

CALIFORNIA'S BROKEN DROPOUT REPORTING SYSTEM:

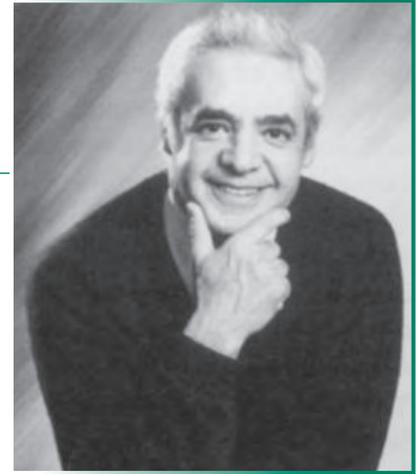
**FRAUD, COVERUP, AND
AN EIGHTH-GRADE ALGEBRA ERROR**



Alan Bonsteel, M.D.

**California Parents
For Educational Choice**

A Dedication: **To America's Foremost Advocate For Latino Youth**



Most mortals live a life of compromise, with their deeds never quite matching their words and with one finger held aloft to see which way the wind blows. By contrast, if one trait characterized the life of Carlos Bonilla, the nation's foremost advocate for Latino youth and a leader in the school choice movement, it was his unwillingness to compromise his ideals and his steadfast adherence to his unflinching moral compass.

The Columbian-born Dr. Bonilla trained as a cardiologist and earned a doctorate in molecular biology. He taught at the University of Colorado School of Medicine, writing several medical textbooks and leading numerous research projects.

In midlife, anguished by the dysfunctional public schools in which he saw his beloved Hispanic youth languishing, he left medicine to become a school choice advocate. Not content to simply write about the problems of Latinos, and utterly contemptuous of material rewards, Bonilla moved into a *barrio* of the California inland port city of Stockton where he lived among immigrant Latino laborers and dodged the bullets of the teenage gangs he wrote about.

This modern-day Man of La Mancha used his sharp tongue and even sharper pen to lance opponents of school reform. Among his 16 books, he authored the classics *School Dropouts: The Tragedy of America's Undereducated Youth* and *Hispanic Dropouts: Causes, Frequency and Solutions*. In 1996, he co-authored *A Choice for Our Children: Curing the Crisis in America's Schools*, in which he spoke eloquently of the "Zip Code Segregation" that consigned Latinos to fifth-rate public schools.

In 1998, he was a leader of the team that persuaded the California Board of Education to reform dropout rate reporting. In 1999, the bombshell that California was losing a third of its students to dropping out, and fully half of its Latinos, was front-page news in all of California's newspapers. Within five years, the awareness that the public school monopoly had long lied to us about dropout rates had spread across the United States.

Also in 1999, Bonilla correctly predicted that the tidal wave of dropouts that was engulfing California would soon exceed our financial capability to pay for prisons to house all the dropouts, and bankrupt the state.

Tragically, the life of this giant of a man, whose warmth and exuberance touched all who knew him, was suddenly cut short by a heart attack on February 18, 2004. His memorial service in Stockton was standing room only, as mourner after mourner paid homage to his life and works.

It is now left to the rest of us to carry on and make sure that his dream of a free education for all, regardless of wealth or ethnic background, becomes a reality throughout the land.

To Carlos Bonilla, we dedicate this report to you, *nuestro amigo*.

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INTRODUCTION

The California Department of Education first began reporting statewide dropouts in 1974. Districts and county offices of education were simply asked to count dropouts one-by-one and report the numbers. For a short time, this actually resulted in a reasonably accurate number of 17.2%, approximately correct in those years that predated our current dropout crisis.

However, the system was totally unaudited, and every administrator felt a pressure to be better than average. The numbers reported quickly began dropping, and soon became meaningless. In 1998, the year that California Parents for Educational Choice publicized the inaccurate dropout rates in California, the CDE reported a 3.2% dropout rate. Our proof to the State Board of Education that California's true dropout rate was *ten times* that high was front-page news in almost every newspaper in the state in 1999.

