



POLICY BRIEF

2021-22 Retention Outcomes Under Michigan's Read by Grade Three Law

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DISCLAIMER

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This study used data the Michigan Education Research Institute-Michigan Education Data Center (MERI-MEDC) structured and maintained. MEDC data are modified for analysis purposes using rules governed by MEDC and are not identical to those data that MDE or CEPI collects and maintains. Results, information, and opinions solely represent the author(s) and are not endorsed by, nor reflect the views or positions of, grantors, MDE and CEPI, or any employee thereof. All errors are our own.



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Introduction

In 2016, Michigan enacted the Read by Grade Three Law with the aim of enhancing literacy skills among students in grades K-3. This law comprises a range of resources and interventions, including mandatory grade retention of third graders. Starting in 2021, districts must retain students who fail to meet the state standard for reading proficiency as determined by Michigan's ELA M-STEP evaluation administered at the end of the third grade. The Michigan Department of Education collaborated with a panel of experts to establish a specific threshold on the third-grade ELA M-STEP that would trigger eligibility for retention. Students at risk of retention may be exempted if they qualify for one of six good cause exemptions, including students with IEPs or 504 Plans as well as students who demonstrate proficiency in other subject areas through an alternative assessment or portfolio of work.¹

The mandatory retention provision in the Read by Grade Three Law has sparked substantial controversy, as the potential benefits and costs of retention on both academic and non-academic outcomes are unclear. Recent research on retention's effectiveness reveals a mixed picture, with an average finding of no effect on student achievement.² While some studies suggest that retention can have a positive and lasting effect on academic achievement,³ others have found no effect or even an increase in future suspensions and criminal activity.⁴

Michigan lawmakers repealed the mandatory retention requirement in March 2023, effective April 2024.⁵ This decision was made after years of opposition from educators and advocates who argued that retention could harm students' long-term academic prospects and lead to adverse social and emotional outcomes. The revised Law still aims to promote early literacy by requiring schools to identify students "with a reading deficiency" and provide them with targeted interventions and support, but it no longer mandates that students be retained solely based on their performance on a single assessment.

In 2021, the first year of retention's implementation, approximately 5% of third-grade students who took the M-STEP, or 3,440 students, were eligible for retention. Of those retention-eligible

students, only 5%, or 175 students, were actually retained, and the other 95% were promoted to fourth grade through good cause exemptions. However, as we show in our previous [policy brief](#) and [working paper](#), the policy's effect was not uniform; retention disproportionately affected economically disadvantaged students.

This policy brief updates our prior analysis by analyzing the implementation of the Read by Grade Three Law's retention requirement in 2021-22, the second year in which the retention element of the Law was in place. First, we use regressions to predict which students are more likely to be retained based on various factors. Second, we compare the retention rates of students just above and below the eligibility threshold in a regression discontinuity design. Our

analysis aims to identify whether there have been changes in how the Law was implemented across students' economic disadvantaged status relative to 2020-21 and if certain groups of students are still disproportionately affected.

Retention-eligible economically disadvantaged students were four percentage points more likely to be retained than their wealthier peers.

