

**OHIO'S INITIATIVE ON
INCREASING THE GRADUATION RATE:
*A COST-BENEFIT ANALYSIS***

Executive Summary

Ohio's Initiative on Increasing the Graduation Rate has been in operation for one year at 33 urban schools, providing group programming and individual mentorship focused on ninth grade boys who are at risk of dropping out because they have been held back in school, have missed 36 or more days of eighth grade, have failed two eighth grade classes, or have been suspended for a week or more.

In its first year, the program provided programming for about 5,500 boys at target schools with high numbers of students identified as at risk. Of the 5,500 young men served, 2,796 met some of the criteria outlined above. At the end of the school year, 1,883 (67.3 percent) of the 2,796 at-risk boys were promoted to tenth grade. This reflects an increase in graduation rates from the 2007 levels in nearly all of the schools, and a dramatic increase in some. John Kennedy, Woodward, Lima, and Cleveland's East High School, for instance, each had more than a 40 percent increase in their tenth grade promotion rates in the first year of this program, although some of these schools also had other changes. The initial increase in promotion rates is an extremely promising start.

In 2006, the initiative received \$20 million for two years. This annual \$10 million outlay went to administrative costs, salaries for 33 Linkage Coordinators, and programming for 5,500 ninth graders and additional older students who served as mentors.

The program's initial year showed excellent results, but success varied among participating schools. Other findings include:

- Of the 28 schools with useable data, 24 saw increases in their promotion rates, four schools experienced slight declines in tenth grade promotion rates, while four schools saw jumps of over 40 percent.
- The largest differences between 2006-07 promotion rates and 2007-08 rates occurred in Cleveland and Cincinnati. The rest of the state experienced much more modest gains, with no net promotion increases in Youngstown or Lorain.
- The average school participating in the initiative saw a 16.5 percent increase in tenth grade promotion when compared to the previous year. If tenth grade promotion rates had been the same as in the last year prior to the program, 389 of the promoted tenth graders would not have been promoted.

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Until the class of 2011 graduates, we won't know how the initiative affects graduation rates. Until then, we conservatively assume that tenth graders who participated in the initiative will graduate at rates similar to those of previous tenth graders in their school districts. This likely dramatically underestimates actual graduation rates, as the initiative provides ongoing mentoring for older students, and the support networks that the initiative builds likely endure past a student's freshman year of high school.

With these conservative assumptions, we would find an increase of 310 graduates. If these 310 students graduate instead of dropping out, Ohio would see higher incomes, higher state and federal income tax payments, lower Medicaid costs and lower criminal justice costs. Not considered in our calculations are other benefits from the program – lower Temporary Assistance to Needy Families payments, more college attendance, deferral of parenting, improved outcomes for the next generation of children, and improved outcomes for boys who serve as mentors but are not themselves program participants.

We find an overall savings to the state of Ohio and the federal government of more than 28.45 million dollars, more than a 3.3 to 1 return on the state's initial investment. In short, if the benefits recorded during the first year of the Initiative on Increasing the Graduation Rate are typical, this program stands to increase Ohio's graduation rate, improve the lives of some of the most at-risk boys in Ohio, reduce crime, and save the state and federal government substantial resources. The increase will lead to higher employment, higher income tax payments, lower social welfare costs, lower crime rates, lower court costs, and lower incarceration costs. Over the lifetime of the participants, if promotion and graduation rates remain consistent, the public sector will recoup more than 3.3 dollars for each dollar spent on this program, while also dramatically improving the lives of children who are now at risk.

Education investment brings substantial economic gains in less quantifiable ways, increasing artistic, intellectual and cultural resources of communities. The economic benefits of education that we can calculate are extremely conservative estimates of the long-term return on this spending. We recommend continuation of the Initiative on Increasing the Graduation Rate and expansion if future years continue to demonstrate similarly impressive results.

Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more about Policy Matters Ohio at www.policymattersohio.org.