

Valentine, Jessa (2015). All or Nothing? The Varied Benefits of Sub-Baccalaureate Credits and Credentials in a College-for-All Era.

### Abstract

Large increases in postsecondary enrollment, coupled with more modest growth in rates of bachelor's degree completion, have contributed to a sharp rise in the share of young adults with some postsecondary experience but no four-year degree—a level of education that is broadly categorized as “sub-baccalaureate.” Based on survey and postsecondary transcript data from the National Longitudinal Survey of Youth 1997 cohort, this dissertation assesses 2008- 2011 wage and employment returns to education for a sample of men and women enrolling in college in the late 1990s and into the first decade of the 2000s, addressing the question: What is the payoff to sub-baccalaureate credits and credentials in a college-for-all era?

In a departure from most national studies on the topic, I assess *per-credit* economic returns for those who fail to complete a credential in addition to returns to postsecondary credentials. This added focus is timely, given that over four out of ten students who attend four- year colleges fail to earn a degree within six years, with even lower credential attainment rates for students starting in two-year colleges. Distinguishing between returns to credentials and credits for non-completing students also sheds light on the human capital versus signaling effects of education in the current period.

In addition to estimating aggregate returns to sub-baccalaureate credentials and credits for men and women, I investigate potential heterogeneity in the economic returns to education by ethnicity and by pre-college academic preparation. I explore variation in returns between Hispanic and white individuals, and I assess potential differences in returns by pre-college ability given increasing variation in the academic preparedness of today's undergraduates and scant evidence on returns to higher education for individuals at the lower end of the ability distribution.

I find a fairly consistent and substantial economic payoff to sub-baccalaureate credentials, with higher relative returns for women and with larger returns to two-year associate's degrees than vocational certificates. Economic returns to postsecondary credits for non-completing students are less certain and vary notably by gender, ethnicity, and pre-college preparation. On average, women enjoy around a five percent return in wages per year of credits completed at two-year or four-year colleges, whereas men experience a non-significant average return of one percent from a year of credits earned in baccalaureate institutions and a non- significant 1.5 percent *decrement* in relative wages from a year of two-year credits. Sub-group analyses suggest that Hispanic men benefit significantly more than white men from associate's degrees and four-year credits without completion, and that the most academically prepared men appear to experience a large wage *penalty* (negative 10 percent) from earning two-year credits without completing a credential. Taken together, my findings suggest that college may be an all- or-nothing economic proposition for many young adults today.