

POLICY POINTS

➤ POLICY POINTS BRINGS RELEVANT DATA TO TIMELY PUBLIC POLICY ISSUES IN ARIZONA

The General Equivalency Diploma as an Alternate Pathway from School to Work

In 2008, 10,268 Arizona students dropped out of school. Some of these dropouts exited with the intention of acquiring a General Equivalency Diploma (GED). This choice is significant because it affects an individual's lifetime earning power and the career opportunities available to them. This issue of *Policy Points* explores data on two groups of students, those who exit high school early with the stated intent of receiving a GED and actual GED test-takers.

Students Who Dropout with the Intention of Taking the GED

Between 2005 and 2009, roughly 2,500 students exited Arizona public schools each year with the intention of getting a GED. Of these students, almost 500 returned to high school to complete a traditional high school diploma. While we do not know the exact reasons for their return, they may have been counseled by relatives and mentors, found their job prospects discouraging, had a change of life circumstances, or been unable to obtain permission to take the GED before their eighteenth birthday. Arizona requires a person to be 18 years old to take the GED. An exception can be made for students aged 16 and above with written, notarized permission from a guardian, two forms of ID, and certification that the applicant has been formally withdrawn from school or is not currently enrolled in any school. These requirements likely discourage students from applying to take the GED before finishing high school and probably contribute to the high rate at which students return to school after dropping out with the intention of getting a GED.

The other 2,000 students who left Arizona public schools each year to get a GED did not return to high school. While these students amount to approximately 2% of Arizona's total high school population, they account for almost 20% of all high school dropouts. Due to data limitations, it is not possible to know how many of these students actually went on to receive a GED.

We do know that although Arizona's dropout rate has gradually declined over the past five years, the percentage of the total student population that dropped out to get a GED

GED Basics

GED officially stands for General Educational Development tests, but is also known as General Equivalency Diploma. In Arizona, it is called the Arizona High School Equivalency Diploma. The GED tests include five subject areas: reading, language & writing, science, social studies, and math. Once a person passes all five sections, they are regarded as having achieved the equivalent of a high school diploma. In 2008, there were 41 Active Official GED Testing Centers in the state – up from 33 two years prior. In that same time, the cost to take the tests increased from \$50 to \$90 (American Council on Education, July 2009). The tests are offered in three languages – English, Spanish, and French. Nationally, the preponderance of GED test-takers in 2008 opted for English (20,462), with Spanish as a distant second (821) (American Council on Education, July 2009).



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and did not return to school has remained steady. As a result, GED dropouts as a percent of the total dropout population have increased from 16.4% in 2005 to 20.9% in 2008.

GED Test-Takers

In 2008, 20,462 Arizonans took the GED and 73.6% passed the test, one half of a percentage point above the national average. The average age for GED candidates in Arizona is 26.4, with approximately 25% of all test candidates falling in the 20-24 age bracket (American Council on Education, July 2009). The reason many test-takers are well beyond high school age may be due in part to the fact that state law prohibits students from attending public school past their 22nd birthday, thereby leaving a GED as the only option for young adults who are past high school age and want to receive a high school academic credential.

