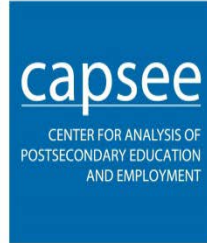


# 2017 CAPSEE CONFERENCE

MAKING THE RIGHT INVESTMENTS IN COLLEGE



## Labor Market Returns to “Some College” The CAPSEE Consensus

**Clive Belfield**  
Queens College  
City University of New York;  
CAPSEE

# 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).

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# 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

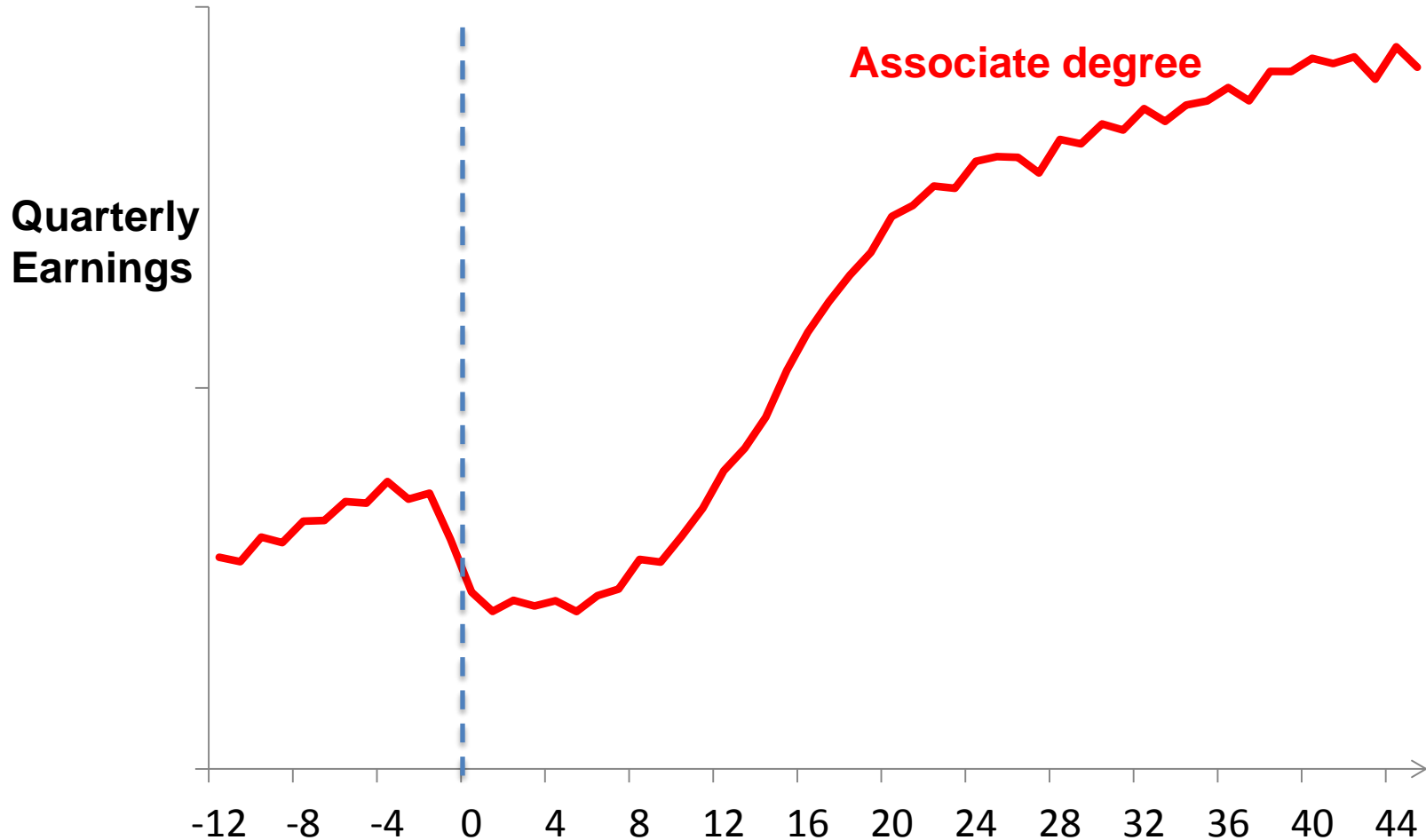
**Quarterly earnings pre-in-post college** from UI records