That 3.2% dropout rate deserves a special note. Internal records of the CDE indicated that, even using its deeply flawed dropout reporting system, California's four-year high school dropout rate was 12.8%. The 3.2% rate reported to the news media was a *one-year* dropout rate—but nobody in the CDE was informing the press or the public of this fact. Thus, in 1998, every newspaper in the state that reported on dropouts printed the 3.2% number without question and without any indication that this was a one-year, and not a four-year, dropout rate. The falsehoods have now shifted to other grounds, but the dissemination of dropout data by the CDE in forms that are uninterpretable and deceptive continues.

In 2002 Jay Greene of the Manhattan Institute used the same methodology as California Parents for Educational Choice to prove that dropout rates throughout the nation were far higher than previously acknowledged, and that in fact every state department of education, not just California's, had been giving the public inaccurate data. This was again front-page news throughout the nation, although less so in California, which had already heard the story from us.

In 2004, the Harvard Civil Rights Project distributed a study showing the same. It didn't cover any new ground, but the weight of that storied institution informing the public of the nationwide dropout crisis was front-page news throughout the nation. In 2004, the debate on education in the presidential election between Bush and Kerry focused on the national dropout crisis, with both candidates using the correct figure of a nationwide dropout rate of about 30%. In 2005, the *Time* magazine cover story "Dropout Nation" once again used the correct nationwide figure of 30%, and dismissed as lacking in credibility those who were disputing that figure.

In California, every year since 1999 we have offered a critique of California's deeply flawed reporting system. In 2008 the California Department of Education announced a new computerized dropout reporting system that claimed to track all students.

That system in July of 2008 was used to claim an implausibly low number of dropouts in California of only 24.2%, a figure that was quickly revised downward only three months later to 21.5%. In a state in which dropping out is an even greater crisis than it is nationwide, these numbers were a dramatic understatement of the reality, and detracted attention from the greatest crisis facing our state and the nation. This report focuses on why these numbers are wrong, and how we can count dropouts in California much more accurately, much more inexpensively (in fact, free of tax expenditures, using hard data that has long been available) and far more quickly.



A LIFE-AND-DEATH ISSUE

One April 9, 2009, the California Dropout Research project of U.C. Santa Barbara released a report showing that reducing California's dropout rate by half would reduce homicides and aggravated assaults by more than 14,000.

The link between dropping out and crime has long been established. The large majority of California's prison inmates are high school dropouts, and, in fact, the proximate cause of California's ongoing budget shortfalls is California's dropout crisis, which has made necessary a vast and expensive expansion of our prison system. Today, California's prison system costs more than the University of California and the State University Systems *put together*.



THE CALIFORNIA DEPARTMENT OF EDUCATION DROPOUT REPORTING SYSTEM IS *NOT* A STUDENT-BY-STUDENT COUNT

The California Department of Education claims its computerized dropout reporting system is a student-by-student count that relies on universal identification numbers of the students, and which is therefore claimed to be highly accurate. In fact, it is *not* a student-by-student count, and it is highly politicized and inaccurate.

When students drop out, they don't show up at the school office, announce that they are dropping out, and explain where they are going. They simply stop showing up for school and drift away. Once they drift away, their student identification numbers are useless in tracking them.

Under the current system, school administrators fill out paper-and-pencil forms with whatever reasons they have come up with for where the missing students are. No one audits these forms, and no one checks to see if the students are actually where the administrators claim them to be. This "system" has resulted in the current dramatic understatement of dropouts by the California Department of Education.