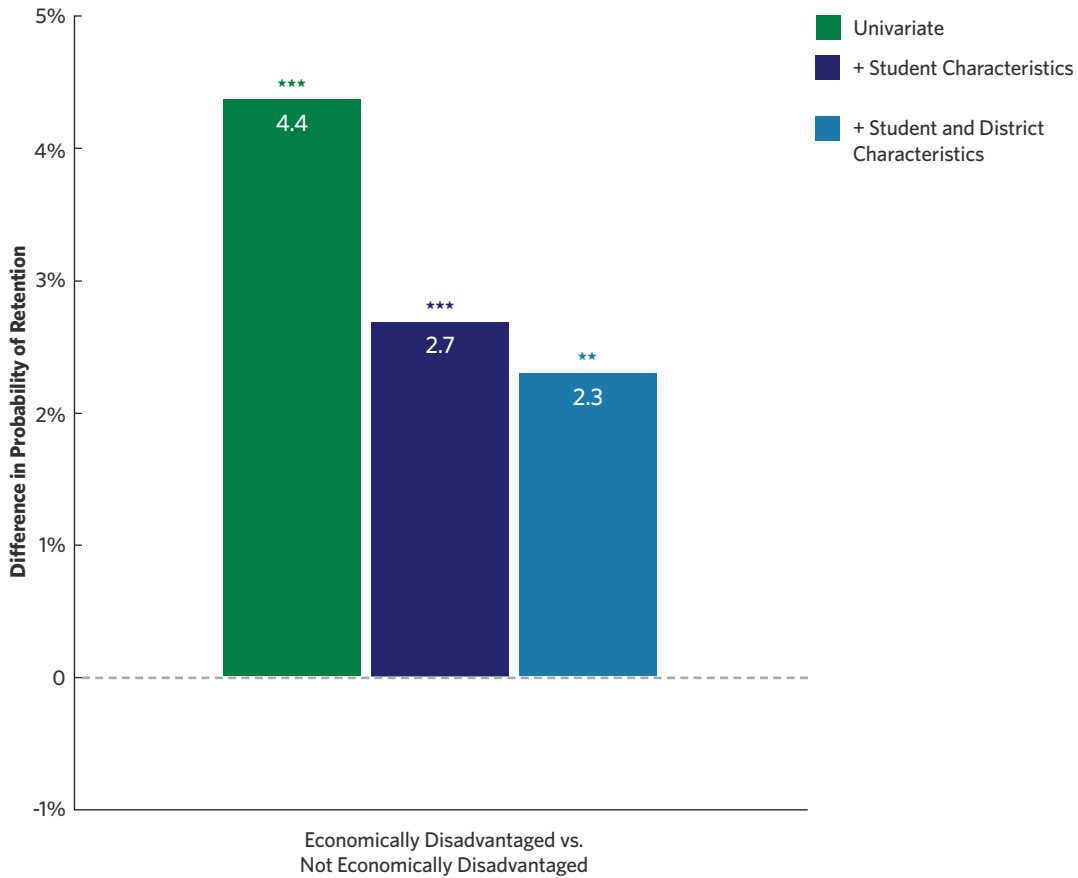
FINDINGS

There was a substantial increase in the number of 3rd-grade students who were retention-eligible and retained in 2021-22 relative to the previous year. In 2022, retention-eligibility rates increased to 6% of tested students, or 5,680 students, and districts retained 6.5% of eligible students, or 371 students, representing a 20% increase in eligibility and a 30% increase in retention from 2020-21.

Figure 1 shows that, similar to 2020-21, **retention-eligible economically disadvantaged students were four percentage points more likely to be retained than their wealthier peers** (green bar). When controlling for student characteristics, including factors that qualify students for exemptions and math and ELA M-STEP scores, shown in the dark blue bar, the disparities persist. Even once we control for both student and district characteristics, as shown in the light blue bar, economically disadvantaged students are still more likely to be retained

than their higher income peers. This indicates that **eligible economically disadvantaged students continue to be at a higher risk of retention compared to their wealthier peers, even after controlling for other factors.**

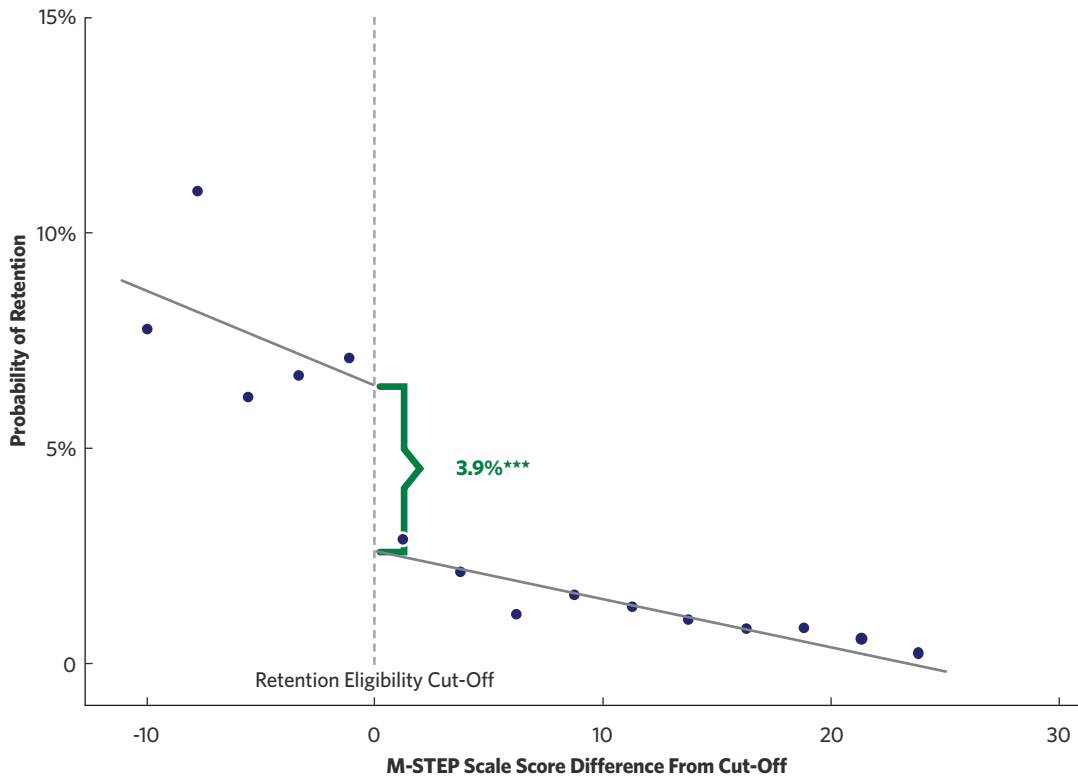
FIGURE 1. Differences in Retention Rates Across Student Subgroups