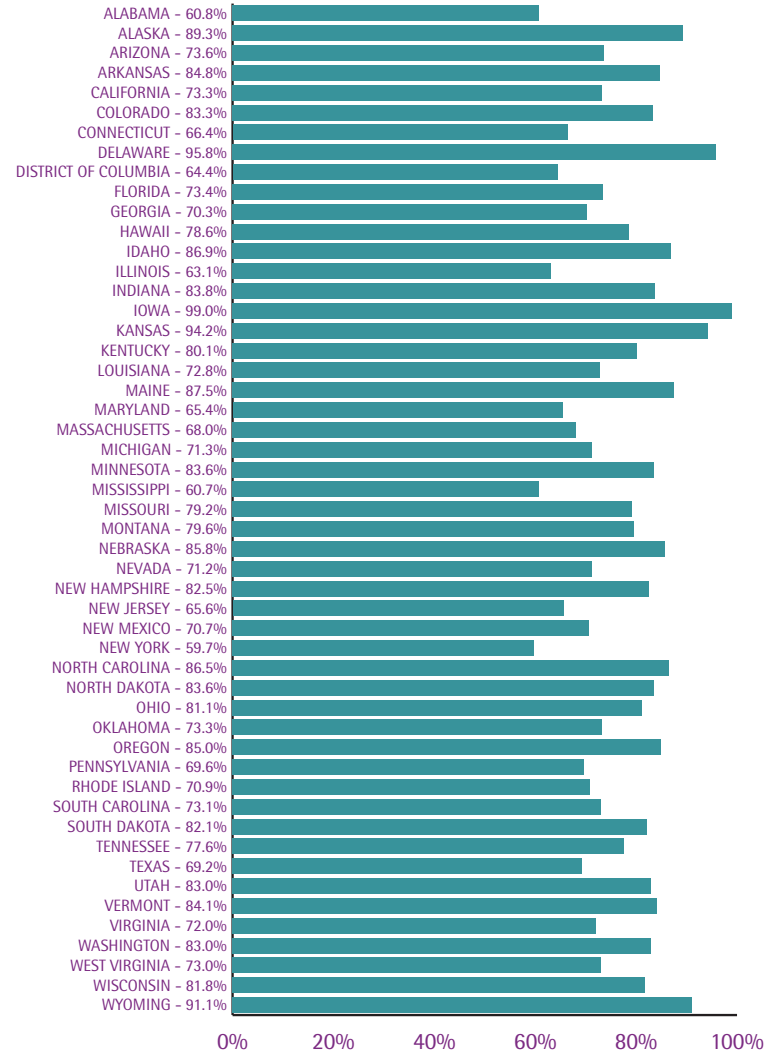
How a GED Affects Earning Potential

Students take the GED for several reasons, including to meet labor market demands. According to a 2006 report issued by the National Center for Education Statistics (NCES), the lifetime economic benefits of a high school diploma and GED are nearly equal. Either of these credentials will provide it's earner over \$200,000 in increased lifetime earning potential compared to students who drop out of school (U.S. Department of Education, 2007).

There are earning differences by gender as well. According to this same study, females who do not finish high school make \$11,200 less per year than their

Arizona's GED Pass Rate Is Only Slightly Above the National Average

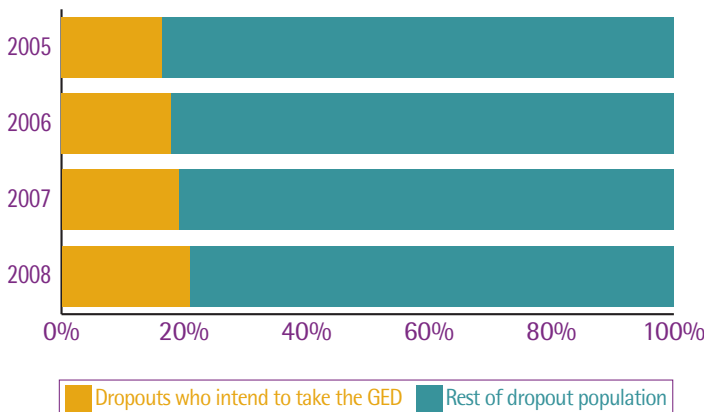
GED pass rate by state, 2008



Source: U.S. Department of Education.

A Greater Percentage of Dropouts Exit with the Intention of Earning a GED

GED Exits as a Percentage of the Total Arizona Dropout Population



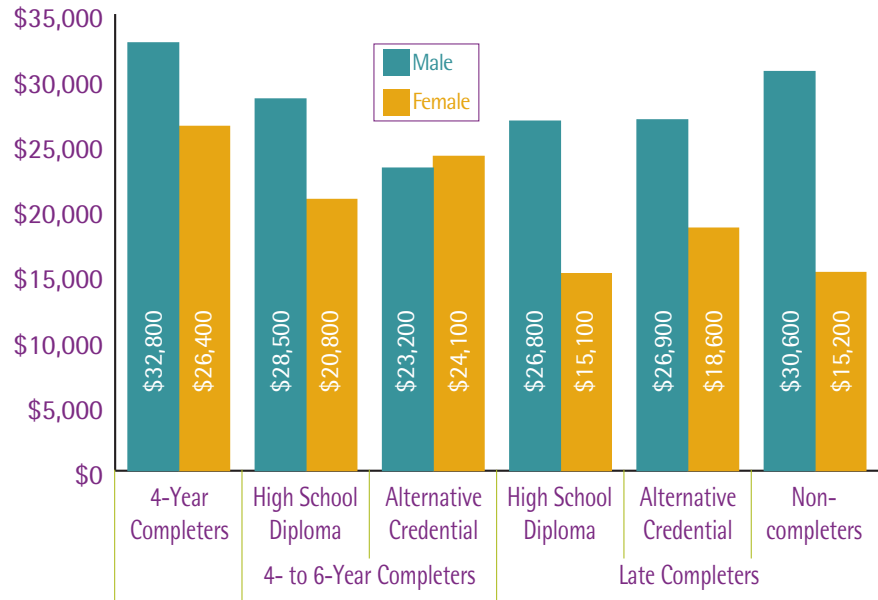
Source: Arizona Department of Education, original analysis.

counterparts who obtain a high school diploma in 4 years. And, they earn \$8,900 less than those who complete an alternate credential, including a GED. For males, the difference is less drastic. Males who do not earn any high school credential only earn \$2,200 less per year than those who earn a high school diploma in four years and only slightly more than those who earn an alternative credential, such as a GED. The relatively low earnings of 4-6 year and late completer males compared to

non-completer males could reflect the fact that the former groups continued pursuing some degree of higher education, sacrificing immediate earnings for long term potential. This would not have been captured during the time span of the NCES study.

The General Equivalency Diploma remains an important option for many young adults. Some individuals have compelling reasons for exiting high school early and other dropouts may be past 22 years of age when they decide that a high school academic credential is valuable to their career path and earning potential. We know that GED recipients earn more than high school dropouts, so it is important to fund and support this alternative credential while continuing to implement policies that will further reduce Arizona’s dropout rate and ensure that as many students as possible are prepared for post-secondary education and 21st century jobs.

Average Annual Earnings by Gender and High School Completion, U.S.



Source: National Center for Education Statistics. Issue Brief: Economic Outcomes of High School Completers and Noncompleters 8 years later, 2006.

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