The Congressional Research Service issue brief on dropouts emphasizes the interrelationship of factors associated with dropping out; it also notes that factors associated with dropping out may be symptoms not causes, but that "seeking . . . basic reasons for decisions to leave high school may result in explanations that are too general to be useful." For example, to what extent should the reasons for dropping out of high school be traced back to difficulties in elementary school, which in turn may have stemmed from problems in youth's homes?¹²

DROPOUTS WHO REENTER SCHOOL

During the first several years after youth drop out, sizable proportions (perhaps as high as 50 percent) return to school or enroll in GED classes. Factors associated with school

¹⁰The Entitlement Projects that operated in 17 sites during 1978-81 guaranteed part-time jobs during the school year and full-time jobs during the summer to low-income youth, provided that the youth remain in or return to school. See Risk Factors and High School Noncompletion Among Low Income Youth by Robert F. Cook and Cilla Reesman. Prepared for presentation to the Western Economics Association, June 28, 1984, Las Vegas, Nevada. The study involved a sample of over 1,200 youth age 14-17 in 1978, about half of whom were participants in the Entitlement Projects and about half were in the comparison sites.

¹¹The Transition Project involved a nationally representative sample of over 2,000 young men who had entered the 10th grade when first interviewed in 1966. Additional interviews were conducted in 1968, 1969, and 1970. See Youth in Transition, Volume III, Dropping Out--Problem or Symptom? by Jerald G. Bachman, Swayzer Green, and Ilona D. Wirtanen, Survey Research Center, Institute for Social Research, The University of Michigan, Ann Arbor, Michigan, 1971.

¹²Lyke, Op. Cit. (p. 6).

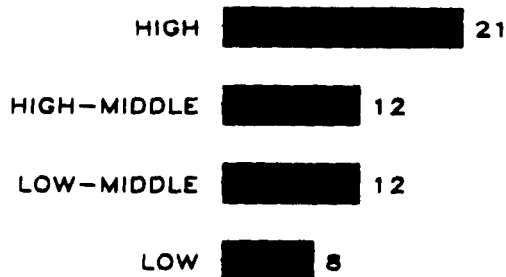
reentry and with completion seem to be the converse of reasons for dropping out, such as higher test scores and youth's expectations for a college education.

Factors Associated with School Reentry

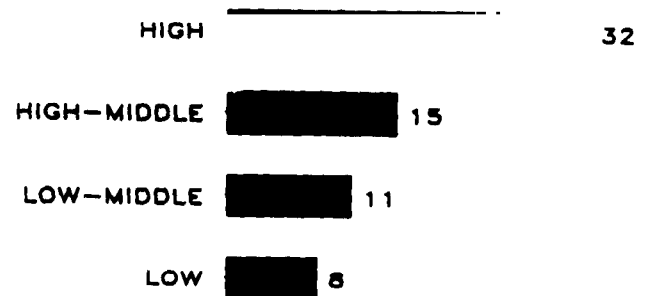
Data from High School and Beyond show that about 10 percent of high school sophomores from public schools who dropped out between the spring of 1980 and the spring of 1982 had returned to school or were in GED programs by the fall of 1982. Dropouts who reported that they had been in an academic school program were much more likely to return to school than students who had been in "general" or vocational school programs. Also, students with higher scores on an achievement test taken when they were sophomores were more likely to reenter school, as were youth from families at the upper end of the socioeconomic scale (i.e., those from high-income, occupational, and educational backgrounds) (see fig. 5).

**FIGURE 5
 PERCENT OF PUBLIC SCHOOL SOPHOMORES WHO
 DROPPED OUT (SPRING 1980-82) AND REENTERED
 SCHOOL BY SELECTED CHARACTERISTICS
 (FALL 1982)**

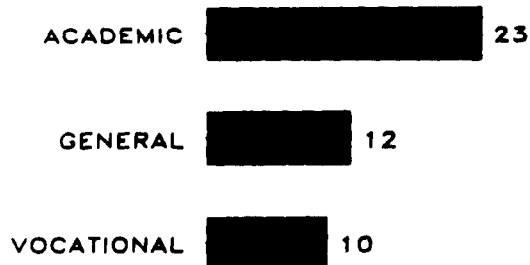
**INCOME, OCCUPATIONAL, AND
 EDUCATIONAL BACKGROUND:**



TEST SCORE:



HIGH SCHOOL PROGRAM:



Source: High School and Beyond, U.S. Department of Education, adapted from Table 5.4 and Chart 5.4 in The Condition of Education 1985 Edition, National Center for Education Statistics.