*Note: Green bars represent estimates from separate univariate regressions; dark blue bars are from a single regression including controls for gender, race, economic disadvantage status, exemption characteristics, and ELA and math M-STEP scores; light blue bars are from a single regression with the same covariates plus controls for district characteristics. Standard errors are heteroskedasticity-robust and clustered at the district level. + $p < 0.1$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$*

To isolate the causal effect of retention eligibility on actual student retention, we compare the retention outcomes of students who scored just above and just below the retention-eligibility cut-off. These two groups are similar in their ELA achievement, with their M-STEP scores differing only by a few points around the cut-point. Figure 2 shows that **students who are just eligible for retention, scoring slightly below the cut-off, are approximately four percentage points more likely to be retained than their peers who narrowly avoided eligibility by scoring just above the cut-off.** This finding is consistent with the previous year's results, indicating that the retention requirement still directly influences retention decisions for some students.

FIGURE 2. The Effects of Retention Eligibility on Actual Retention



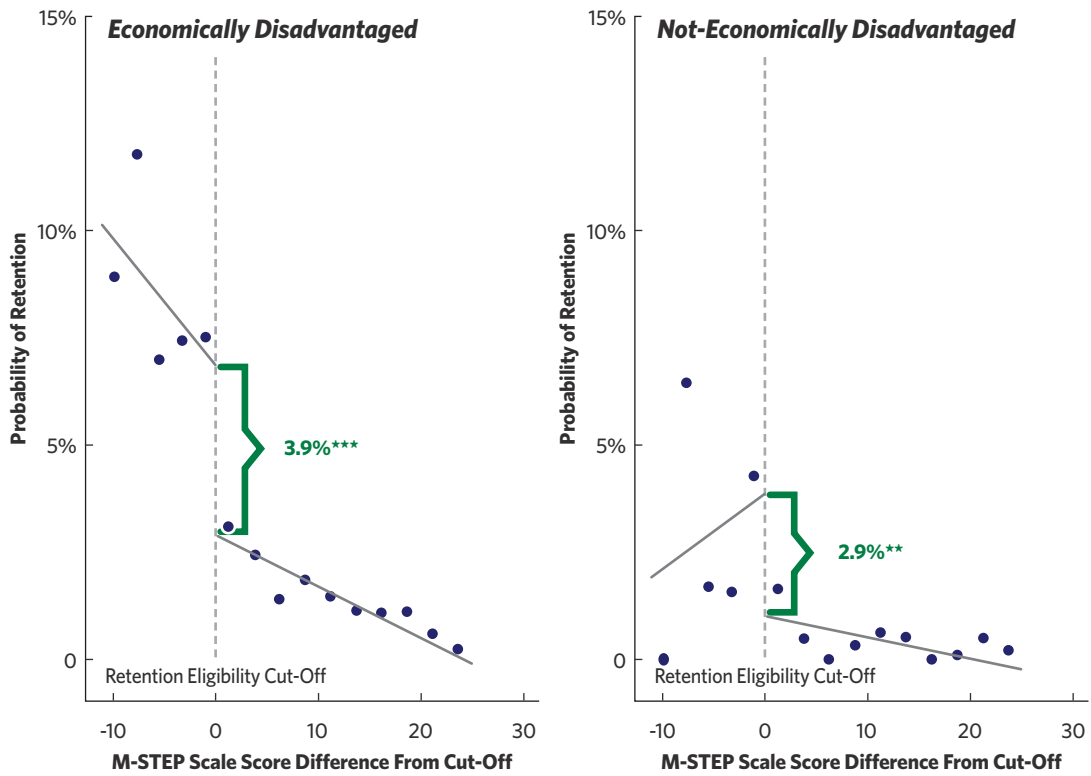
Note: The vertical line indicates the retention-eligibility threshold of 1252 scale score on the third-grade 2021-22 ELA M-STEP. There is one dot for each scale score. + $p < 0.1$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

To determine whether economically disadvantaged retention-eligible students are more likely to be retained than their non-economically disadvantaged retention-eligible peers, we examine students separately by their economic disadvantage status. Panels A and B of Figure 3 illustrate that **both retention-eligible economically disadvantaged students and their wealthier counterparts are significantly more likely to be retained than students scoring just above the cut-off and, therefore, not eligible for retention.** However, retention eligibility has a slightly greater effect on economically disadvantaged students (3.9 percentage points) than on their wealthier peers (2.9 percentage points).