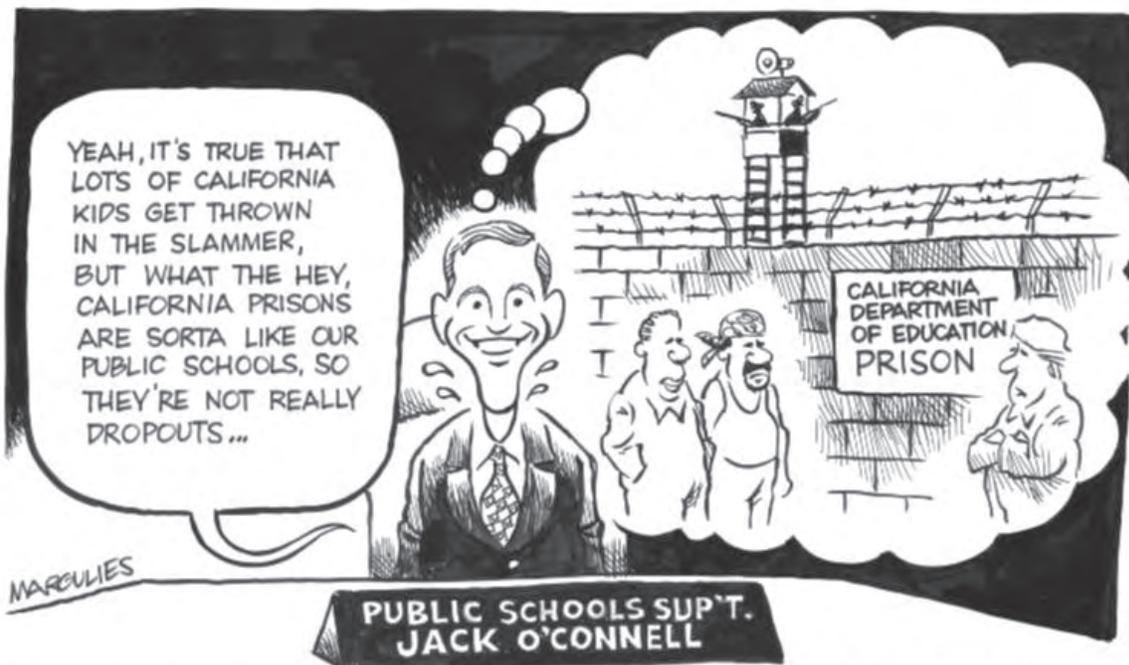


In 2002, California Parents for Educational Choice published a 42-page report in which predicted correctly that any "computerized" system run by the public education establishment would be stacked to produce low dropout numbers that dramatically decreased every year, thus allowing the public school establishment to characterize the dropout crisis as being a minor one that was rapidly being solved. Our predication has proven to be correct. Our 2002 report on dropouts in California can be viewed at www.cpeonline.org.

NOTHING HAS CHANGED

The new “computerized” system is not a fundamental change from the old California system of counting dropouts. California, and most other states, has long had relatively accurate counts of the numbers of students who enroll in high school, and those who graduate four years later. The percentage of students who graduate is termed the “graduation rate,” and the percentage of students who do not graduate is termed the “attrition rate.” To convert a raw attrition rate to a true graduation rate, we must adjust the attrition rate downward for the percentage of students who have acceptable reasons for not graduating, such as going on to junior college without a high school diploma, and upward (in most years) for enrollment growth.

The new computerized system, with its universal identification numbers, might be able to calculate a very slightly more accurate raw attrition rate. However, *counting the students who have acceptable reasons for not graduating remains totally non-computerized, and both self-reported and unaudited.* The numbers being self-reported by administrators who have a vested interest in reporting low dropout numbers have proven, as we predicted, to be inaccurate from the outset, and have already—within three months of the debut of the system—become far more inaccurate still. It is a “computerized” system that gives the illusion of accuracy, but not the reality.



**California Department of Education Dropout Handbook
Rule # 370: A teenager in a California prison isn't a
dropout as long as the prison offers classes**

THE CALIFORNIA DEPARTMENT OF EDUCATION'S EIGHTH-GRADE ALGEBRA ERROR, AND WHERE THE "FRAUD" IN THE TITLE OF THIS REPORT COMES FROM

A dropout rate is defined as dropouts divided by enrollment. In its dropout calculations, the California Department of Education made a very fundamental error, in defining the dropout rate as dropouts divided by the sum of enrollment plus "other." That "other" category includes such groups as California public school students who transferred to California private schools, or who transferred to schools out of the state or even out of the country. Since students who are in California private schools or in schools out of the state or even out of the country can't possibly drop out of a California public school, their numbers did not belong anywhere in the equation. Had the calculations been performed correctly, the reported overall dropout rate would have been more than 26% rather than 24.2%.