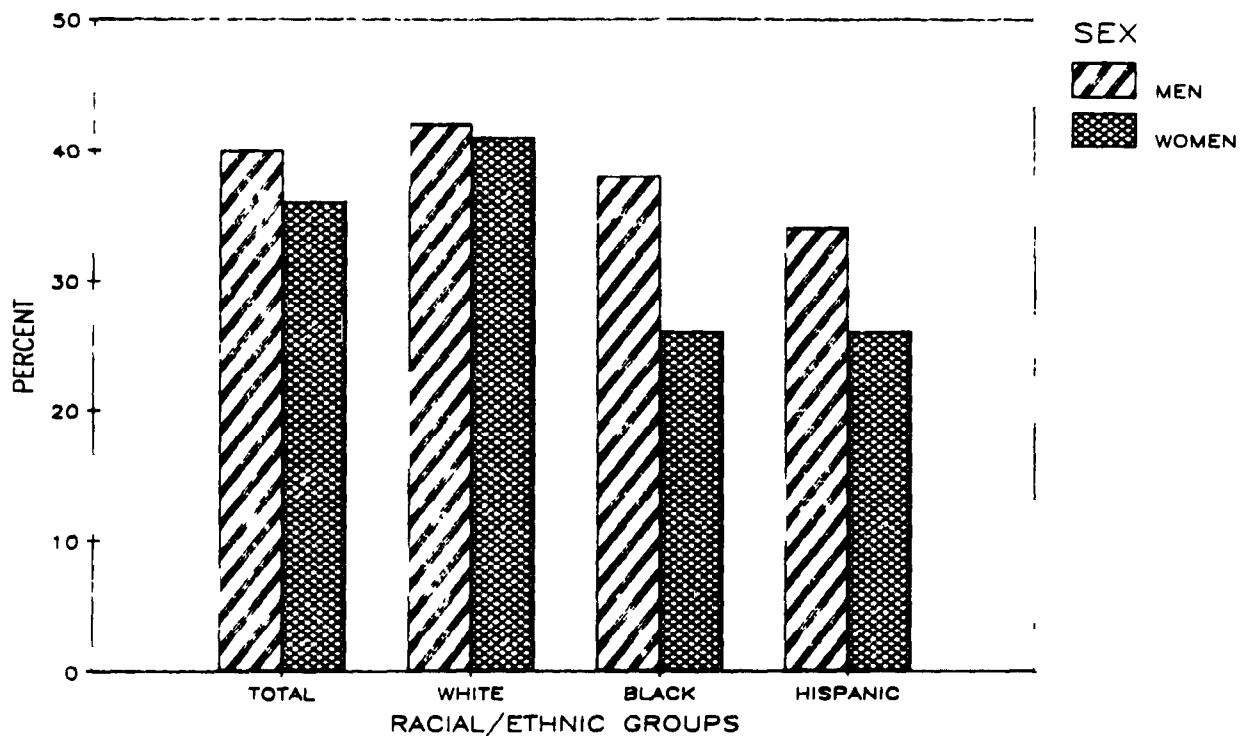
Data from the National Longitudinal Surveys of Labor Market Experience show that the following factors were associated with dropouts returning to high school: expecting to attend college, having never been married, being younger, and living in counties with high local government expenditures per student.

Factors Associated with Reentry
and High School Completion

A study analyzing statistics from the High School and Beyond 1984 follow-up survey indicates that about half of the youth who dropped out of public and private schools between 1980 and 1982 had returned to school or were in GED classes by 1984. Of these youth, 38 percent had completed their diploma requirements by 1984.¹³ White dropouts were more likely to return and complete school than black or Hispanic youth (41 percent, 33 percent, and 30 percent, respectively). As seen in figure 6, black and Hispanic young men were more likely to return and graduate than their female counterparts. The difference between the proportions of white and black dropout youth who returned and completed school is largely accounted for by the lower school return and completion rates of young black women.

¹³High School Dropouts Who Change Their Minds About School, by Andrew J. Kolstad and Jeffrey A. Owings, U.S. Department of Education, Center for Statistics, April 16, 1986. According to the analysts, the 38-percent figure (and the 50-percent estimate for youth who returned to school) are likely to be overestimates, since students who drop out before the middle of their sophomore year probably would be less likely to return to school. (The High School and Beyond sample does not include these youth.)

