

Educational and Economic Consequences for Students Who Drop Out of High School

By Susan Rotermund

The consequences for students who drop out of high school are well known. Such students earn less, have more health problems, are more likely to be unemployed and are more likely to rely on government assistance (see CDRP Policy Brief 1). Less understood is what happens to high school students who drop out at least once during the course of their high school education. Do they ever return to school and earn a diploma or an alternative certification? Or do they remain permanent dropouts? What are the long-term economic consequences for these students?

This brief draws on data from the National Education Longitudinal Study (NELS:88) to investigate the subsequent educational attainment and earnings of a nationally representative sample of students who were tracked from the time they were eighth-graders in 1988 through 2000, when most of the respondents were 26 years old. Among all students in the cohort, 19% dropped out of high school at least once; in California, 22% did so. What ultimately happened to these students by the end of the study in 2000?

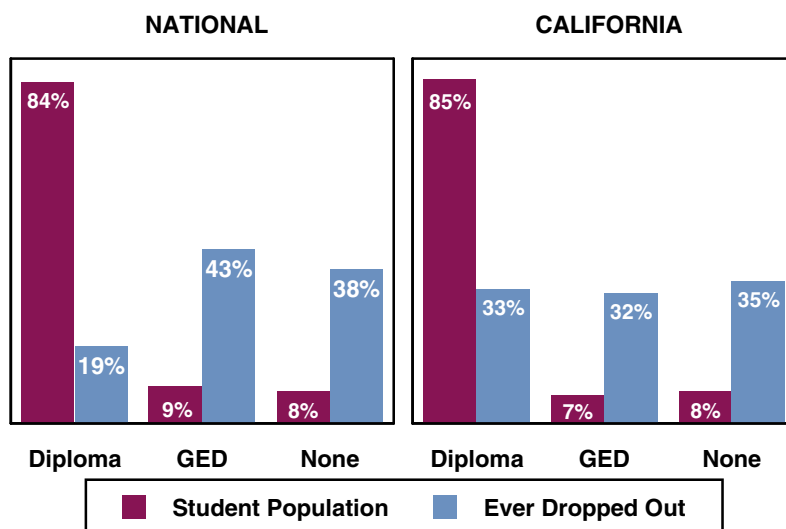
Educational Attainment

Nationally, by the year 2000, 84% of all 1988 eighth-graders earned a high school diploma, 9% earned a GED, and 8% never completed high school (see Figure 1). In California, the educational attainment of eighth graders was similar to the national figures: 85% earned a diploma, 7% earned a GED, and 8% never completed high school. But among students who had ever dropped out in California, a far greater percentage went on to earn their high school diploma than nationally (33% v. 19%). Fewer students in California earned a GED than nationally (32% v.

43%) and somewhat fewer California students never completed high school (35% v. 38%). Overall, dropping out of high school at least once also affected both high school and post-secondary attainment: only 1% of students who had ever dropped out of high school eventually completed a Bachelor's Degree or higher, compared with 38% of students who never dropped out. Even among dropouts who eventually earned a diploma, only 60%

Figure 1

High School Completion Status in 2000 by Dropout Status
1988 Eighth-Graders: United States and California



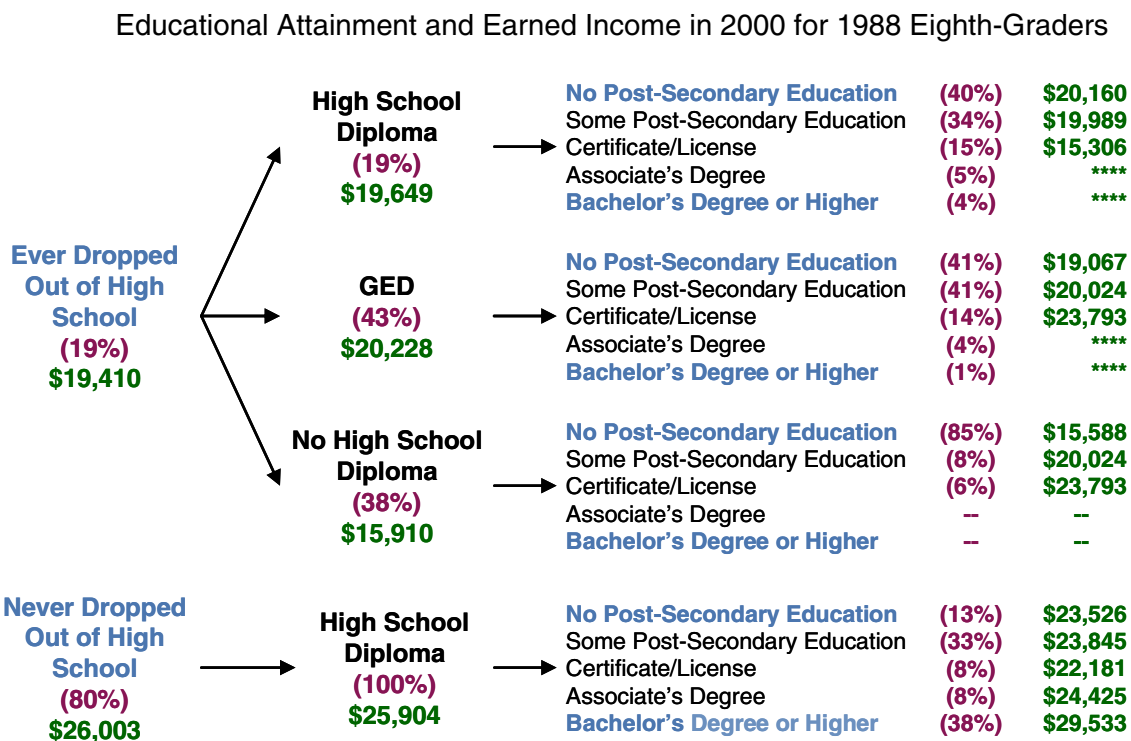
attended a post-secondary institution, compared to 87% among students who had never dropped out (see Figure 2).

Income

The NELS:88 data show that average earned income levels were lower for students who had ever dropped out, regardless of their eventual educational attainment (see Figure 2). For example, a student who earned a high school diploma and never dropped out made an average of \$25,904 in 1999, compared to an average earned income of \$19,649 for students who dropped out at least once before earning their diploma.¹ The higher earnings of students who never dropped out are due, in part, to the fact that these students were more likely to complete post-secondary education, which increases earnings. But even among diploma holders who never attended a post-secondary institution, students who had dropped out at least once earned less than students who never dropped out (\$20,160 v. \$23,526).²

The data cited in this brief suggest that having *ever* dropped out of high school (not just permanently dropping out) is an important predictor of future achievement.

Figure 2



**** indicates that the sample was too small to provide reliable estimates

¹ Income figures are based on respondents' reports of their earned income for the year 1999, including responses of \$0, which suggests that these respondents were unemployed.

² It is important to note that these earned income figures are *averages* and do not differentiate earnings by gender or race. Females, for example, earn markedly less than males in every category (e.g., males without a high school diploma earn an average of \$22,640 per year, while females without a high school diploma earn \$8,571 per year).