States: AR, CA, CO, FL, KY, MI, OH, TX, VA, WA

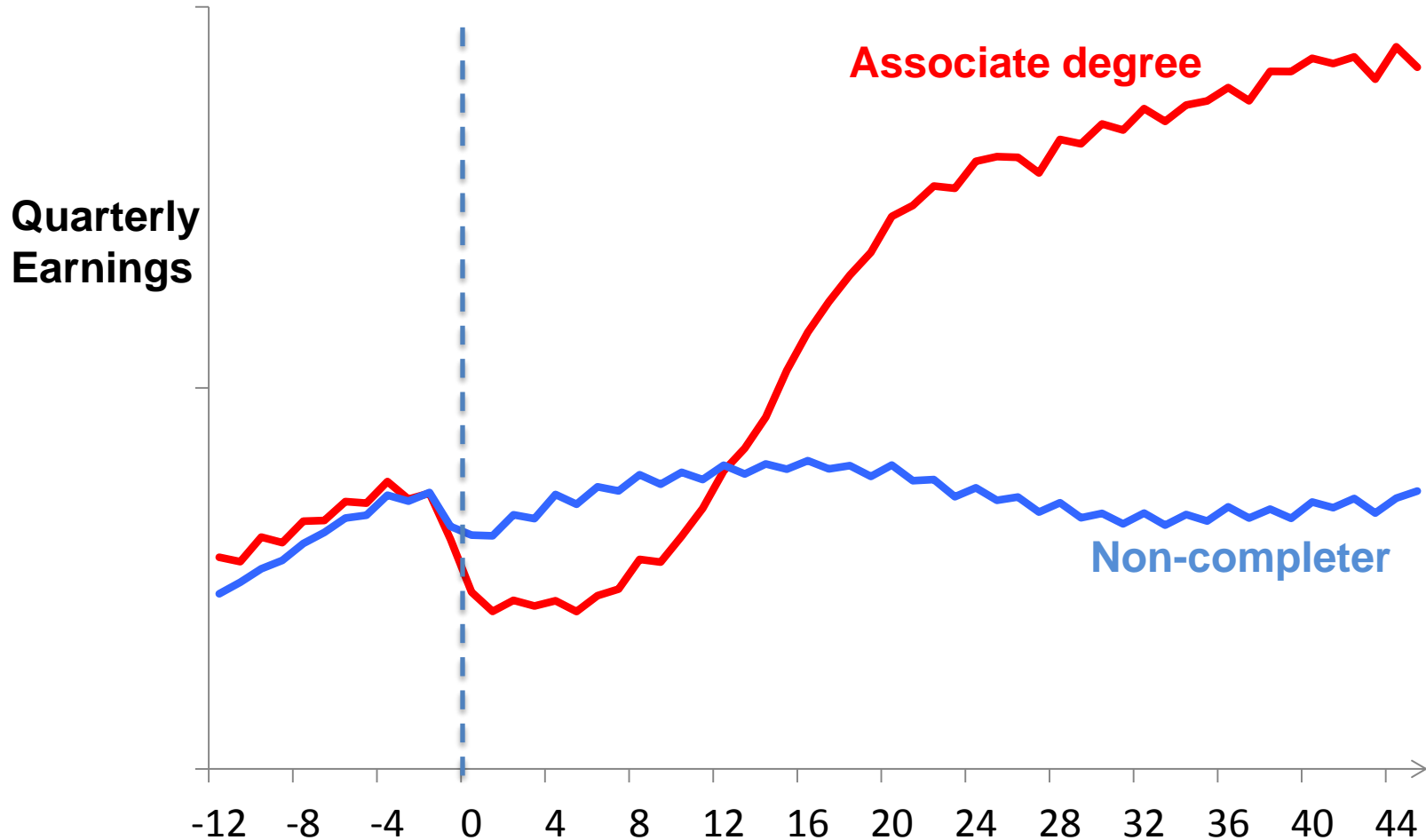
## Methods:

**Individual fixed effects** over period pre-in-post college controlling for personal, college, financial attributes

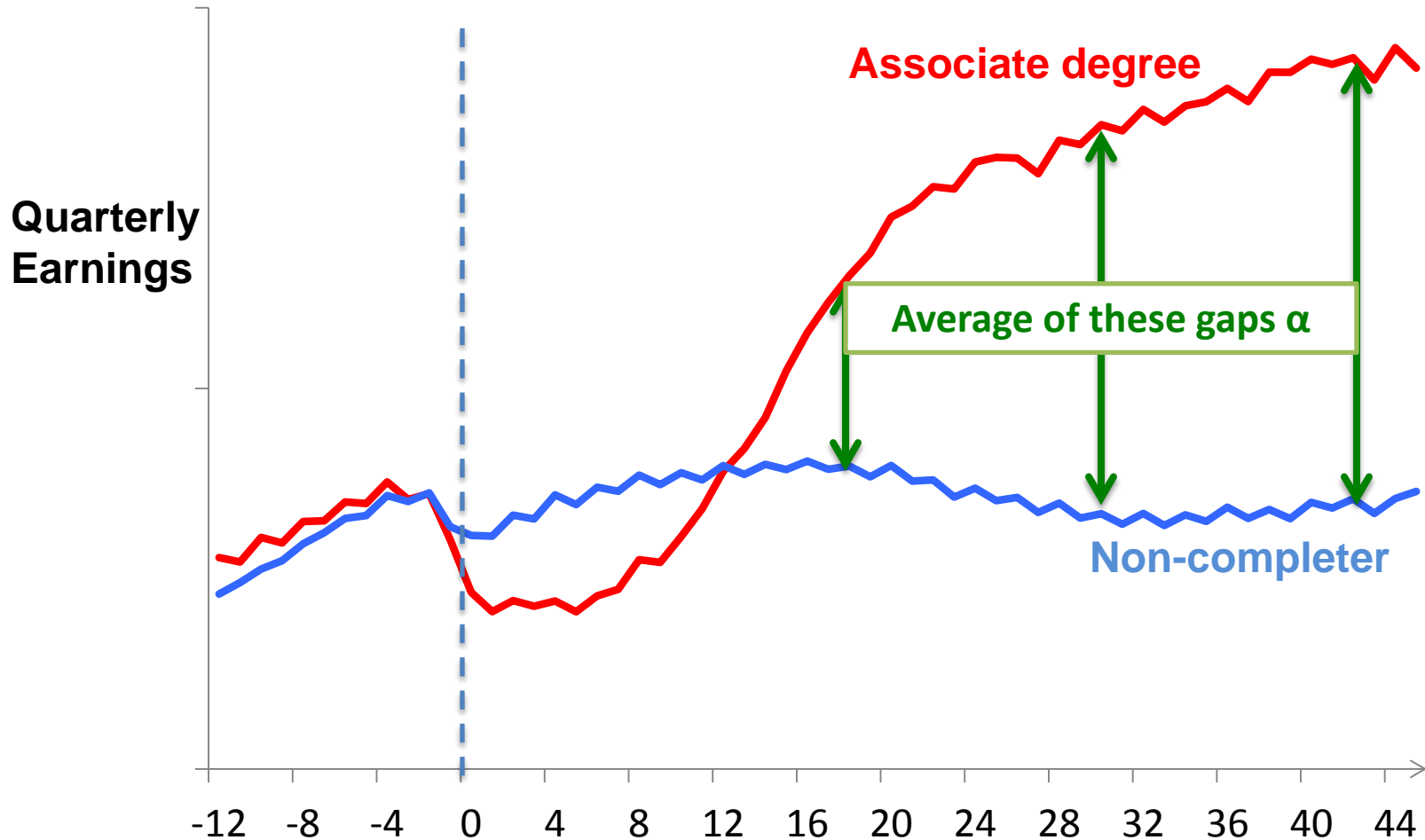
# Earnings Trajectories: Community College Starters