To draw a parallel, let's imagine a contest in which teenagers are competing to see who has the lowest percentage of body fat. The correct way to measure total weight, before calculating total body fat, is, of course, to weigh in wearing only underwear.

Imagine, instead, a contest in which the teenagers get to weigh in fully clothed. The incentive in such a contest, of course, would be to wear as much clothing as possible, like the teenager in the cartoon.

This is exactly what has *already* happened as a result of the CDE's eighth-grade algebra error. Between the initial release of California's dropout numbers, in July 2008, and the "revised" release in September 2008, the numbers of students in the "other" category skyrocketed from 8.2% to 10.8%. That represents an increase in total numbers of students reported in this category of a huge 31.7%, a number that could not possibly have resulted from any legitimate "recount." The districts and county offices of education are simply reporting fraudulent numbers, and, as the years go by, these numbers will become ever more fraudulent.

Almost all of the decrease in reported dropouts from 24.2% to 21.5% came from this fraud. By contrast, in the "recount," the numbers of graduating students inched up from only 67.6% to 67.7%. Thus, virtually all of the reported decrease in the dropout rate occurred from self-reported, unaudited numbers about students who had disappeared from the public schools, and almost none from students still in the system who could be tracked by their individual identifier number.

To the credit of the CDE, their sources with whom we've been communicating on these issues tell us that as of the graduating class of 2010, they will be following the entire California cohort of a four-year high school class, and, with their new methodology, the 'other' category of students will disappear from the denominator of the calculation and this problem will be resolved.

A weigh-in to determine the percentage of body fat should be done wearing underwear only. Similarly, to calculate the percentage of students who dropped out, one divides by the percentage of students originally enrolled, not including the “other” category of students in California private schools or in other states or other countries. This “other” category is a padding, like the padding of this teenager’s weight from wearing as much clothing as possible.



ACCEPTING INVALID EXCUSES

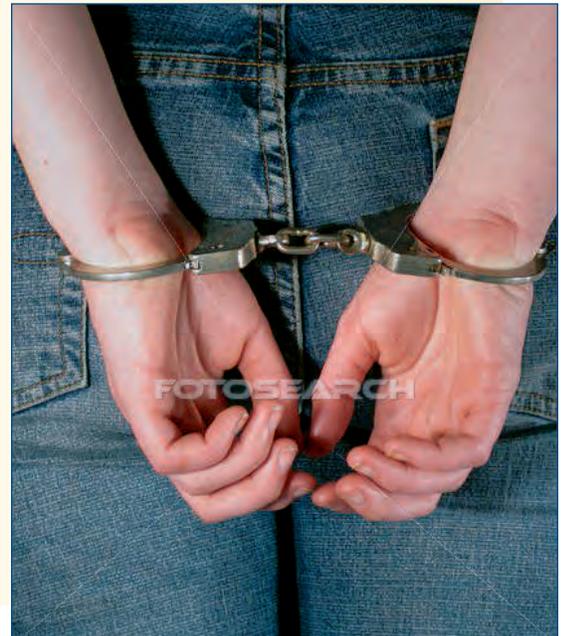
The current California Department of Education system starts by accepting invalid excuses for not graduating. Teenagers who are incarcerated in a prison that offers classes are not considered dropouts, as are students on “an extended family vacation.” These excuses can be viewed online at www.cde.ca.gov/ds/sd/cs/ewdcodes8.asp.

SERIOUS ARITHMETICAL ERROR IN CDE CALCULATIONS

There is a serious mathematical error in the CDE’s final calculation of the dropout rate. In 2008 the CDE created an “other” category of students in such categories as “transferred to a private school” or “transferred into a public school in another state.” These students are not enrolled in California public schools, and they are neither graduates nor dropouts from public schools. Because these students are not enrolled in California public schools, and therefore cannot be at risk for dropping out of a public school, their numbers do not belong in any calculation of our dropout rates. Including them in the calculations understated California’s dropout rate by about 2%. Had the calculations been performed correctly, the reported overall dropout rate would have been more than 26% rather than 24.2%.