**FIGURE 6
PERCENT OF DROPOUTS WHO RETURNED
AND COMPLETED SCHOOL BY SEX FOR
SELECTED RACIAL/ETHNIC GROUPS**

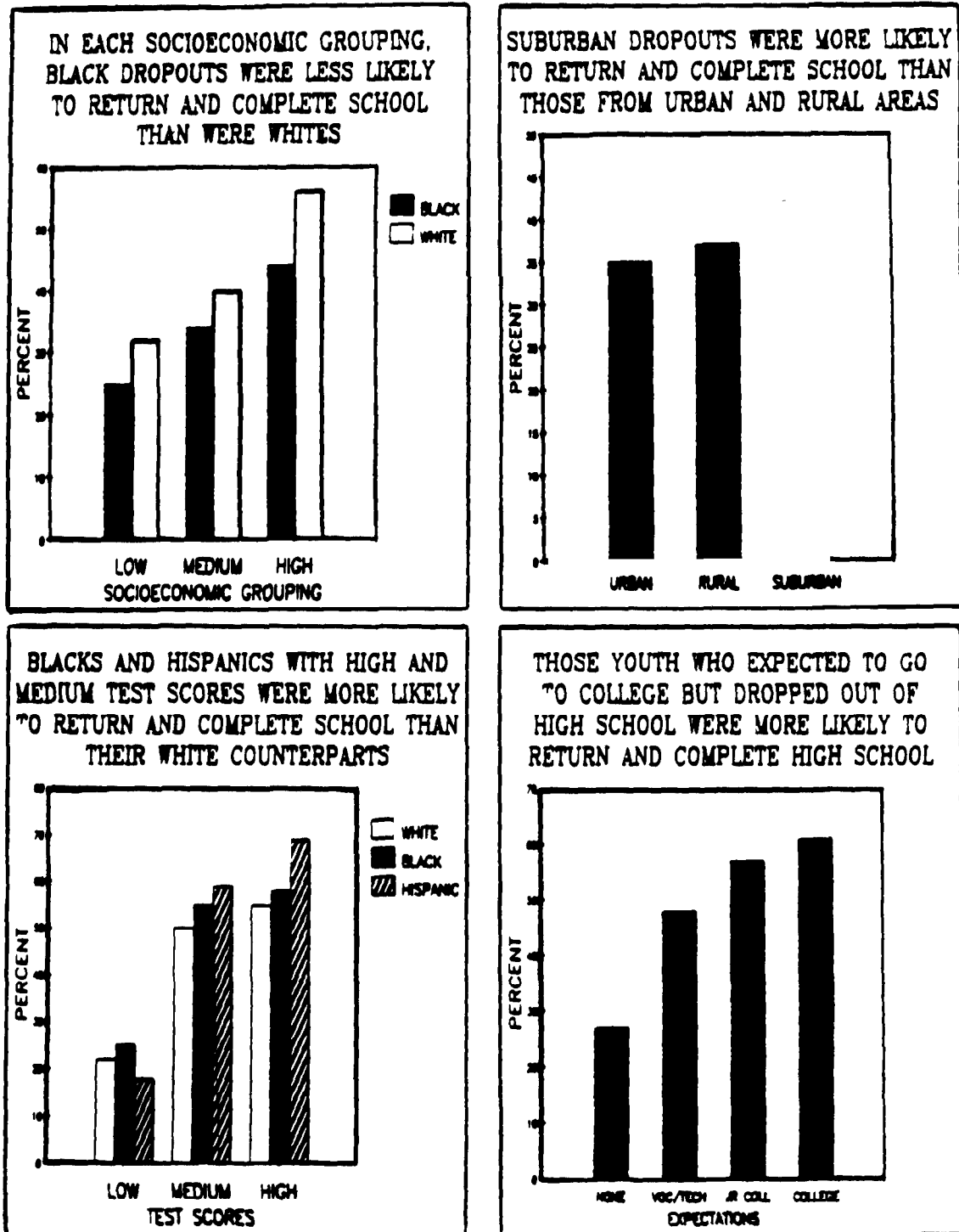


Source: High School and Beyond (1982 transcript data and 1984 follow-up data), from High School Dropouts Who Change Their Minds About School, by Andrew J. Kolstad and Jeffrey A. Owings, Center for Statistics, U.S. Department of Education, April 16, 1986.

This study also shows that black and Hispanic youth with medium and high scores on a reading, vocabulary, and mathematics achievement test taken when they were sophomores were more likely to return and complete school than were their white counterparts (see fig. 7).

Based on its review of school reentry and GED estimates, the Congressional Research Service issue brief concludes that perhaps close to 50 percent of teenage dropouts later complete their secondary education.

FIGURE 7
PERCENT OF DROPOUTS IN 1980 - 1982 WHO
RETURNED AND COMPLETED SCHOOL BY 1984



Source: High School and Beyond, High School Dropouts Who Change Their Minds About School, by Andrew J. Kolstad and Jeffrey A. Owings, Center for Statistics, U.S. Department of Education, April 16, 1986.

LABOR MARKET CONSEQUENCES OF DROPPING OUT

For high school dropouts, labor market opportunities are poor. Their unemployment rates are far higher than those of their graduate counterparts, and they are less likely even to be seeking work. Dropouts who are employed have lower earnings, are more likely to be in semi-skilled manual jobs, and report being in lower quality jobs (for example, with poorer working conditions).

The employment situation for black dropouts is even more bleak than for whites; moreover, it is worse now than 20 years ago. However, it should be recognized that the disparity in labor-force participation and unemployment between all black and white youth (dropouts and graduates) is greater now than in the past. The unemployment rate for black youth has risen since the 1950's and continues to do so. For example, in 1972 the unemployment rate for black teenagers was 35 percent, and it rose to 43 percent in April 1986. For their white counterparts, the unemployment rate was much lower--14 percent in 1972 and up only slightly to 16 percent in April 1986.

Not only has this substantial widening of the gap in unemployment rates for black and white youth occurred, but there also has been an increase in the gap between black and white youth in the labor force (those with jobs or without jobs and looking for employment). In April 1986, the labor force participation rate was 57 percent for black youth, and 68 percent for whites.¹⁴ Most importantly, long-term joblessness is concentrated among minority and poor youth who have dropped out of school. Because of high unemployment and low labor-force participation, many of these youth reach adulthood with little or no work experience.

Labor Force Statistics on Dropouts

According to CPS data for October 1985, about 1 in 4 dropouts ages 16-24 were unemployed, compared with about 1 in 10 high school graduates who were not enrolled in school. In addition, large proportions of dropouts do not even seek work. In October 1985, only 68 percent of the dropouts in the 16-24 age group were in the labor force, in contrast to 87 percent of the graduates not enrolled in school.

Eighty-six percent of the male dropouts age 16-24 were in the labor force in October 1985, of whom one-fourth were unemployed. In contrast, 94 percent of the male graduates were in the labor force, and about one-tenth were unemployed.