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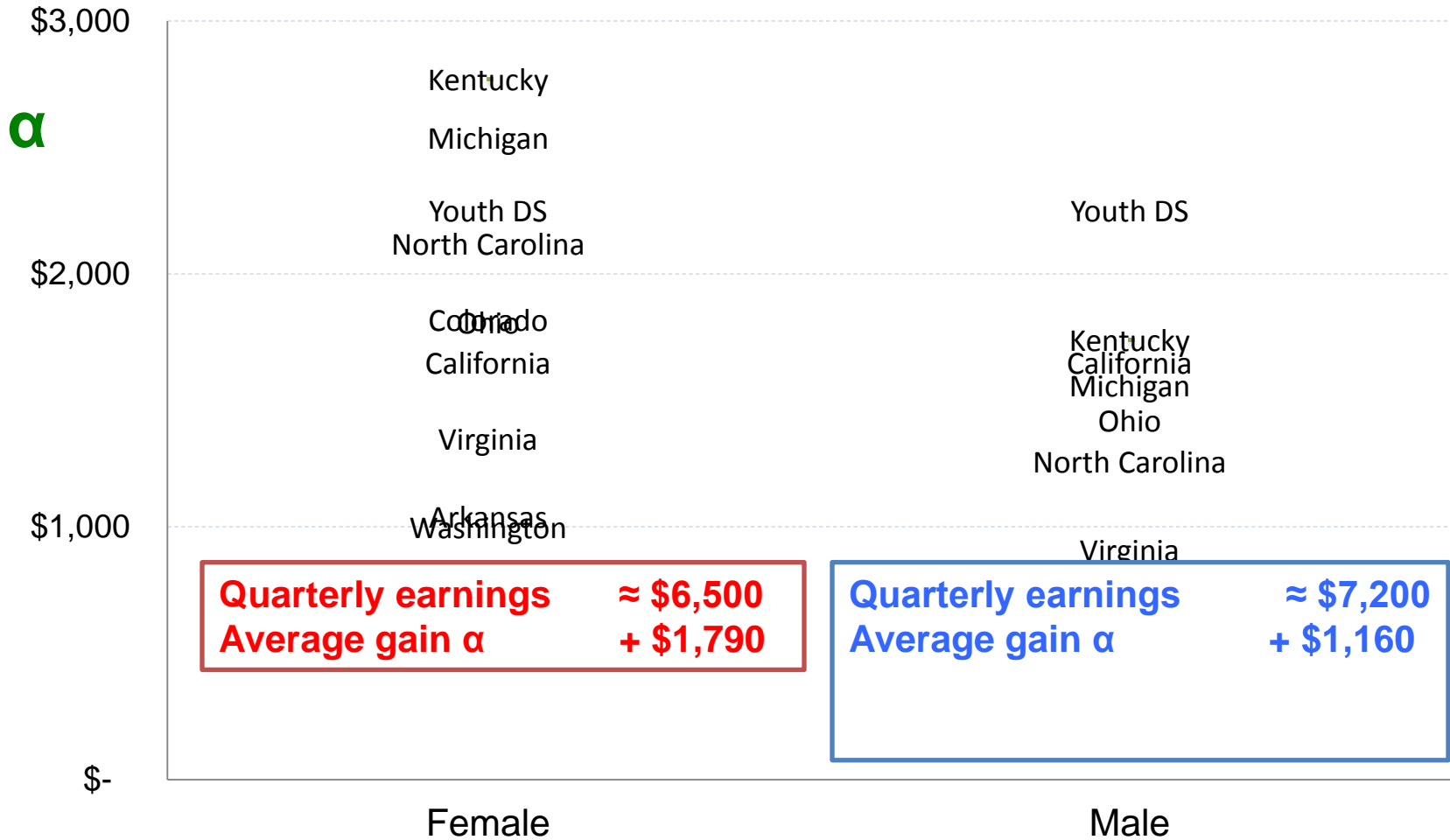
# Earnings Trajectories: Community College Starters



