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New Report Finds Associate Degrees Significantly Boost Earnings, Certificates a Riskier Investment

Data From Several States Helps Fill Information Gap on Value of College Degrees

New York, March 28, 2017 — A new paper synthesizing research from eight states finds that associate degrees consistently and significantly increase the earning power of workers—even during major economic downturns such as the Great Recession—but certificates have a more mixed record at boosting earnings.

For women, the boost from an associate degree is about \$7,200 a year, or about 26 percent more than the earnings of women who start college but do not earn a degree. For men, the earnings premium is about \$4,600, an increase of 18 percent over the earnings of men with some college but no credential, according to the paper from the [Center for Analysis of Postsecondary Education and Employment](#) (CAPSEE), a research center funded by the Institute of Education Sciences at the U.S. Department of Education and led by the [Community College Research Center](#) (CCRC) at Teachers College, Columbia University.

For certificate holders, the average earnings gain is about \$2,940 a year for women and \$2,110 a year for men. But for both associate degrees and certificates, the field of study makes a big difference in eventual earnings, with technical and vocational degrees having more value on their own than liberal arts degrees designed to lead to transfer to a four-year college. Longer term certificates appear to be more valuable than short-term certificates, but the earnings boost of certificates may fade out over time.

“Associate degrees result in a substantial and lasting gain in average income that easily exceeds tuition, fees, and lost income,” said Thomas Bailey, the director of CAPSEE and CCRC. “That makes community college a good investment on average for students who complete a degree.”

The full-length report and a brief summarizing the findings are available at capseecenter.org/labor-market-returns-sub-baccalaureate-college-review.

The CAPSEE research helps fill the knowledge gap about employment outcomes for students who earn two-year degrees and certificates or merely accumulate some college credits, as policymakers debate whether all students should go to college and what kinds of programs should be available. For families considering whether college is worth the time and expense given rising tuition and student debt, the research provides a more detailed understanding of the value of college awards for the 40 percent of postsecondary students enrolled at community colleges.

Though the averages show clear benefits to attaining a community college credential, it is important for students to be aware of the differences in earnings by field. Associate degrees in technical and occupational fields provide a much more significant earnings gain than associate of arts degrees that prepare students to transfer to a four-year college. The value in those degrees comes with the bachelor's degree. For both associate degrees and certificates, health degrees yield the highest earnings gains in most states. Business and technical degrees also lead to higher earnings.

In addition to addressing a lack of research on employment outcomes for community college students, the research provides more accurate estimates of returns by controlling for student characteristics. The studies in Kentucky, Michigan, North Carolina, California, Ohio, Virginia, Washington, and Arkansas are based on large, detailed datasets that combine transcript information with quarterly earnings records for students enrolling in college for the first time. Most of the students started college between 2002 and 2005 and completed degrees between 2002 and 2008. Earnings were tracked for at least three years after college and as late as 2014.

*The **Center for Analysis of Postsecondary Education and Employment (CAPSEE)** carries out research to better understand the employment and earnings benefits associated with a broad range of postsecondary education pathways. The Center was established in summer 2011 through a grant from the Institute of Education Sciences of the U.S. Department of Education and is led by the Community College Research Center, Teachers College, Columbia University.*