These patterns in retention implementation differ from those in 2020-21. Last year, the increase in the likelihood of retention for retention-eligible students was driven almost entirely by economically disadvantaged students; higher-income retention-eligible students who scored just below the cut-point were virtually no more likely to be retained than their peers who scored just above the cut-point. In contrast, in 2021-22, both economically disadvantaged retention-eligible students and their wealthier counterparts were more likely to be retained, with economically disadvantaged retention-eligible students being one percentage point more likely to be retained than non-economically retention-eligible students relative to their peers who scored just above the retention cut-point. However, wealthier students have lower baseline retention rates. This

means that the proportional effect of retention eligibility is greater for wealthier students than economically disadvantaged students. In fact, **retention eligibility increased retention rates for economically disadvantaged students by 34% and for wealthier students by 90% relative to their peers who just avoided eligibility.** Overall, these differences across years suggest that retention decisions may be implemented more equitably for students of different economic disadvantage statuses.

FIGURE 3. The Effects of Retention Eligibility on Actual Retention by Economic Disadvantage Status



Note: The vertical line indicates the retention-eligibility threshold of 1252 scale score on the third-grade 2021-22 ELA M-STEP. There is one dot for each scale score. + $p < 0.1$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

CONCLUSION

While relatively few students were eligible for retention and retained under the Read by Grade Three Law in either 2020-21 or 2021-22, substantially more students were eligible and retained in 2021-22 than in the prior year. Economically disadvantaged students were disproportionately affected, but the equity gap in retention decisions between them and their wealthier peers appears to have narrowed. In striking contrast to last year, non-economically disadvantaged retention-eligible students are more likely to be retained than their peers who just avoided eligibility. This may suggest that retention decisions are being implemented more equitably.

ENDNOTES

- 1 Good cause exemptions enable districts to promote retention-eligible students to the fourth grade if they fall within one or more of the following categories: 1) English learners with fewer than three years of English language instruction; 2) students with disabilities (i.e., those with an Individualized Education Program [IEP] or Section 504 Plan); 3) students who were previously retained and received intensive reading interventions for two or more years; 4) students who have been enrolled in their current district for less than two years and were not provided with an appropriate individual reading improvement plan (IRIP); 5) students who demonstrated proficiency in other subject areas or through an alternative assessment or portfolio of work; and 6) students whose parents or guardians requested an exemption, provided that their superintendent agrees that retention is not in the best interest of the student.
- 2 Goos, M., Pipa, J., & Peixoto, F. (2021). Effectiveness of grade retention: A systematic review and meta-analysis. *Educational Research Review*, 34, 100401. <https://doi.org/10.1016/j.edurev.2021.100401>
- 3 Hwang, N., & Koedel, C. (2022). *Holding back to move forward: The effects of retention in the third grade on student outcomes*. In EdWorkingPaper: 22-688. Annenberg Institute at Brown University. <https://www.edworkingpapers.com/ai22-688>; Schwerdt, G., West, M. R., & Winters, M. A. (2017). The effects of test-based retention on student outcomes over time: Regression discontinuity evidence from Florida. *Journal of Public Economics*, 152(C), 154-169. <https://doi.org/10.1016/j.jpubeco.2017.06.004>; Winters, M. A., & Greene, J. P. (2012). The medium-run effects of Florida's test-based promotion policy. *Education Finance and Policy*, 7(3), 305-330. https://doi.org/10.1162/EDFP_a_00069
- 4 Eren, O., Lovenheim, M. F., & Mocan, H. N. (2022). The effect of grade retention on adult crime: Evidence from a test-based promotion policy. *Journal of Labor Economics*, 40(2). <https://doi.org/10.1086/715836>; Ozek, U. (2015). Hold back to move forward? Early grade retention and student misbehavior. *Education Finance and Policy*, 10(3), 350-377. <https://direct.mit.edu/edfp/article/10/3/350-377/10232>; Weiss, S., Stallings, D. T., & Porter, S. (2018). *Is Read to Achieve making the grade? An assessment of North Carolina's elementary reading proficiency initiative*. North Carolina State University College of Education. <https://www-data.fi.ncsu.edu/wp-content/uploads/2021/02/01122551/RtA2018Reportv6.pdf>
- 5 *Michigan House Introduced Bill 4020*, 102nd Legislative Session (2023). <http://www.legislature.mi.gov/documents/2023-2024/billintroduced/House/pdf/2023-HIB-4020.pdf>



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