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

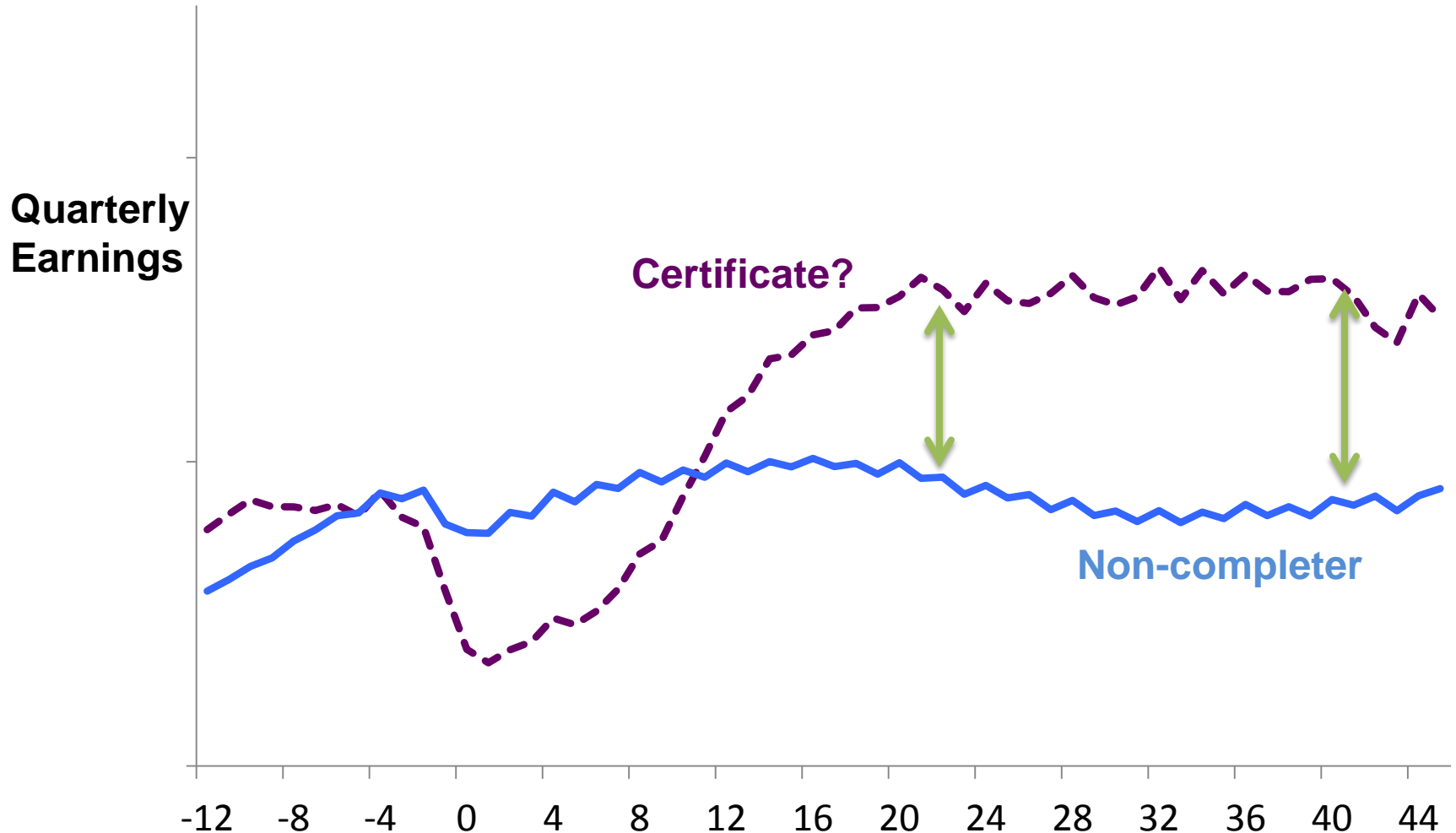




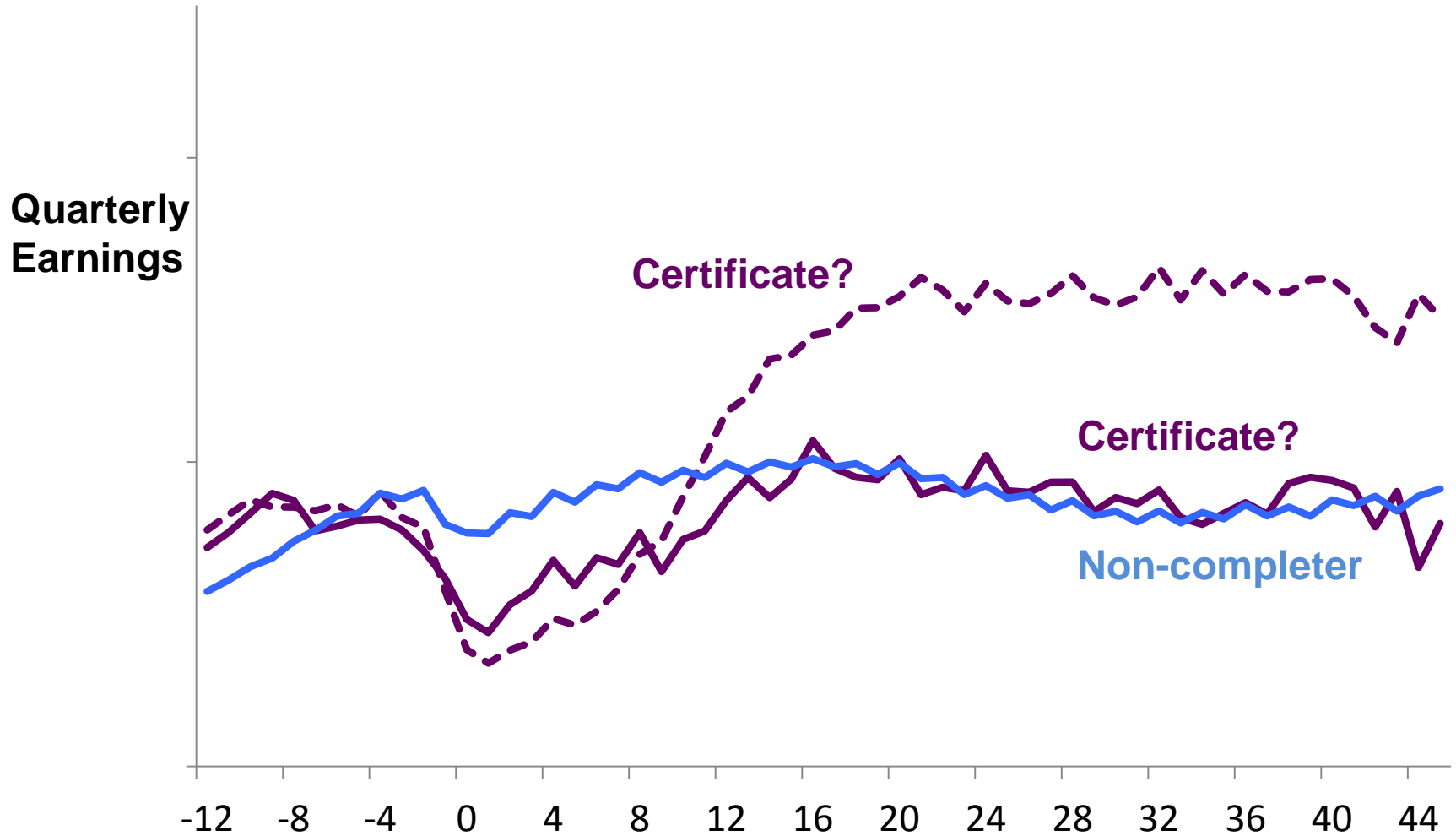
**2.**

**Earnings gains to Certificates are positive, but varied