More important than this approximately 2% understating of the dropout rate is that this invalid method of calculating dropout rates created a tremendous perverse incentive for school officials to improperly place dropouts in the “other” category. That trend is already very apparent. In the three months between the original release of dropout figures by the CDE and the restatement of results, the “other” category skyrocketed from 8.2% of the total to 10.8%.

The inner workings of the CDE’s computerized counting remain unpublished and inaccessible to outside researchers. Other states with computerized dropout reporting systems, such as Florida, divulge their methodology to educational researchers. Why can’t California do the same?



MIDDLE SCHOOL DROPOUTS UNREPORTED

Last year the California Department of Education spent taxpayer money to count middle school dropouts, but then did not report the results to the public in its press release. That count shows that we lose 15% of all of our dropouts *before* they ever begin high school. Had those dropouts been reported to the public, that would have increased the total rate from 24.2% to more than 27%. Had the arithmetical error mentioned above also been caught and corrected, the total percentage of dropouts would have been more than 29%, even using the CDE's own July 15, 2008 self-reported, unaudited figures.

It is crucial that the public understand that California's crisis begins even *before* high school. Students who drop out before even starting high school are in a far more tragic situation than those who at least complete a few years of high school before dropping out.

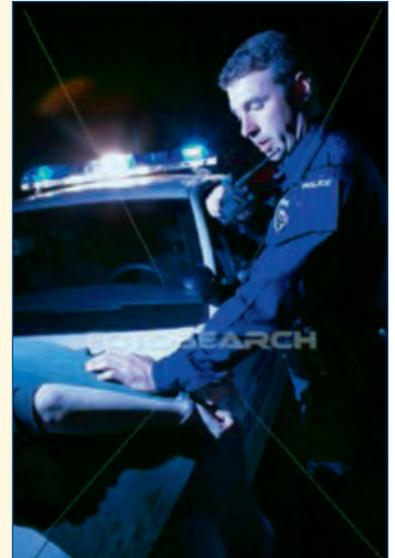
REPORTED DROPOUT RATES FROM DISTRICTS EVEN MORE INACCURATE THAN STATEWIDE NUMBERS

The reported district dropout rates do *not* include students who have made a pit stop in the county continuation schools. This has the effect of understating total district dropouts by about one-third, and makes district dropout rates completely incomparable with the state averages. The CDE did not disclose this "methodology" to the public in 2008. As a result, almost every newspaper in the state made direct comparisons with the statewide dropout rate with the local district dropout rate. Since the district dropout numbers did not include those students who, however briefly, enrolled in the county offices of education, in the vast majority of districts the reported percentage of dropouts was far lower than the state average. This has had the effect of lulling voters, parents, and taxpayers throughout the state into thinking that while dropping out is a crisis throughout California, it is much less of a problem in their local district.

EXTREMELY HIGH DROPOUT RATES IN COUNTY OFFICES OF EDUCATION COMPLETELY INVISIBLE TO PUBLIC

The county continuation schools are the weakest link in California's dropout crisis, losing 85% of their students to dropping out, often within a matter of days. Nevertheless, they succeeded in completely evading publicity in last year's report.

California's county offices of education are largely unknown to the public, with the large majority of voters unaware even of their existence. With therefore little effective oversight, these county offices of education consistently provide an exceptionally low quality of service at a very high cost. No report on California's dropout crisis would be complete without shining a light on this weak link in the system, however, in last July's press release from the CDE, there was scarcely a mention of the county offices of education, and no indication of the ongoing crisis taking place in their "continuation" schools.



CDE DROPOUT NUMBERS NOT ADJUSTED FOR ENROLLMENT GROWTH

The most recent dropout reporting period of 2003-2007 was unusual in that enrollment was almost perfectly flat. This year's dropout numbers therefore did not need adjustment for enrollment changes. However, over the long run, California public school enrollment growth is almost certain to resume. If the calculated dropout numbers are not adjusted for enrollment growth, the new students flooding into the system will distort those numbers and minimize our dropout crisis.

