

Is It Worth It? Postsecondary Education and Labor Market Outcomes for the Disadvantaged

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Good and Bad News on Higher Education and Job Market for the Disadvantaged

Good News:

- Strong average returns to higher education
- Large impacts on mobility for degree attainers
- High enrollment rates

Bad News:

- Growing socioeconomic gaps over time in attainment
- Large completion gaps among enrollees
- Below-average earnings for some
- Weak job market from great recession/debt burdens

Research Evidence to Date

- Mostly from survey data – CPS, SIPP, NELS, NLSY; also IPEDS institutional data
- Determinants of low attainment and completion: K-12 preparation, financial costs, imperfect information, family obligations, institutional quality

New Source of Data: Administrative Records of States

- Postsecondary and UI earnings data (and K-12 in some states)
- Great detail on courses taken, grades, credits attainment, fields of study chosen, completion, earnings (before, during, and after higher education)

This Paper: FL Data from CALDER

- Cohorts: 10th and 8th graders in 1997-98
- K-12 grades and FCAT (achievement) scores – control for usually unobserved ability
- Follow for 5 years after school in labor market
- Variables: Demographics (race/gender, FRL), FCAT/HS Grades, field of study, courses taken, grades, credits, postsecondary awards and earnings at public colleges (2-year and 4-year; certificate, AA and BA)

Analysis Plan

Between v. Within Achievement Group Gaps:

- Educational Attainment, Enrollment, Completion
- Fields of Study (enrollment and completion)
- Earnings

Summary Statistics and Multiple Regressions

Earnings and Education: Final Outcomes

- Earnings, (Low) Higher Education Completion and Attainment
- Gaps by Race/Ethnicity, Gender, FRL:

| | College Degree Attainment | | | |
|-----|----------------------------------|----------|------------|----------|
| | non-FRL | | FRL | |
| | M | F | M | F |
| AA | .15 | .22 | .09 | .15 |
| BA+ | .19 | .30 | .07 | .13 |
| TOT | .34 | .52 | .16 | .28 |

Earnings and Education: Intermediate Outcomes

- HS Outcomes (Grades, FCAT)
- Postsecondary gpa, credits, math/science courses completed
- Labor Market: Quarters of experience and tenure
- Gaps by Race/Ethnicity, Gender, FRL

FCAT Quartiles: Between and Within

- Large gaps in all outcomes *between* quartiles – selection effects (Self- and Other-)
- Gaps *within* quartiles by race/gender, FRL – especially in completion, earnings

College Degree Attainment, Top Quartile

| | non-FRL | FRL |
|-----|---------|-----|
| AA | .23 | .21 |
| BA+ | .48 | .30 |
| TOT | .71 | .51 |

Fields of Study: Enrollment and Completion Rates

- Certificate: Construction and Manufacturing, Health (Tech and other), Security, Engineering
- AA: Health, Legal, Business, Engineering, Social Science, Humanities (Liberal Studies)
- BA: Business, Education, Engineering, Health, Math/Statistics/Sciences, Social Sciences, Humanities
- Differential enrollment and completion rates across achievement groups – sensible selection
- Patterns within achievement groups
- Punch Lines: Hi concentration but low completion and low earnings in AA/Liberal Studies!

Earnings Regressions

Independent Variables:

- Educational Attainment
- Experience, Tenure in quadratic form
- Non-Completers: Enrollment Level, Credits
- Demographics: Race/Gender and FRL
- Post-Secondary Achievement Measures

Later:

- Field of Study – Completers and Non-Completers
- Separate Equations by Race/Gender, FRL, HS Achievement Level

Earnings Regressions: Results

- Educational attainment: Certificate, AA, BA Effects - .31, .34, .61 respectively
- Completion v. Enrollment; credits attained v. “Sheepskin” Effects
- Experience and esp. Tenure Effects
- Postsecondary achievement measures matter!
- Demographic gaps: Some Narrow, Others Widen (relative to means)
- AAS returns much stronger than AA!

Earnings and Field of Study

- Strong Returns to Technical fields at all levels
- Strong Returns to Health, Business (BA), Legal
- Weak Returns to Humanities (AA!) and others
- Enrollment and Completion – Similar Patterns across Fields

Earnings Returns by Demographic Group

- Similar patterns
- For men: Stronger returns to certificates, BA+, Job tenure
- For FRL and Lower Achievers: Stronger returns to all credentials but also Job Tenure

Summary of Findings

- Large differences between and within achievement groups
- Program, Field of Study, Postsecondary achievement matter for completion and earnings
- Sensible self-selection into STEM fields
- Puzzle: High concentration in AA/Humanities Despite Low Completion and Low Earnings!

Policy Implications

- Pre-K thru 12 academic preparation
- Supports: Financial Aid, Remediation, etc.
- Information – Potential Benefits from Reallocation across Programs (or Colleges) - even given preferences and skills
- Incentives – Performance-Based Subsidies for Completion, Earnings - Increase Institutional Responses to Job Market! (Pitfalls...)

A Few Other Pathways

- High-Quality CTE
- Work-Based Learning
- Sectoral Models and Pathways – CCs and Employers