and temporary**

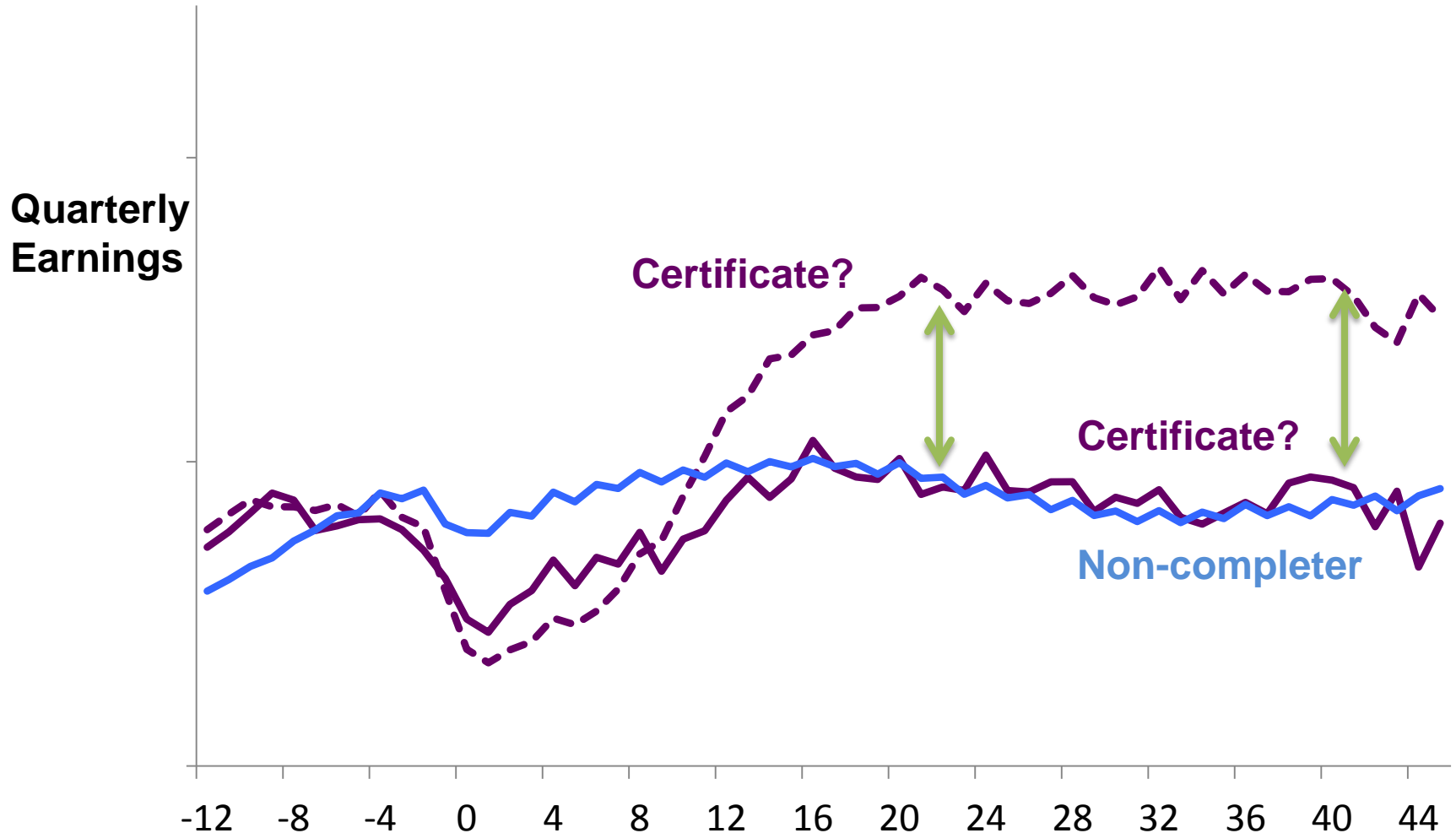
# Earnings Trajectories: Community College Starters



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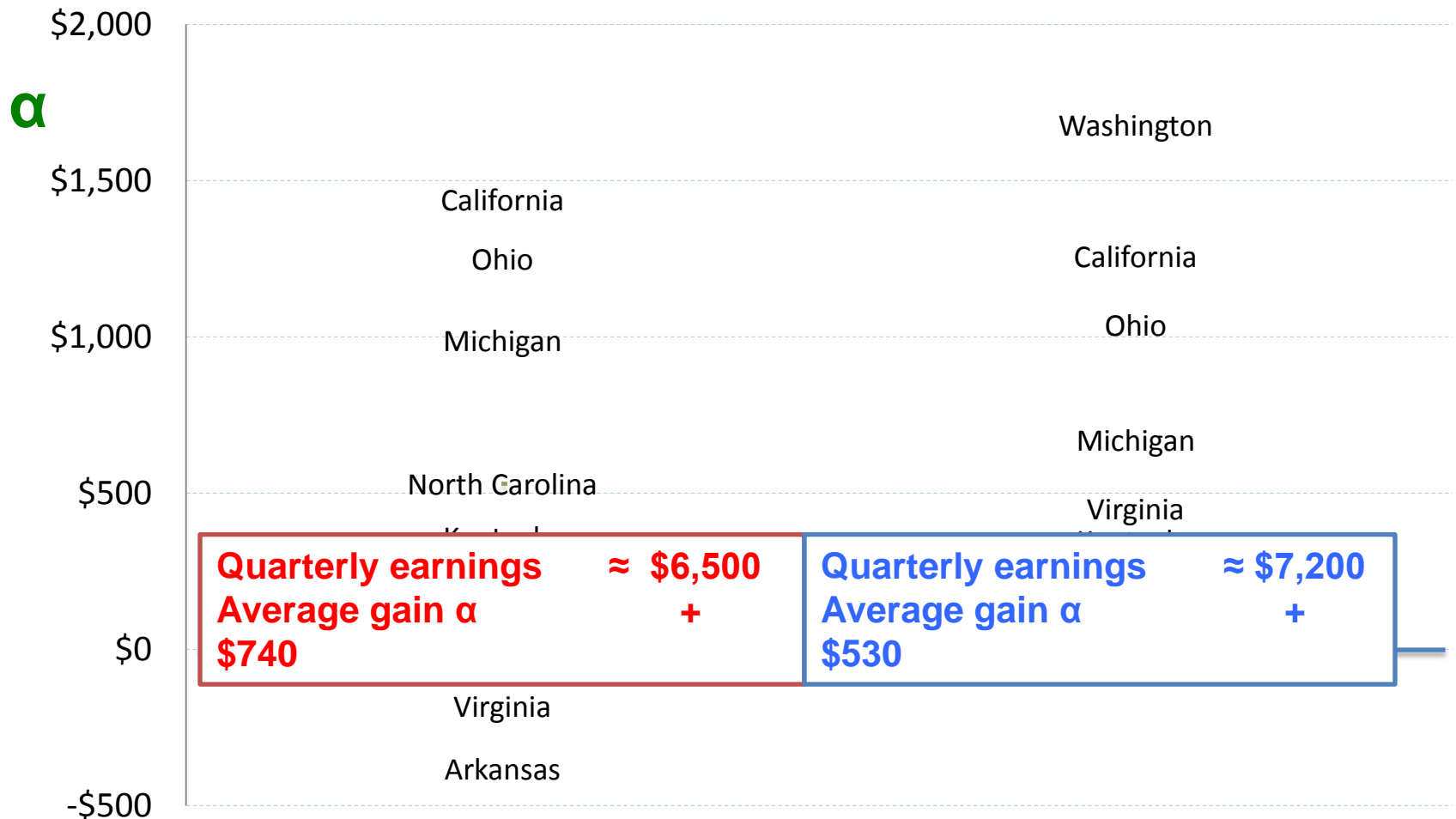