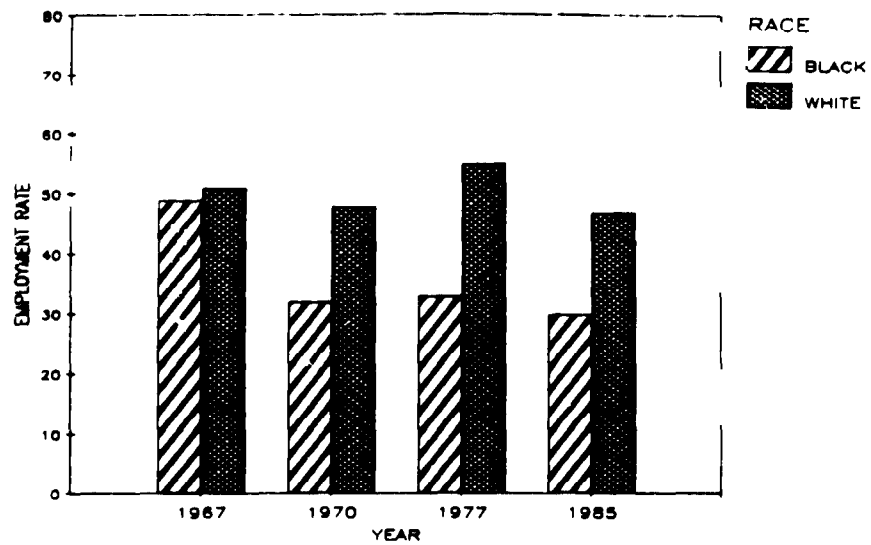
¹⁴Considerable proportions of youth are out of the labor force because they are in school.

There also were sharp differences in the extent of labor force participation and unemployment for women dropouts versus graduates. About half of the women dropouts were in the labor force in October 1985, compared with four-fifths of the graduates. The unemployment rate of the dropouts was 30 percent, almost triple the 11-percent unemployment rate for the graduates.

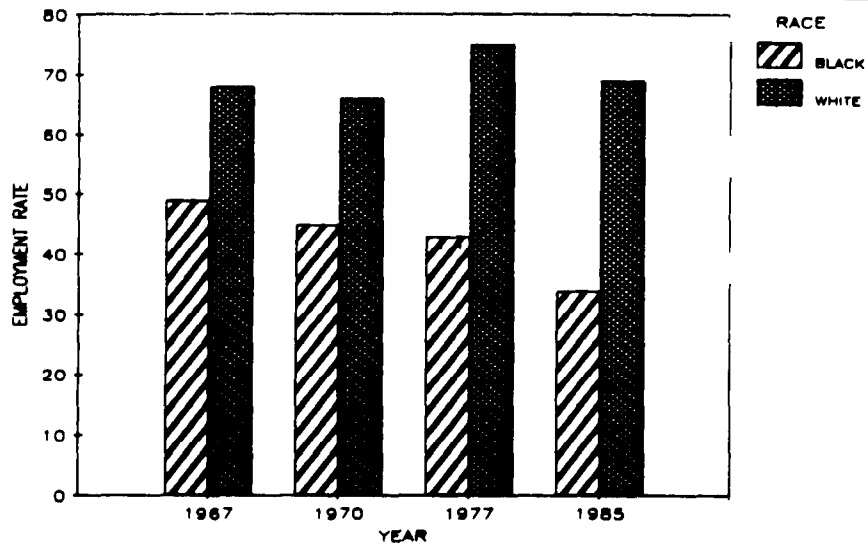
Black dropouts were far less likely to be in the labor force than their white counterparts, and they had much higher unemployment rates. In October 1985, 53 percent of black dropouts age 16-24 were in the labor force, about two-fifths of whom were unemployed. For the white dropouts, 71 percent were in the labor force, and about one-fourth were unemployed.

Figures 8 and 9 show employment-to-population ratios (employment rates) of black and white "recent" dropouts and graduates (not enrolled in college) for selected years.

