

UNDERSTANDING COLLEGE ECONOMIC OUTCOMES

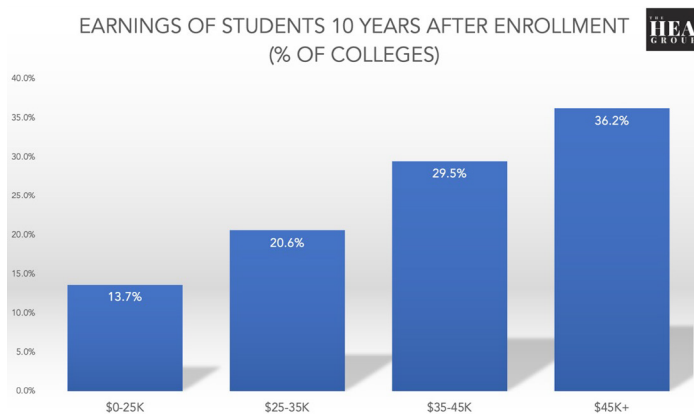
By Michael Itzkowitz

College was once viewed as an undeniable engine of socioeconomic mobility. Over the past decade, that perception has dwindled. People are [losing confidence](#) in the value of a postsecondary education and — now more than ever — are beginning to ask whether college is worth it.

In this paper, we examine the economic outcomes that students obtain by pursuing a postsecondary credential in the United States. Specifically, we examine how much they earn, whether there are differences between demographics, and whether they earn more than someone with no college experience.¹

How much do students earn after they attend college?

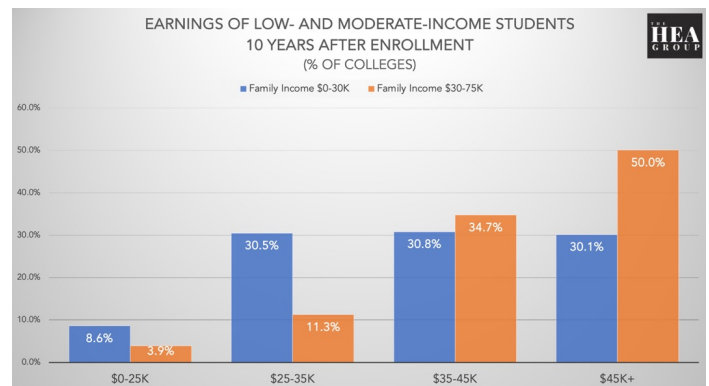
The good news is that attending college usually [results in higher earnings](#), with some schools adding more economic value than others.



For example, over a third of colleges (36.2%) show their students earning at least \$45K within 10 years of entering. However, some colleges leave students with less desirable results. A third (34.3%) show their students earning less than \$35K per year, even 10 years after initial enrollment.

How much do lower- and moderate-income students earn after they attend college?

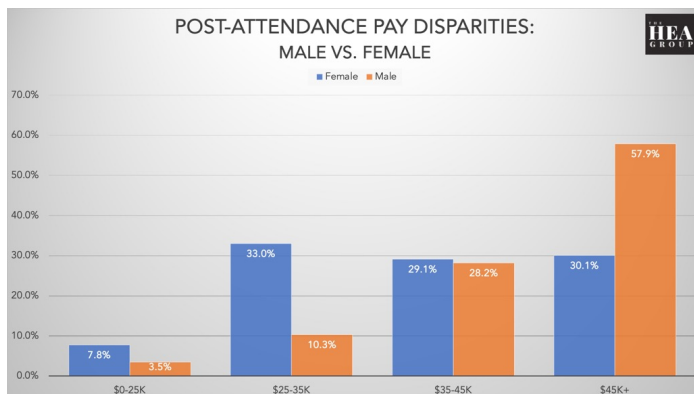
Low- and moderate-income students often face more obstacles upon entering higher education in comparison to their more well-off peers. Therefore, the earnings potential between the two groups may be different.



Within the data, we find earnings disparities between low- and moderate-income students. Moderate-income students (family income between \$30,000-\$75,000) are more likely to attend colleges that ultimately result in them earning higher salaries. For example, half of colleges show their moderate-income students earning above \$45,000. In comparison, only ~30% of colleges show their low-income students (family income between \$0-\$30,000) hitting the same benchmark.

Are there differences in how much men and women make after they attend college?

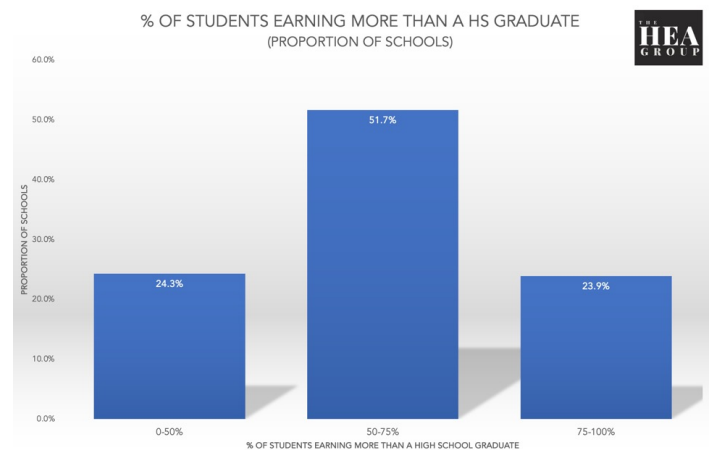
There are stark differences between how much men and women earn after attending college — with men tending to earn more.



Nearly six out of 10 (57.9%) colleges show the majority of male students earning more than \$45,000 per year 10 years after they've entered the institution. Yet, fewer than a third (30.1%) of colleges show the same results for female students. Furthermore, nearly four out of 10 colleges show the majority of their female students earning less than \$35,000 per year, in comparison to only 13.8% of colleges that leave male students earning below that minimal economic threshold.

Are students earning more than those who do not attend college?

Students primarily attend college for better employment opportunities and to obtain a financially secure future. One way to measure whether a college has delivered on this promise is to assess whether the majority of its students now earn more than someone with a high school degree but no college experience (around \$32,000 in current dollars).



Unfortunately, a quarter of colleges (24.3%) show the majority of their students failing to hit this benchmark, even 10 years after students initially enroll. That's a higher proportion than schools that show more desirable results, as only 23.9% of institutions leave more than three-fourths of their students earning more than the typical high school graduate.

Are there data missing on college economic outcomes?

There are limitations within the data currently collected by the federal government. Most notably, there is no information on how much different racial and ethnic demographics earn after attending. The lack of this information prevents researchers and policy analysts from assessing how well certain colleges serve different demographics. However, that soon may change, as this information has begun to be reported as part of the [Free Application for Federal Student Aid](#) form, which could identify how well these students fare in the labor market after they attend college.

Conclusion

Most students attend college with the hopes of improving their employment opportunities. Earnings data gives us a glimpse of whether higher education institutions are delivering on that promise. Many do, leaving their students earning a reasonable salary after they attend. However, there are disparities, with more moderate-income and male students benefiting from their attendance in comparison to low-income and female students. This institutional-level data highlights the strengths and shortcomings of higher education, as it serves as an engine of economic mobility for some, but not all, students.

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¹ Author's analysis using US Department of Education College Scorecard data. All earnings information measures the outcomes of former financial aid recipients 10 years after they've initially enrolled in a college.