Pay Now or Pay Later

The Hidden Costs of High School Exit Exams
How much does it cost to carry out a state policy requiring students to pass an exam to receive a high school diploma?” This question is addressed in a new report from the Center on Education Policy. For the past three years, the Center has been tracking the practices and effects of state high school exit exams. Recently, the Center has expanded this work, with the expertise of the school finance group Augenblick, Palaich, and Associates, to include an examination of the costs of high school exit exams.

Pay Now or Pay Later: The Hidden Costs of High School Exit Exams includes original studies of these costs in Indiana, Minnesota, and Massachusetts, as well as a summary of the key findings from this research and lessons for policymakers. These findings include:

- The extra costs of implementing exit exams and helping students to meet the standards set by these exams are considerable. To simply maintain the state’s current level of exit exam performance costs an estimated $171 per student per year in Minnesota, a state with an 8th grade exam; $385 in Massachusetts, a state with a more rigorous 10th grade exam; and $557 in Indiana, a state with a 10th grade exam of average difficulty.

- There are sound ways to lessen the costs of exit exams without pulling back from the requirement. Massachusetts has the most rigorous exit exam system of the three states studied, but its costs are in the middle range. This is probably because the exam is part of a well-integrated state system of standards, assessments, and accountability measures aimed at preventing general academic failure up front—thereby reducing the costs of exam-related remedial services later.

- The direct costs of developing and administering the tests themselves are only a small portion of the total resources associated with implementing an exit exam policy. The bulk of the costs go toward other “hidden” expenses such as remedial services for students who fail, programs to prevent failure, and professional development. These costs are mostly borne by local school districts, frequently by shifting funds from other activities.

- The costs of helping students with disabilities and English language learners (ELLs) pass exit exams are typically underestimated and often overlooked. But these costs are significant, amounting to an extra $26 for each special education student in Minnesota and adding $101 to the overall per pupil costs of the Massachusetts exit exam for both ELL and non-ELL students.

- Expecting higher performance leads to greater resource needs. The costs of exit exams in a given state increase substantially when the state seeks to increase its pass rate on the current exam, raise the cut score for proficient performance, or change the test to a harder one.

A more detailed discussion of these findings and others, as well as our lessons for policymakers, can be found in the full report, which can be downloaded for free in PDF format at our website: www.cep-dc.org. Copies can also be ordered at $10 by phone (202) 822-8065. For questions about this report and its contents, please contact Keith Gayler, associate director, at (202) 822-8065.