**FIGURE 8
EMPLOYMENT RATE OF BLACK AND WHITE
DROPOUTS AGE 18-24 FOR SELECTED YEARS**



**FIGURE 9
EMPLOYMENT RATE OF BLACK AND WHITE
GRADUATES AGE 18-24 FOR SELECTED YEARS**

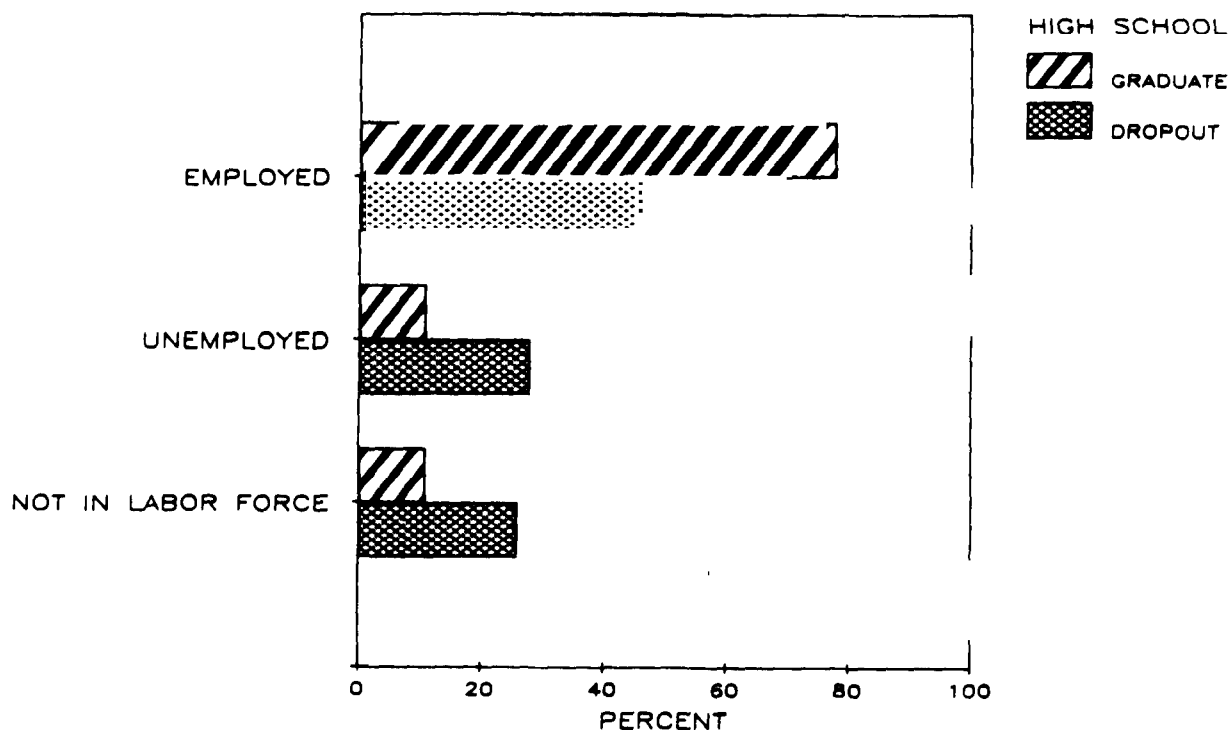


Note: (1) The dropouts were those who dropped out of school since October of the previous year, (2) the graduates were those who graduated from high school since October of the previous year (they were not enrolled in college), and (3) data on black youth for 1967 and 1970 cover "black and other races."

Source: Handbook of Labor Statistics, Bulletin 2217, Bureau of Labor Statistics, Table 60, June 1985; and tabulations from the Bureau of Labor Statistics, CPS, October 1985.

Data from the National Longitudinal Surveys of Labor Market Experience show that among youth age 18-22 in 1979 who were not enrolled in school, (1) dropouts had an unemployment rate that was almost triple the rate for high school graduates and (2) only about three-fourths of the dropouts were in the labor force, compared with about nine-tenths of the graduates (see fig. 10).

FIGURE 10
EMPLOYMENT STATUS OF YOUTH NOT ENROLLED IN
SCHOOL BY HIGH SCHOOL COMPLETION STATUS
(1979)



Source: National Longitudinal Surveys of Labor Market Experience, Adapted from table 16.4 in Pathways to the Future: A Longitudinal Study of Young Americans. Preliminary Report: Youth and the Labor Market--1979, Center for Human Resources Research, The Ohio State University, January 1980.

The disparity in the labor market situation between high school graduates and dropouts may be greater now than in the past. For example, an official of the Ford Foundation noted that "in the late 1960's a high school graduate was 30% more

likely to be employed the fall after graduation than a dropout was; by the 1980's this gap had doubled to 61%."15

Type of Job and Income

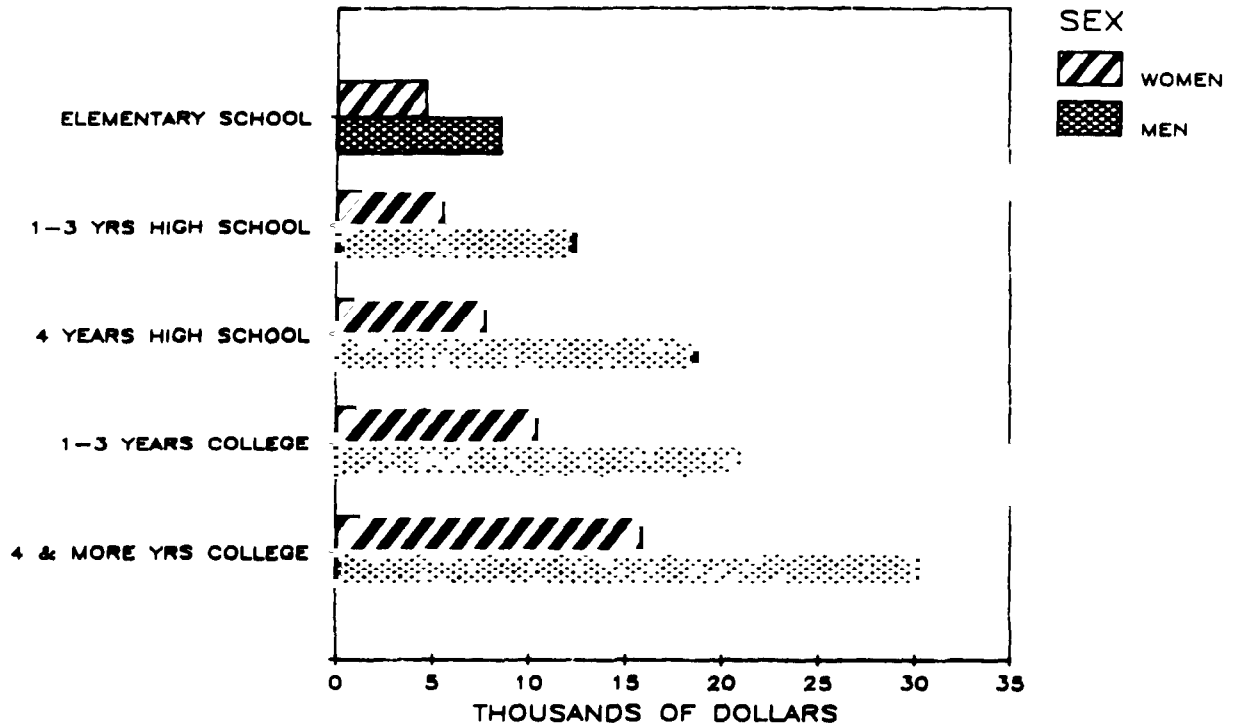
According to the CPS, dropouts who were employed in October 1985 apparently were in lower skilled jobs than were high school graduates. Among the employed male dropouts age 16-24, about two-fifths were working as machine operators, fabricators, and laborers, and about one-sixth were in service jobs. Only 8 percent were in technical, sales, and administrative support positions. Comparing the occupational distribution of the male dropouts with that of male high school graduates, a somewhat lower proportion of male graduates than dropouts worked as machine operators, fabricators, and laborers (30 percent) or in service jobs (12 percent). On the other hand, a higher proportion (20 percent) of male graduates were in technical, sales, and administrative support occupations.