# Earnings Trajectories: Community College Starters



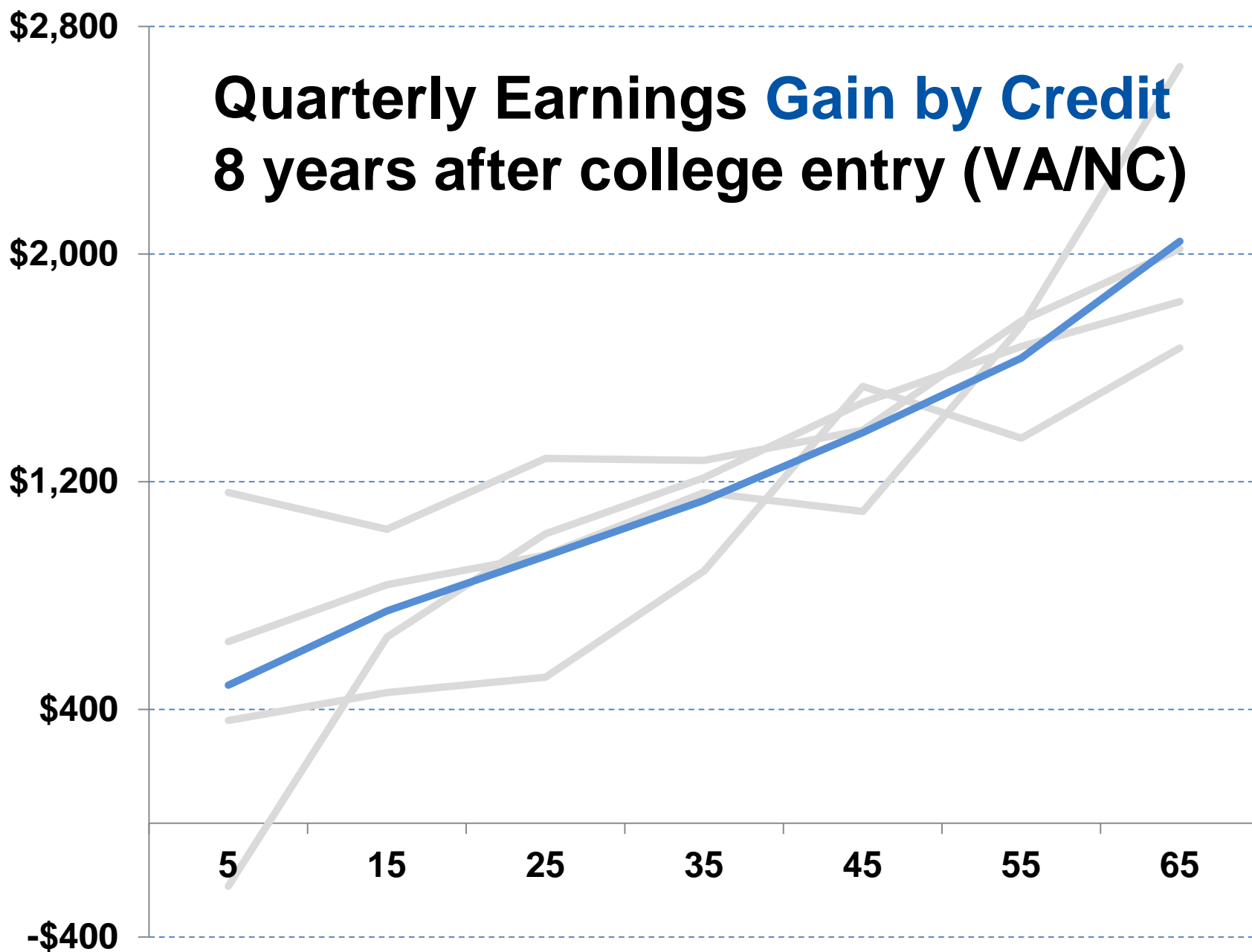
# Quarterly Earnings 5-10 Years Post College Entry

## Certificate Gains over Non-completer



**3.**

**Returns to credits are mostly evident, ~ monotonic but indicate some sheepskin effect**



**4.**

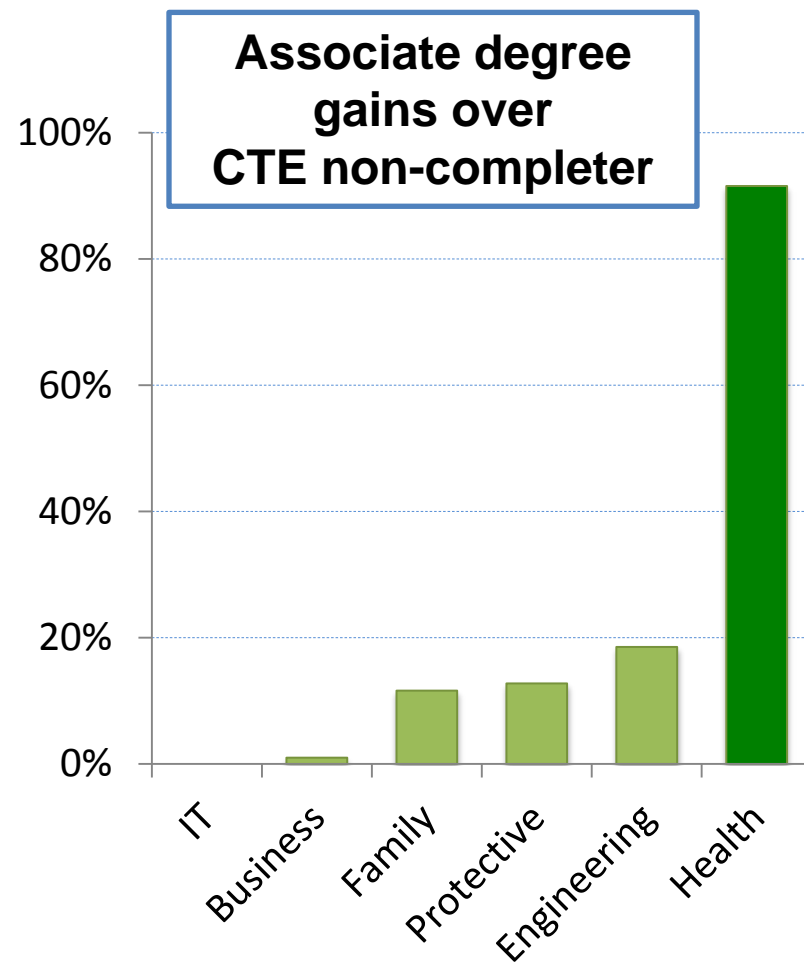
**Returns to health and vocational awards are especially strong**



