

EDUCATION

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## EFP Takeaways

High Bars or Behind Bars? The Effect of Graduation Requirements on Arrest Rates

### *Background*

Following the 1983 report ‘A Nation at Risk’, nearly all states raised the number of courses required for high school graduation, and many implemented exit exams. Prior research has examined academic and labor outcomes of raising graduation requirements, yet only one has examined effects on incarceration rates. It is possible that increasing graduation requirements may both increase human capital and therefore human wages for those who graduate, while simultaneously leading to a lower opportunity cost of crime for those who dropout. In vol. 16 issue 2 of *EFP*, Matthew Larsen utilizes random variation in state policy changes to determine how high school graduation requirements affect arrest rates. Graduation requirement changes examined included changes in the number of required courses as well as the use of exit exams.

### *The Study*

The author estimated a fixed effects model using data from the FBI’s Uniform Crime Report. Though the key variation was at the state-cohort level, data was examined at both a state-cohort and a police agency-cohort level. Data included arrest counts for individuals ages 15-24 between the years of 1980 to 2010, resulting in over 2.6 million data examined. Adjacent cohorts were assumed to be identical apart from their difference in higher graduation requirements. Data on state exit exam requirements came from several editions of the *Education Commission of the States*, *Clearinghouse Notes*, and *the Digest of Education Statistics*.

### *Findings*

Results indicated that on average, increasing graduation requirements decreased arrest rates. Specifically, requiring exit exams decreased arrest rates by approximately 7 percent. Analysis did not reveal significant effects of increasing the number of courses required for graduation. Change in arrest rates came primarily from a decrease in property crimes as well as overall violent crimes, and changes were largest in the poorest counties. There is some evidence that wages increased for students who faced an exit exam, suggesting that arrest rates may be affected through an increase in human capital and learning. The implications of the paper support the use of exit exams for high school graduation.

#### For more details:

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Larsen, M. (2021). High Bars of Behind Bars? The Effect of Graduation Requirements on Arrest Rates. *Education Finance and Policy*, 16(2).