AS PREDICTED BY CPEC IN 2002, CDE REPORTED DROPOUT RATES ARE ALREADY PLUMMETING

The "restatement" of dropout rates at the end of last summer slashed about 12% off the previously announced rate, which was already implausibly low. At this rate of "restating" the results, in only seven more years the CDE will be reporting the same implausible rates as in 1999, when California Parents for educational Choice first blew the whistle on California's inaccurate dropout rates.

HOW THE COMPUTER SYSTEM DEVELOPED BY CALIFORNIA PARENTS FOR EDUCATIONAL CHOICE IN 2002 CALCULATES ACCURATE DROPOUT RATES

A computer system developed by Carl Brodt of CPEC, a certified management accountant, in 2002 takes advantage of enrollment and graduation numbers at the state, county, district, and even local high school level that are available and downloadable from the CDE's web site. Enrollment numbers are audited as they are the basis for Average Daily Attendance (ADA) funding, and, with universal identification numbers now in place, fudging graduation numbers is harder than it used to be. Thus, these two numbers are among the most accurate available from the CDE.

We then adjust for enrollment growth or decline over the previous four years. We further adjust for such "acceptable" reasons for not graduating from high school, such as enrolling in a junior college without a high school diploma. We even generously allow GED diplomas to be counted as high school diplomas, even though research shows that GED students do no better in the workplace market than do dropouts.

The resulting figures are the most accurate counts available in California today of high school dropouts. Using this system, California's latest K-12 dropout rate is 29.3%. Adding in middle school dropouts would increase that number to 33.7%.

Aside from the accuracy of this system, it has the advantages of being free of charge; we have repeatedly offered it as a gift to the CDE, and, once in place, it can generate accurate numbers year after year at no cost to taxpayers. It is also far faster, and can generate the correct numbers within a few months of graduation, as opposed to the 13 month delay in the last CDE report.

CALIFORNIA'S TRUE OVERALL DROPOUT RATE IS IN EXCESS OF 40%

If we ask the broad question, "How many California 19-year-olds are not high school graduates and never will be?" the correct answer is "Around 40%." This is because many immigrants never enroll in *any* school anywhere in California, and thus do not show up in anyone's dropout numbers. No one knows the true numbers of this category, but it's hard to conceive of how it could be any less than 5% of all of our 19 year-olds.

That 40% dropout rate represents far and away the greatest crisis facing California. A teenager who drops out of school today represents a tragedy to the state for the next 50 years. There is no time to lose in addressing this crisis.

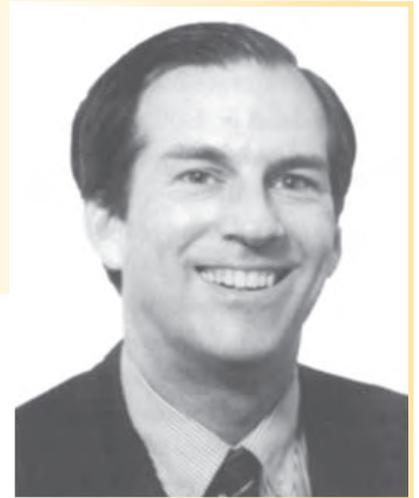
The Author

Dr. Alan Bonsteel, president of California Parents for Educational Choice, dropped out of a California high school in 1968. He entered junior college two years later by forging a high school diploma, and ultimately went on to graduate from Dartmouth Medical School and the McGill Family Practice residency in Montreal, Quebec. He may be the only physician in the United States who is a high school dropout.

He practices at Marin Community Clinic, Marin County's health care for disadvantaged patients. Fluently trilingual, in Spanish and French as well as English, he treats an overwhelmingly Hispanic patient population, as well as taking care of the clinic's Haitian patients. He teaches physician assistant students from the U.C.S.F. and Stanford schools of medicine.

