

# The National Governors Association Compact Rate: A Comprehensive Approach to Improved Accuracy and Consistency in High School Graduation Rates

## Overview

The National Governors Association (NGA) "Compact Rate" is a four-year, adjusted cohort graduation rate used to determine the percentage of on-time high school graduates (those receiving diplomas) from a given four-year student cohort. It is widely considered a high-quality, practical graduation rate capable of improving consistency and accuracy among statewide reporting systems. The NGA has been the principal player supporting the ongoing development and implementation of the Compact Rate, and has produced two reports detailing its efforts (2009, 2005).<sup>i,ii</sup> This brief draws from those reports.

## Compact Rate Definition

The numerator of the Compact Rate is made up of graduates who receive regular or advanced diplomas within four years of entering ninth grade. Students who continue high school in the fall following their expected graduation date or receive General Educational Development (GED) certificates are not considered graduates in the Compact Rate.

The denominator of the Compact Rate is based on tracking a cohort of students who begin ninth grade in a given school year through their graduation year. The denominator of the Compact Rate is adjusted to account for students who transfer in or out of a given student cohort over the next three years.

The NGA compact formula is as follows:

$$\text{graduation rate} = \frac{\text{on-time graduates in year } x}{(\text{first-time entering ninth graders in year } x - 4) + (\text{transfers in}) - (\text{transfers out})}$$

The Compact Rate differs from other graduation rates in two critical ways: (1) the numerator is made up of graduates who receive regular or advanced diplomas within four years of entering ninth grade, whereas other graduation rates use different criteria to define graduates; and (2) the Compact Rate is derived from actual student-level data, rather than the estimated student counts used to calculate measures such as leaver and attrition rates. These distinctions are thought to better align the methods of calculating, reporting, and analyzing graduation rates among the 50 states, thereby improving the accuracy and consistency of results.

An attrition rate, for example, does not take into account any of the reasons beginning and ending enrollments differ. The Grade 9-12 attrition rate does not take into account Grade 9 enrollment that may be high because some students are repeating Grade 9. The attrition rate also does not take into account Grade 12 enrollment that may be lower than Grade 9 enrollment three years earlier because some students left public school for other educational settings, graduated early, or are in school but not yet in Grade 12. Finally, the attrition rate does not take into account whether a student enrolled in Grade 12 goes on to graduate.<sup>iii</sup>

Although states continue to have some discretion in determining which students are considered graduates and how the four-year cohorts are adjusted, the results of the reporting process are generally comparable, and efforts at improving accuracy and consistency continue.

## Implementation

In 2005, the governors of all 50 states signed the Graduation Counts Compact, and the Compact Rate became the accepted measure for calculating graduation rates. The commitment to implement a four-year, adjusted cohort graduation rate was then mandated in 2008 by the U.S. Department of Education after it approved new regulations requiring each state to report a four-year, adjusted cohort graduation rate at the

state, district, and high school levels for the 2010-11 school year. States were also required to use the four-year, adjusted cohort graduation rate for determining Adequate Yearly Progress at the same levels, disaggregated by specified student groups, after the 2011-12 school year. Texas was a forerunner in the effort to institute the Compact Rate, having been the first state to begin calculating and reporting a four-year, adjusted cohort graduation rate beginning with the class of 1996.

In its recent report, *Implementing Graduation Counts*, the NGA Center for Best Practices describes the progress that has been made implementing the Compact Rate and its complementary efforts.

- Twenty states now report that they use the Compact formula to calculate their high school graduation rate and publicly report the data.
- Twelve of the 20 states reporting the Compact Rate also report that they use the Compact Rate to meet the graduation rate requirements under the No Child Left Behind Act.
- Up by six since 2008, 42 states now report they have the data systems needed to track individual students and more accurately calculate the high school graduation rate using the NGA Compact Rate.
- Eighteen of the 20 states that are reporting the Compact graduation rate also report additional indicators of student outcomes. (2009, p. 1)

In the report, the NGA further proposed that, to effectively promote consistency and accuracy in state data collection, reporting, and analysis, each state's adoption of the Compact Rate should be complemented by the following.

- **Build state data collection and reporting capacity** to ensure that the system can collect, analyze, and report the adopted indicators and other important information. Ultimately, states should adopt student-unit-record data systems that include unique student identifiers that can be used to track students through the education system from kindergarten through postsecondary education.
- **Develop additional student outcome indicators** to provide richer context and understanding about outcomes for students and how well the system is serving them, including the following: five- and six-year cohort graduation rates; a college-ready graduation rate; a dropout rate; completion rates for students earning alternative completion credentials from the state or GEDs; in-grade retention rates; and percentages of students who have not graduated but are still in school or who have completed course requirements but failed state examinations required for graduation.
- **Develop public understanding** about the need for good graduation and dropout rate data. State leaders should ensure that parents, educators, and the public understand that, initially, the numbers may be worse, but it is important to have an accurate picture of the problem to address it more effectively.
- **Report annually on progress** toward meeting these commitments.

The NGA believes that the combined effect of these educational reforms will ensure that each state is able to better understand and address the educational needs and interests of its students.

