Labor Market Returns to “Some College”
The CAPSEE Consensus

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Returns to BAs are Plenty High

Lifetime earnings gain
BA completer over high school graduate
(PV net of college costs) = $425,000

Data: NLSY79, SIPP, IRS, CPS, ACS. Sources: Agan (2013); Tamborini et al. (2015); Kim et al. (2015); Mitchell (2014); Barrow & Malamud (2015); Avery and Turner (2010); Webber (2014); Herschbein & Kearney (2014); Barrow & Rouse (2005).
Identifying Labor Market Returns for Community College Students

Matched data:
- **Full transcripts** at first college from state-wide systems
- **Durations/awards at transfer colleges** from National Student Clearinghouse
- **Quarterly earnings pre-in-post college** from UI records
  States: AR, CA, CO, FL, KY, MI, OH, TX, VA, WA

Methods:
- **Individual fixed effects** over period pre-in-post college controlling for personal, college, financial attributes
Earnings Trajectories: Community College Starters

Quarterly Earnings

Associate degree
Earnings Trajectories: Community College Starters

Quarterly Earnings

-12 -8 -4 0 4 8 12 16 20 24 28 32 36 40 44

Associate degree

Non-completer
Earnings Trajectories: Community College Starters

Quarterly Earnings

-12 -8 -4 0 4 8 12 16 20 24 28 32 36 40 44

Associate degree

Average of these gaps \( \alpha \)

Non-completer
1. Earnings gains for Associate degrees over non-completion of college are high, durable, consistent and robust.
Quarterly Earnings 5-10 Years Post College Entry
Associate Degree Gains over Non-completer

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</table>

Quarterly earnings ≈ $6,500
Average gain α + $1,790

Quarterly earnings ≈ $7,200
Average gain α + $1,160
2. Earnings gains to **Certificates** are positive, but varied and temporary
Earnings Trajectories: Community College Starters

Quarterly Earnings

Certificate?

Non-completer
Earnings Trajectories: Community College Starters

Quarterly Earnings

Certificate?

Certificate?

Non-completer
Earnings Trajectories: Community College Starters

Quarterly Earnings

Certificate?

Certificate?

Non-completer
Quarterly Earnings 5-10 Years Post College Entry Certificate Gains over Non-completer

- **Quarterly earnings** ≈ $6,500
- Average gain $\alpha$ + $\approx$ $740$

- **Quarterly earnings** ≈ $7,200
- Average gain $\alpha$ + $\approx$ $530$

States:
- Arkansas
- California
- Michigan
- Ohio
- North Carolina
- Virginia
- Washington
3.
Returns to credits are mostly evident, ~ monotonic but indicate some sheepskin effect.
Quarterly Earnings Gain by Credit 8 years after college entry (VA/NC)
4. Returns to health and vocational awards are especially strong
Returns to health fields are strong

**Associate degrees in Arts** have very low relative and absolute returns

Almost every study finds **highest earnings gains** in health / nursing fields for degrees and certificates
5. Returns are broadly incremental
Incremental quarterly earnings gains over zero credit enrollees

Male/Female

NC, Liu et al. (2015)
Returns to College: **Features**

Associate degree holders:

- **Faster decline in earnings** on entering college
- **Opportunity cost** while attending college (reduced labor force participation) is **low**
- **Accumulate** on average **70+ credits** (not 60); non-completers have 20
- **Returns grow** over longer window
Returns to College: **Key Caveats**?

- **Marginal students** (low GPA, remedial) have earnings gains for degrees close to average.

- **Around Great Recession**, no compression in earnings gaps by education level; but earnings lower for all skill levels.

- **IT technology slowdown** "may" have halted growth in gaps.
CAPSEE Consensus

Positive earnings gains to “some college”:
• Especially in vocational fields
• Incremental across amounts/quality
• Robust across method, dataset, time
• Responsive to macroeconomic trends

CAPSEE constant: Associate degree +$1,500 per quarter

CAPSEE conundrum: Why don’t more students finish?
Visit our website at capseecenter.org

You can also follow us on Twitter at @capsee and like us on Facebook.

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Mid1990s surge in IT-related productivity, since then technology slowdown
Employment shares becoming more educated

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<tr>
<th>Year</th>
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<td>2015</td>
<td>33</td>
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Valletta (2015)
Earnings gains college for college graduates over HS graduates shot up, then flattened.
"the solution... Just get the right degree, and you're off and running... That common view is simply wrong"

"colleges are happy to assure... they can get these young students the skills that will lead to good careers... we do not know whether their assurances are credible"

"many [students]... would have been better off financially by not going at all"

"a lot of judgment calls are required to get a good outcome from college"

"Will employers actually value the increasingly vocational skills in programs like health care administration or construction management? The evidence we will see shortly suggests they probably don't"

Cappelli, Will College Pay Off?