The occupational distributions of the women graduates and dropouts show that over half of the women graduates were in technical, sales, and administrative support jobs in contrast to about one-fourth of the women dropouts. The dropouts were much more likely than the graduates to be working in service occupations and as machine operators, fabricators, and laborers.

CPS data also show lower incomes for dropouts than for graduates. In 1984, the median income for men and women 25 years or older who had not completed high school was about one-third lower than for those who had graduated (see fig. 11).

¹⁵Towards a System of Youth Development: Replacing Work, Service and Learning Deficits with Opportunities, Statement before the U.S. Congress, Hearing on Youth Employment and the Job Corps, Subcommittee on Employment Opportunities, Committee on Education and Labor, March 26, 1984, by Gordon Berlin, Program Officer, The Ford Foundation (p. 4).

FIGURE 11
MEDIAN INCOME OF MEN AND WOMEN AGE 25
AND OVER BY YEARS OF SCHOOL COMPLETED
(1984)



Source: Adapted from table 7, Current Population Reports, Series P-60, No. 149, Money Income and Poverty Status of Families and Persons in the United States: 1984, Bureau of the Census, 1986.

Data from the National Longitudinal Surveys of Labor Market Experience show that dropouts had lower hourly earnings than high school graduates who were not enrolled in school. Dropouts also had less desirable jobs. As seen in table 2, high school graduates were more likely to be in jobs with varied tasks, to have opportunities for independent work, and to feel the job is important.

Table 2:

Job Characteristics by High School Completion Status, 1979

Characteristics	Nonenrolled high school graduates	High school dropouts
	(percent)	(percent)
Opportunities provided by job: ^a		
To do a number of different things	75	57
To deal with people	83	73
For independent thought or action	73	65
To do a job from beginning to end	88	79
To feel that the job itself is very significant or important in the broader scheme of things	77	68
Characteristics of job: ^b		
The skills you are learning would be valuable in getting a better job	76	64
The job is dangerous	33	42
You are exposed to unhealthy conditions	24	30
The pay is good	74	69
The job security is good	83	75

^aProportion who felt the job gave a moderate amount, quite a lot, or a maximum amount.

^bProportion who felt the statement was very or somewhat true.

Source: National Longitudinal Surveys of Labor Market Experience, adapted from table 16.6 in Pathways to the Future: A Longitudinal Study of Young Americans Preliminary Report: Youth and the Labor Market--1979, Center for Human Resource Research, The Ohio State University, January 1980.

In another analysis of data from the National Longitudinal Surveys of Labor Market Experience, it was found that attaining high school graduation by 1980 (or before) was worth an additional \$1,500 in 1981 earnings for young women and \$1,600 for young men, after controlling for a variety of differences between dropouts and graduates.¹⁶

A Ford Foundation official pointed out that, comparing the earnings of a cohort of 1966 male 20- to 22-year-old high school graduates with their dropout counterparts, earnings differed by about 12 percent. By 1978, however, the earnings gap between male high school graduates age 20-22 and similar dropouts had increased to 24 percent.¹⁷

Additional Consequences of Dropping Out

The Congressional Research Service issue brief observes that dropping out of high school may have adverse consequences for society as well as for the dropout and mentions the costs attributed to additional welfare burdens, crime, and poor health. It also notes that "for social costs . . . as for individual costs, it is difficult to separate the effects of dropping out of school from the effects of other problems dropouts have".¹⁸

PAST AND PRESENT PROGRAMS FOR DROPOUTS

Several major national programs for dropouts were undertaken during the past decade. Based on our review of the evaluation literature and other literature summaries, it is not generally known "what works" in terms of specific interventions to prevent youth from dropping out of school, encouraging their reentry, or recruiting and retaining them in "second chance" employment and training programs. This is due in part to limitations of data available on programs and limitations in research and evaluations seeking to determine the effectiveness of particular approaches. In addition, some interventions have been found unsuccessful. Several programs with strong research components are underway.

¹⁶"The High School Dropout in an Overeducated Society" by William R. Morgan, Chapter 6 in Pathways to the Future, Vol. IV, A Report on the National Longitudinal Surveys of Youth Labor Market Experience in 1982, Center for Human Resource Research, The Ohio State University, Revised: April 1984 (pp. 249-251).

¹⁷Berlin, Op. Cit., p. 4.

¹⁸Lyke, Op. Cit., p. 7.

Many localities conduct distinctive dropout-related programs, including those aimed at dropout prevention, school reentry, and remedial education and training with employment as an outcome. However, with few exceptions, there is little information compiled on the number and characteristics of the persons served or on the programs' apparent effectiveness. The Congressional Research Service issue brief, noting this lack of information, suggests that the knowledge gap may be due in part to the difficulty in distinguishing between programs for dropouts and those for disadvantaged youth generally. It also mentions that there are no national data compiled on dropout programs partly because most programs have been designed for local communities.

