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EFP Takeaways

Labor Market Trajectories for Community College Graduates: How Returns to Certificates and Associate's Degrees Evolve Over Time

Background

Over the past decade, many studies have examined the returns to sub-baccalaureate credentials. These studies generally find substantial positive returns for both associate's degrees and long certificates, and smaller returns for short certificates. Yet, far less is known about the medium and long-term returns to these credentials. Graduates' early labor market experiences may not fully capture the returns to completion and may particularly distort comparisons of longer versus shorter duration credential programs. Veronica Minaya and Judith Scott-Clayton examine how returns to sub-baccalaureate credentials evolve over time. Their work is published in vol 17 issue 1 of *EFP*.

The Study

The authors estimate labor market returns to terminal associate's degrees and certificates, using administrative data from Ohio and an individual fixed-effects approach that compares students' earnings before and after enrollment. Specifically, the authors examine how returns for different credential types evolve over a long period of time (eleven years post entry) and explore how returns vary depending on labor market conditions and on which labor market outcome metric is used.

For more details:

- View the [full issue](#).
- See the [full article in *Education Finance and Policy*](#).
- [Sign up here to receive future *EFP Takeaways*](#).
- Summary of:
Minaya, V. & Scott-Clayton, J. (2022). Labor Market Trajectories for Community College Graduates: How Returns to Certificates and Associate's Degrees Evolve Over Time. *Education Finance and Policy*, 17 (1): 53-80.

Findings

Overall, the results confirm prior findings regarding the positive early returns to associate degrees and long-term certificates, but show that over the longer term, the value of an associate degree grows substantially, while the returns to a long-term certificate remain flat.

Returns to associate's degrees are notably higher in recession years versus prerecession years, while the patterns for certificates are more muted and vary by gender. Associate's degrees lead to improved outcomes relative to non-completion across a range of metrics, including higher paying jobs, more stability in employment over time, and a greater likelihood of earning a living wage. Certificates, on the other hand, generally pay off via the employment margin and a reduced likelihood of claiming unemployment insurance.

The results suggest that caution is warranted in terms of promoting certificates as equally valuable alternatives to associate's degrees.

Figure 1a: Unconditional Quarterly Earnings Returns by Type of Credential, Relative to Initial Entry