# 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

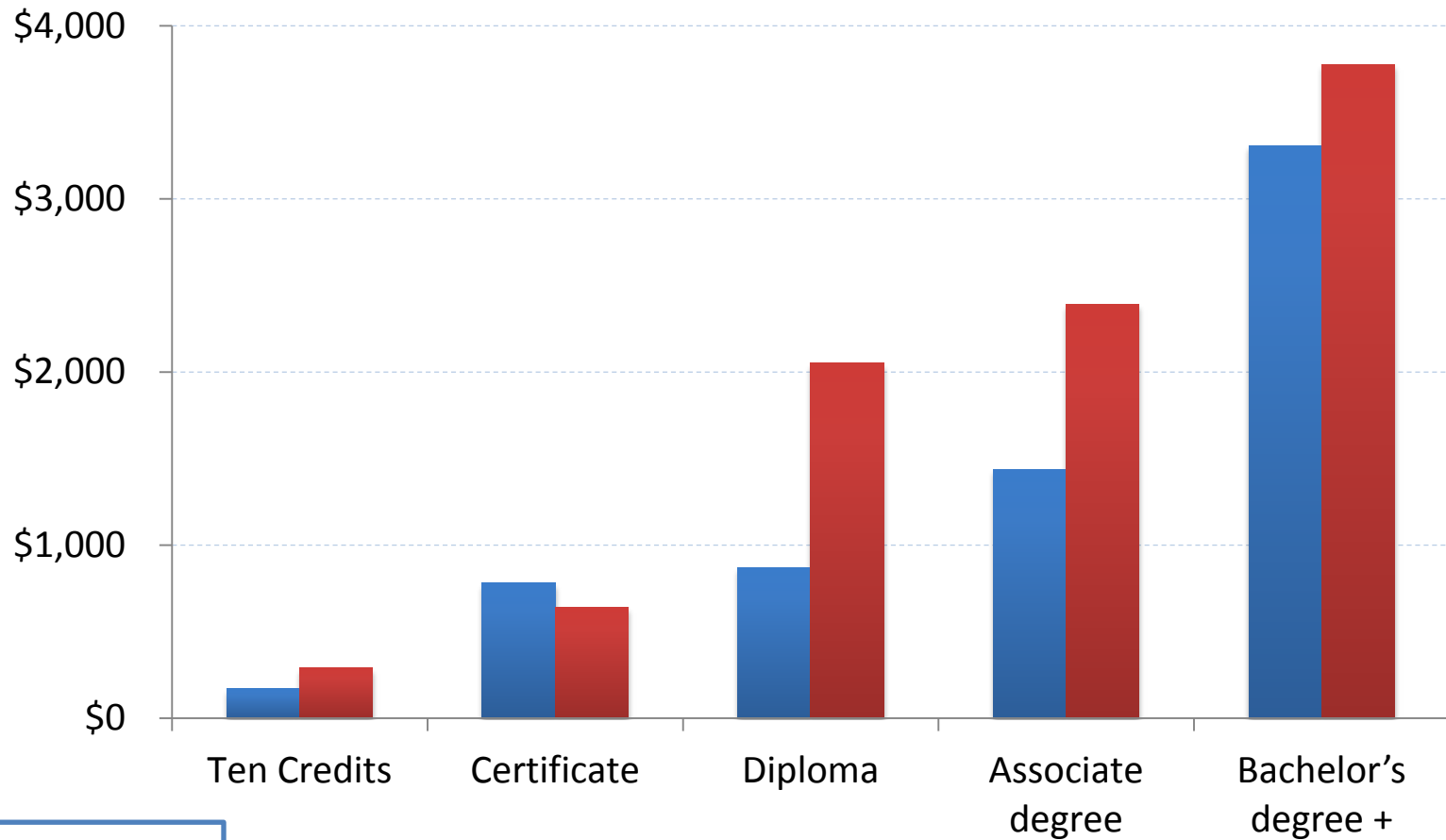


**5.**

**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](http://capseecenter.org)**

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**Center for Analysis of Postsecondary Education and Employment  
Teachers College, Columbia University**