Earlier Programs

Evaluations of several programs for dropouts or potential dropouts, linked largely to job training and employment, and operated at some time over the last 10 years, have indicated varying degrees of impact. These programs include Supported Work, 70001, Youth Incentive Entitlement Pilot Projects, and Job Corps. Each is described below.¹⁹

Supported Work

This national demonstration project, operating from 1975 to 1982, was sponsored by a consortium of federal agencies and the Ford Foundation, with the Department of Labor the lead agency. It was basically a work experience program, involving four target groups, of which one consisted of severely disadvantaged high school dropouts age 17-20. The youth were placed in subsidized temporary jobs--assigned to work crews, under close supervision, and gradually exposed to more demanding work experience. Program applicants were randomly assigned to experimental and control groups. Evaluations by Mathematica Policy Research (1980 and 1982) found that:

¹⁹Source: Youth Employment and Training Programs, the YEDPA Years, Charles L. Betsey, Robinson G. Holister, Jr., and Mary R. Papageorgiou, editors, Committee on Youth Employment Programs, National Research Council, National Academy Press, Washington, D.C. 1985; What Works for School Dropouts? A Review of What We Have Learned From Impact-Evaluations of Employment and Training Programs, Michael E. Borus, Rutgers, The State University of New Jersey (Paper written for the Manpower Demonstration Research Corporation), 1985; and What Works in Youth Employment Policy? by Andrew Hahn and Robert Lerman, Brandeis University, Committee on New American Realities, National Planning Association, 1985.

- During the period the youth were participating in the program, they had higher monthly earnings, worked more hours per month, and had higher employment rates than the control group.
- There was no significant postprogram impact on employment, earnings, or hours worked per month; nor was there any long-term impact on the types of jobs youth held.
- The program had no long-term impact on youth's decisions to return to school or enroll in training programs. There also was no reduction in youth's criminal activity or drug use.

70001

This ongoing preemployment program, mainly for dropouts age 16-21, receives funding from the Department of Labor and private corporations and foundations. The program involves job search assistance, such as job preparation workshops and job search training, as well as "motivation" building. In addition, 70001 emphasizes completing a GED program. An evaluation by Public/Private Ventures (1983) of 500 participants who enrolled in 70001 between January 1979 and April 1980 (and 400 comparison group persons), found that:

- The program was effective in increasing employment and earnings for the first year after program participation, and the participants were significantly more likely to attain a GED than the youth in the control group.
- The program had no noticeable impact on training, military service, or crime reduction, and the employment and earnings gains disappeared 2 years after program completion.

Youth Incentive Entitlement Pilot Projects (Entitlement Projects)

The Entitlement Projects, a congressionally mandated program under the Youth Employment and Demonstration Projects Act, was sponsored by the Department of Labor. It guaranteed minimum-wage jobs, part time during the school year and full time in the summer, to low-income youth residing in 17 sites throughout the United States, on the condition that the youth remain in high school or reenroll in school. (The vast majority of the participants were youth who had not dropped out of high school, but many could be considered potential dropouts.) According to an evaluation by Abt Associates, Inc., under contract to the Manpower Demonstration Research Corporation (1982), the program, which operated between 1978 and 1981, had the following impact:

--It significantly increased youth's employment and labor force participation rates and reduced their unemployment rates while they were in school.

--It substantially eliminated the employment and unemployment differences between white and black youth eligible for the program.

An evaluation by Abt Associates, Inc., under subcontract to the Manpower Demonstration Research Corporation (1984), found that:

--The program had no impact on youth's school retention or school completion.

--The program was effective in increasing youth's earnings in a short period following program completion.

Job Corps

The Job Corps, an ongoing Department of Labor program for severely disadvantaged youth, provides basic education, occupational skill training, counseling, health care, and job placement assistance, primarily in centers where the participants reside. An extensive evaluation by Mathematica Policy Research Inc. (1982) found substantial positive outcomes. These included:

--Increases in educational attainment. Within 6 months after leaving Job Corps, the program participants were substantially more likely to receive a high school diploma or GED than were comparison group members.

--postprogram gains in employment and earnings and declines in receipts of welfare and unemployment payments. These positive effects continued for up to 4 years after the youth left Job Corps (at which time the tracking ended).

--Reduced criminal activity and improved health.

The primary source on the impacts of these programs was a 1985 study conducted by the National Academy of Sciences' National Research Council. Based on its review of evaluations of these programs and others conducted under the Youth Employment and Demonstration Projects Act during the period 1978-81, the authors concluded that there was little information on how to prevent youth from dropping out of school or encouraging their reentry, or on recruiting and retaining dropouts in employment and training programs. Related to that, in his 1985 review of evaluations of employment and training programs for

dropouts,²⁰ Michael Borus finds that other than Job Corps, which was shown to be cost effective, and Supported Work for youth, which was not, determinations for programs could not be made because of limitations in the data and evaluations.

New Programs

Several new national demonstrations warrant attention, since they use rigorous methodology and are designed to isolate program effects. Notable examples are JOBSTART and the Summer Training and Education Program (STEP).