## Results

### Four-Year Graduation Rates, by Ethnicity, Selected States Using the Compact Rate, 2007-08

State	All students	African American	Asian	Hispanic	Native American	White
Iowa <small>(<a href="http://www.iowa.gov/educate/index.php?option=com_docman&amp;task=doc_download&amp;gid=8803&amp;Itemid=1563">http://www.iowa.gov/educate/index.php?option=com_docman&amp;task=doc_download&amp;gid=8803&amp;Itemid=1563</a>)</small>	88.8	72.6	88.5	68.1	72.6	90.8
Vermont <small>(<a href="http://education.vermont.gov/new/pdfdoc/data/dropout/educ_dropout_completion_08_rev.pdf">http://education.vermont.gov/new/pdfdoc/data/dropout/educ_dropout_completion_08_rev.pdf</a>)</small>	85.7	79.4	86.2	81.0	79.8	85.8
Virginia <small>(<a href="http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/index.shtml">http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/index.shtml</a>)</small>	82.2	74.1	93.4	71.3	75.4	85.9
Texas <small>(<a href="http://www.tea.state.tx.us/index4.aspx?id=4080#reports">http://www.tea.state.tx.us/index4.aspx?id=4080#reports</a>)</small>	79.1	71.8	91.2	70.8	81.7	88.8
Indiana <small>(<a href="http://mustang.doe.state.in.us/TRENDS/grad4orless.cfm?year=2008&amp;pub=1">http://mustang.doe.state.in.us/TRENDS/grad4orless.cfm?year=2008&amp;pub=1</a>)</small>	77.8	59.5	84.9	65.4	67.6	81.2
Michigan <small>(<a href="http://www.michigan.gov/documents/mde/State_Report_Card_2007-08_264321_7.pdf">http://www.michigan.gov/documents/mde/State_Report_Card_2007-08_264321_7.pdf</a>)</small>	75.5	56.4	85.2	57.8	66.2	81.6
Florida <small>(<a href="http://www.fl DOE.org/news/pdf/grad_rate_data.pdf">http://www.fl DOE.org/news/pdf/grad_rate_data.pdf</a>)</small>	75.4	62.5	84.2	69.1	80.3	83.6
Rhode Island <small>(<a href="http://www.ride.ri.gov/RIDE/Docs/2008_Graduation_Rates-State-Final_V4.pdf">http://www.ride.ri.gov/RIDE/Docs/2008_Graduation_Rates-State-Final_V4.pdf</a>)</small>	74.0	64.0	74.0	62.0	63.0	78.0
South Carolina <small>(<a href="http://sc.gov/NewsCenter/EOC2010Goal2020VisionRelease2009.htm">http://sc.gov/NewsCenter/EOC2010Goal2020VisionRelease2009.htm</a>)</small>	73.3	— <sup>a</sup>	—	—	—	—
North Dakota <small>(personal communication with ND Dept. of Public Instruction staff)</small>	73.1	—	—	—	—	—
Minnesota <small>(<a href="http://education.state.mn.us/mde/Data/Data_Downloads/Student/Graduation_Rates/index.html">http://education.state.mn.us/mde/Data/Data_Downloads/Student/Graduation_Rates/index.html</a>)</small>	72.8	40.9	65.1	39.6	41.0	80.6
Mississippi <small>(<a href="http://www.mde.k12.ms.us/Dropout_Prevention/GCD0405G09.html">http://www.mde.k12.ms.us/Dropout_Prevention/GCD0405G09.html</a>)</small>	72.0	66.5	88.3	71.0	64.4	77.4
North Carolina <small>(<a href="http://ayp.ncpublicschools.org/2008/then_search_statewide_OAI_graduation_rate">http://ayp.ncpublicschools.org/2008/then_search_statewide_OAI_graduation_rate</a>)</small>	70.3	62.7	81.0	56.4	53.8	75.7
Arkansas <small>(<a href="http://normessasweb.uark.edu/schoolperformance/State/State.php">http://normessasweb.uark.edu/schoolperformance/State/State.php</a>)</small>	68.2	—	—	—	—	—
New York <small>(<a href="http://schools.nyc.gov/Accountability/Reports/Data/Graduation/GRAD_RATE_2008_EXTENDED.pdf">http://schools.nyc.gov/Accountability/Reports/Data/Graduation/GRAD_RATE_2008_EXTENDED.pdf</a>)</small>	60.7	55.9	77.6	53.3	—	74.8
New Mexico <small>(<a href="http://www.ped.state.nm.us/Graduation/dl10/graduationRates2008postAppeal.pdf">http://www.ped.state.nm.us/Graduation/dl10/graduationRates2008postAppeal.pdf</a>)</small>	60.3	60.9	80.1	56.2	49.8	71.3

Note. Four-year graduation rates for Arizona, Delaware, and Louisiana were found for 2006-07 but not for 2007-08.

<sup>a</sup>Not available or not found.

Four-year graduation rates for 2007-08 were found for 15 of the 20 states reported by NGA as using the Compact Rate. Additionally, although reported to begin using the Compact Rate in 2008-09, Iowa used it a year earlier than expected and is therefore included in the table. In 2007-08, the overall graduation rate for Texas public school students was 79.1 percent. This was the fourth highest rate among the 16 states reported above. Across these states, Texas had the second highest graduation rate for White students (88.8%) and the fourth highest rates for African American (71.8%) and Hispanic students (70.8%). Of the Texas students who didn't graduate within four years, 8.9 percent continued in high school the fall after their expected graduation date, 1.5 percent received General Educational Development (GED) certificates, and 10.5 percent dropped out.

<sup>i</sup>National Governors Association. (2005). *Graduation counts: A report of the National Governors Association Task Force on State High School Graduation Data*. Retrieved January 21, 2010, from <http://www.nga.org/Files/pdf/0507GRAD.PDF>

<sup>ii</sup>National Governors Association. (2009). *Implementing graduation counts: State progress to date, 2009*. Retrieved January 21, 2010, from <http://www.nga.org/Files/pdf/0907GRADCOUNTSPROGRESS.PDF>

<sup>iii</sup> Texas Education Agency. (2009). *Secondary school completion and dropouts in Texas public schools, 2007-08* (Document No. GE09 601 08). Austin, TX: Author.