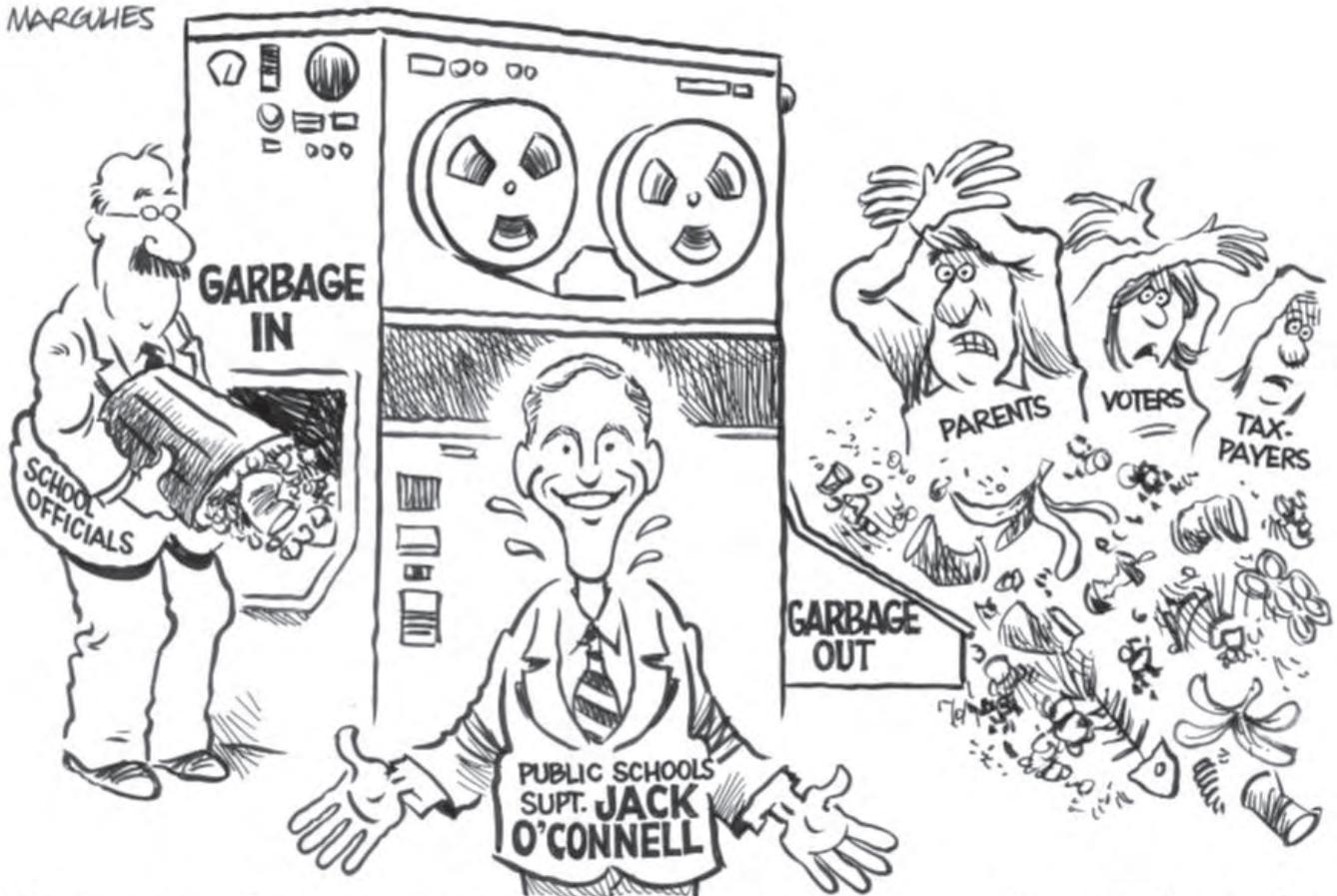
In 1996 he was co-author, along with Carlos Bonilla, M.D., to whom this report is dedicated, of the book *A Choice for Our Children: Curing the Crisis in America's Schools* (Institute for Contemporary Studies.) This book contains a chapter on under-reporting of high school dropout rates by America's public school establishment.

In addition to his work on school reform, he has been active in the movement for universal health care.





MARGULIES



"If you don't want to know where we get our dropout numbers, don't look too hard..."

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