JOBSTART, a program for dropouts with emphasis on employment outcomes rather than a high school diploma, is run by the Manpower Demonstration Research Corporation. It basically is a test of Job Corps type services in a nonresidential setting. JOBSTART is

". . . designed for economically disadvantaged high school dropouts who read below the eighth grade level. [It] combines individualized, self-paced remedial education with occupational skills training to enhance the movement of this population into the labor force. JOBSTART [is being] tested at 10 to 15 sites and is operated through the public school system, community based organizations, and JTPA [Job Training Partnership Act] service providers The demonstration uses an experimental research design to test the impact of JOBSTART on participants' employment and earnings, and the cost-effectiveness of the approach, as well as offering operational lessons."²¹

Initial findings on JOBSTART's impact should be available in the summer of 1987.

STEP, managed by Public/Private Ventures, is a demonstration designed to improve high school completion rates of poor and educationally disadvantaged youth. Youth ages 14 and 15 participate for two summers, with follow-up activities during the school year. The participants are provided part-time

²⁰Borus, Op. Cit.

²¹October 10, 1985, letter to GAO from Barbara Blum, President of Manpower Demonstration Research Corporation.

employment in the summers²² along with 90 hours of remedial education and 20 hours of "life skills" classes on work and parenting. The STEP demonstration was initiated in the summer of 1985 in Boston, San Diego, Fresno, Seattle, and Portland.

STEP research will involve following the participants and youth with similar characteristics who are not in STEP for up to 5 years, in order to determine the program's short- and long-term effects--including learning gains, high school graduation rates, and changes in pregnancy rates and employment. A report on youth in STEP in the summer of 1985 should be available in July 1986.

GAO Advisory Panel
Meeting on Youth Issues

At a meeting in November 1985, at which five experts on youth employment issues met with GAO staff to discuss employment problems of youth (see Objectives, Scope, and Methodology), the experts stressed the need for more information on "what works" in improving the educational and employment prospects for dropouts. One expert, summarizing findings and recommendations from the National Research Council report (mentioned previously), noted its suggestion that more should be learned about the precise reasons for the Job Corps' success. Basing their judgments on research findings or their experience, the experts emphasized the need for (1) basic skills training for youth dropouts, (2) improved links between education and employment and training programs, and (3) multicomponent services (e.g., a combination of social services, labor market information, and basic skills instruction).

GAO Observations

Considerable research has been done on the dropout issue, and many dropout-related programs have been undertaken. Yet, based on our review of the literature and other literature summaries, it is not generally known "what works" in terms of specific interventions to prevent youth from dropping out of school or to encourage their reentry. The identification of programs that work would be very useful to local school districts, and this is called for in the Dropout Prevention and Reentry Act of 1985 (H.R. 3042).

²²The jobs are obtained through the Summer Youth Employment Program, authorized under title IIB of the Job Training Partnership Act. This program provides employment and related training and education services to economically disadvantaged youth during the summer.

OBJECTIVES, SCOPE, AND METHODOLOGY

This information on the nature and extent of the dropout problem was requested jointly by Augustus F. Hawkins, Chairman, Subcommittee on Elementary, Secondary, and Vocational Education, House Committee on Education and Labor; William F. Goodling, the Subcommittee's Ranking Minority Member; and Representative Charles Hayes. It is an interim response to an April 29, 1986, letter asking for a two-phase study of dropouts. This briefing report responds to the first phase, which also was the subject of our May 20, 1986, testimony on the school dropout problem before the Subcommittee. Our second phase work will focus on local programs for dropouts.

For this initial effort, we reviewed national survey data and research information on (1) the number of dropouts, (2) factors relating to youth dropping out of school, (3) factors associated with youth returning to school, (4) labor market consequences of dropping out, and (5) selected programs of assistance to dropouts. We examined data from the CPS, a monthly survey of about 59,500 households, which is representative of the working age civilian population of the United States. The CPS is conducted by the Bureau of the Census and sponsored by the Bureau of Labor Statistics. We primarily examined 1985 CPS tabulations on school dropouts and graduates age 16-24 (the ages for which these data are published), and also reviewed tabulations from prior years.

We also reviewed research studies and other literature pertaining to youth who dropped out of school. Our major sources were analyses of data from two national longitudinal surveys of youth: the National Longitudinal Surveys of Labor Market Experience (sponsored by the Department of Labor), covering a sample of over 12,000 youth ages 14-21 when they were first interviewed in 1979; and High School and Beyond (sponsored by the Department of Education), including a sample of over 30,000 public and private high school sophomores in 1980. These two surveys are the principal ongoing national surveys that collect information periodically from the same group of persons over an extended period of time with a design that permits statistically sound analyses of youth who drop out of school. We reviewed, too, Department of Education summary information on school system graduates. Additionally, we obtained information on school system data collection and reporting methods on dropouts from other sources, for example, a review in the Teachers College Record (Columbia University, spring 1986), a study by the Research Triangle Institute on dropouts in Appalachia, and a 1986 Congressional Research Issue Brief.

In addition, we reviewed reports of evaluations of national employment and training programs for youth, in particular a study by the National Academy of Sciences' National Research

Council which analyzed a large number of evaluations of programs conducted during the period 1978-81 (Youth Employment and Training Programs, the YEDPA Years). We also reviewed What Works in Youth Employment Policy? by Andrew Hahn and Robert Lerman; and What Works for School Dropouts? A Review of What We Have Learned From Impact Evaluations of Employment and Training Programs by Michael Borus. Finally, we held an advisory panel meeting with experts on youth employment issues from Rutgers University, the National Academy of Sciences, the National Commission for Employment Policy, the National Governors' Association, and the Manpower Demonstration Research Corporation. We discussed programs for dropouts, the importance of past and on going research on the dropout issue, and dropout-related studies.

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