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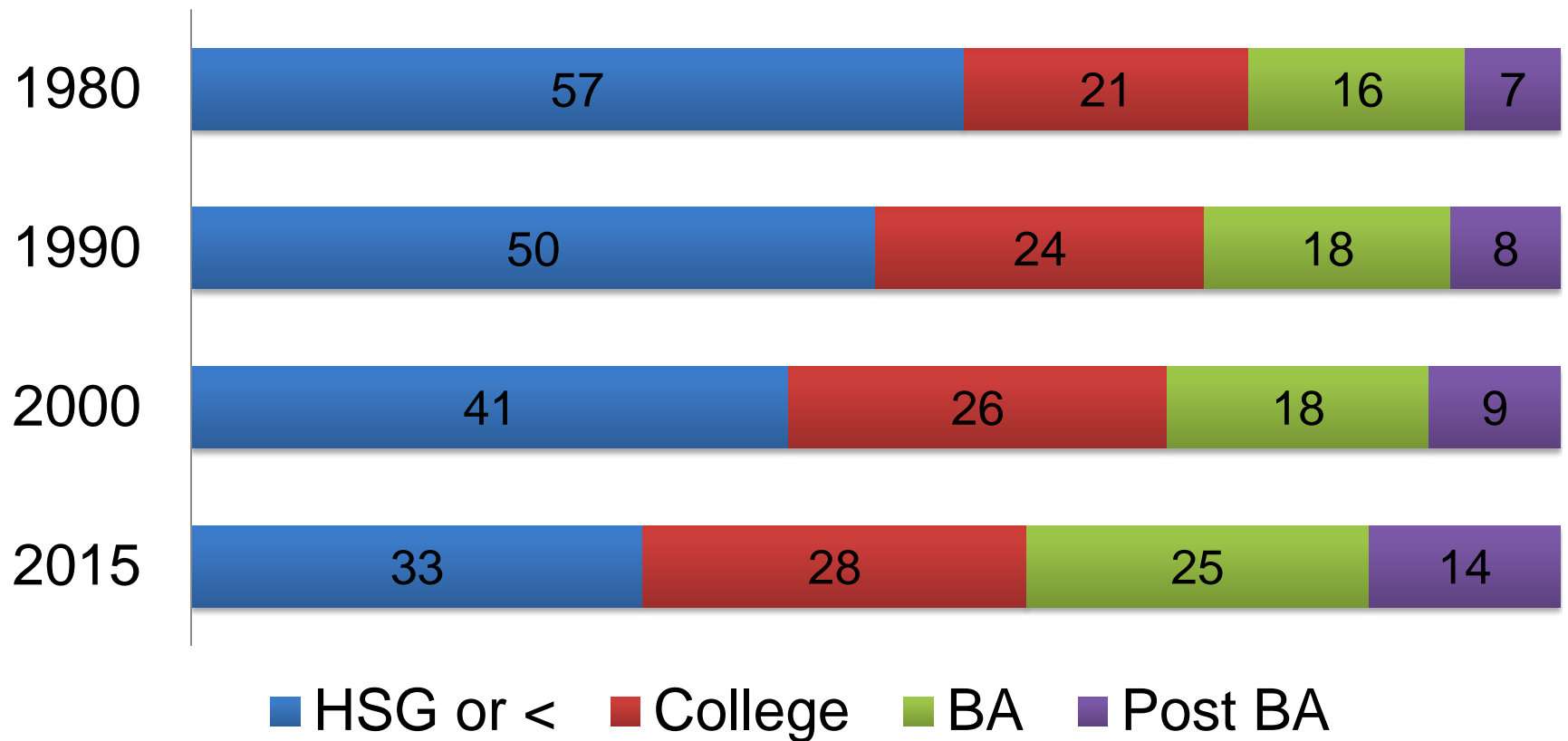
TEL: 212.678.3091 | [capsee@columbia.edu](mailto:capsee@columbia.edu)

**Mid1990s surge** in IT-related productivity, since then **technology slowdown**

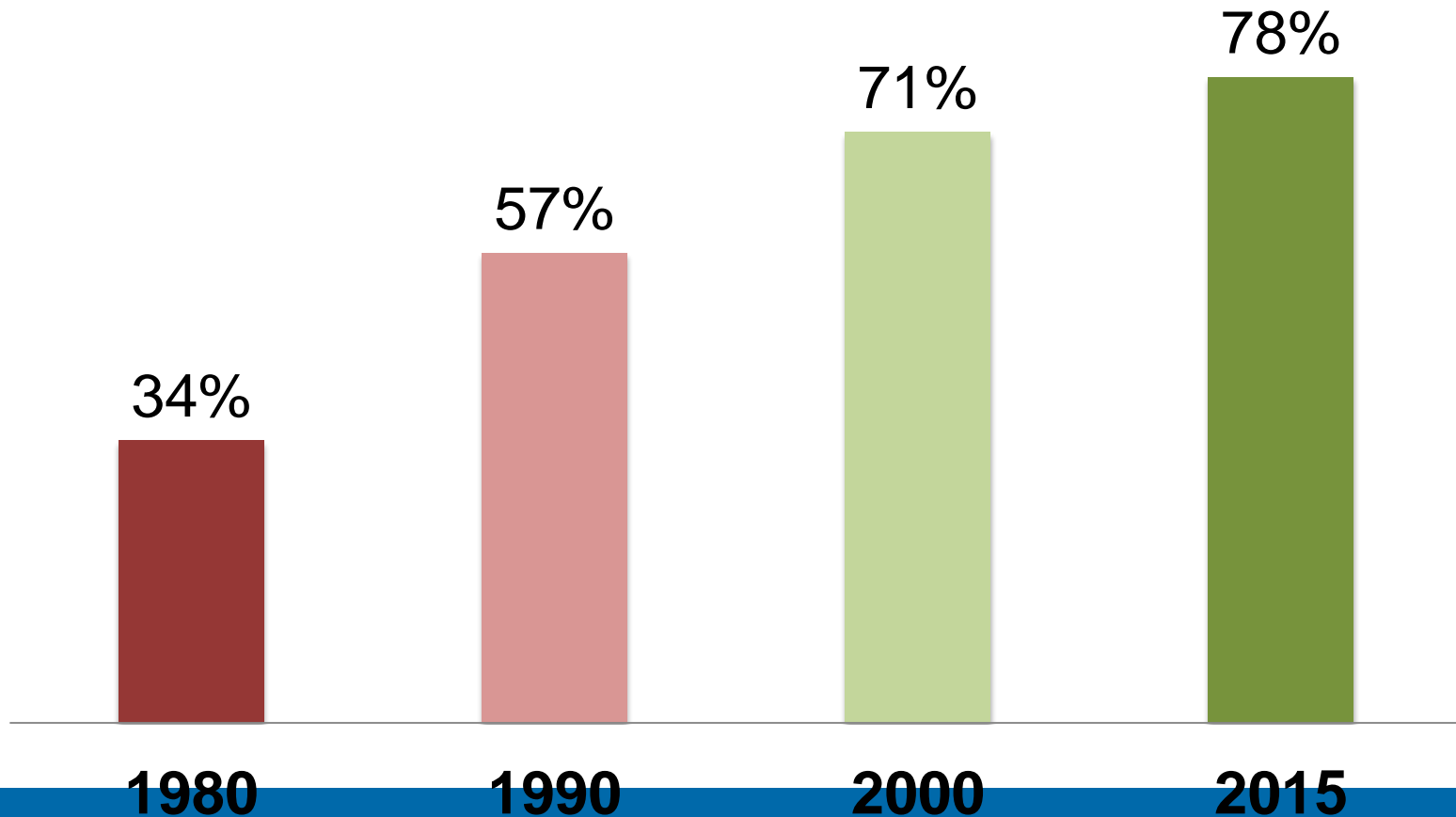




# Employment shares becoming more educated



# 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?*