

COMMENTARY

# What is the Economic Value of Community College Degrees and Certificates?

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Enrolling a third of undergraduate students nationally and the majority of students with family incomes below \$32,000, [community colleges](#) hold the promise of supplying the nation with the needed skilled workforce and economic mobility for the next generation. They offer credentials in different fields of study and of varying lengths: some short-term certificates require a semester or two to complete, while [Associate Degrees](#) generally require two years to complete and [Long Term Certificates](#) take between a year and two years (definitions are based on the federal [Integrated Post-Secondary Data System](#) (IPEDS)). In the last few years, the availability of administrative data has allowed researchers a more nuanced understanding of community college credentials in several states.

In [this study](#), my co-author, [Madeline Trimble](#) at Illinois State University, and I utilized administrative data from the state of Washington and examined the wage and employment trajectories for community college students who entered one of [Washington State's Community and Technical Colleges](#) during the 2001-2002 academic year. We were also able to follow students for seven years after initial enrollment and were able to look at both wage increases and likelihood of employment in different field of study.

First and foremost, we found that Associate Degrees and Long-Term Certificates resulted in large wage increases as well as higher likelihood of employment. One exception was the terminal Associates Degree in Humanities (also referred to as Liberal Arts). For example, while an Associates' degree and a long-term certificate in nursing increases wages for women by about 40% and 30% respectively, an Associates degree in Humanities increases wages by less than 5%. The low returns in Associates Degrees, which have also been found in similar studies in other states (namely Kentucky, North Carolina, and Michigan), are perhaps not surprising since the Liberal Arts Associates Degree is perceived to be a transfer Degree; however, we found that the majority of students who earn this credential do not transfer. Another important finding was that short-term certificates (certificates which can be completed in less than one year of full-time enrollment) do not increase wages or the likelihood of employment over and above just earning some college credits.

Our findings have several policy implications. First, given their labor market value, investing in community college credentials should be a priority for all states. Second, states should invest in Associate Degrees and Long-Term Certificates which have substantial value, even though they are more expensive to offer than Short-Term Certificates. In the last decade, there has been a trend in lower levels of state funding for [community colleges](#) which has coincided with a dramatic increase in the share of short-term certificates. Nationally, the share of short term certificates—certificates has increased 151 percent between 2000 and 2010; they constituted more than a quarter of the credentials issued by community colleges nationwide in 2011. Our finding that short-

term certificates have negligible returns has been confirmed by studies in North Carolina, Michigan and Kentucky. Another way to ensure students earn valuable credentials is to intentionally design short term certificates to be stackable, so that they are stepping stones towards longer term credentials, not their substitute.

Finally, our study and similar studies have found low returns to terminal Associate Degrees in Humanities and Social Sciences. Research suggests that creating opportunities for career awareness early on can help guide students towards career pathways with higher economic returns.

*The [full study](#) is in Dadgar, Mina and Madeline Joy Trimble, Labor Market Returns to Sub-Baccalaureate Credentials: How Much Does a Community College Degree or Certificate Pay? Educational Evaluation and Policy Analysis December 2015 vol. 37 no. 4 399-418.*

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