

BEYOND THE HEADLINES

At a Glance: Jobs, Workers & the Economy

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FOCUS: U.S.

When Does a College Degree Pay Off? PART 2 of 2

Volume 1 of Seattle Jobs Initiative's August 2011 BEYOND THE HEADLINES presented some of the key findings of the Pew Research Center's report, *Is College Worth It?*¹ on whether and when a college degree pays off. The study looked at the typical lifetime earnings of college graduates (net of the cost of college attendance in terms of foregone wages and tuition) compared to the lifetime earnings of those with just a high school education. The gist: overall, a college degree – whether an AA or BA – does pay off, but the amount of payoff can vary greatly based upon the field of study/career path pursued.

The Payoff of a One-Year College Credential or Two-Year Associate's Degree

Most efforts by workforce providers to help low-income/low-skill individuals advance through postsecondary education are focused on helping them attain one- and two-year credentials at a community college. For those with barriers and a need to re-enter the workforce fairly quickly with the skills to compete for a better-paying job, the goal of a college credential short of a BA degree makes good sense.

As set out in the previous issue of BEYOND THE HEADLINES, **the typical AA degree holder – after accounting for college costs – earns \$180,000 more than someone with just a high school diploma over a 40-year career.** And certainly, the advantage in earnings is even greater when compared to the earnings of someone with **less** than a high school diploma. In short, helping people get a college credential short of a BA typically pays off.²

Key to the low-income/low-skill individual's potential earnings gain from attaining a one- or two-year college credential is the field of study/occupation pursued.

> Many individuals with "some college" or an AA degree earn more than BA degree holders:

continued next page

TABLE 1

Distribution of Earnings by Educational Attainment, 2009

Mean (Average) Earnings of a BA Degree holder:	\$71,912
Percentage of Individuals with Some College who earn more than \$71,912:	13%
Percentage of Individuals with an AA Degree who earn more than \$71,912:	16%
Mean Earnings of someone with Some College:	\$46,870
Percentage of Individuals with a BA Degree who earn less than \$46,870:	36%
Mean Earnings of an AA Degree holder:	\$50,034
Percentage of Individuals with a BA Degree who earn less than \$50,034:	43%

Notes: Adapted from Pew Research Center report (see footnote i), using 2009 American Community Survey (ACS) data. Estimated for full-time, full-year workers, ages 25-64.

Pathways Where a Vocational Certificate or AA Degree Offer the Largest Payoff

It is encouraging for the low-income/low-skill individual targeting a one- or two-year college credential to know that such a goal can lead to earnings benefits on par with or exceeding those gained through a BA, depending on the career pathway pursued.

> What are some of the occupations that pay well and require only a postsecondary vocational award or AA degree?

Taken from Bureau of Labor Statistics³ data, Tables 2 and 3 list some occupations for which a postsecondary vocational award or AA is the typical

continued next page

Table 2 Note: 2008 Median Annual Earnings

TABLE 2

High-Paying Occupations Requiring a Postsecondary Vocational Award

OCCUPATION	EMPLOYMENT		JOB OPENINGS due to growth and replacement needs, 2008-2018	2008 MEDIAN ANNUAL WAGES
	2008	2018		
Telecommunications equipment installers and repairers, except line installers	203,100	202,600	35,600	\$55,600
Aircraft mechanics and service technicians	121,500	129,300	31,400	\$51,390
Insurance sales agents	434,800	486,400	152,600	\$45,430
Architectural and civil drafters	118,400	129,100	36,200	\$44,490
Real estate sales agents	394,400	458,200	128,300	\$40,150
Heating, air conditioning, and refrigeration mechanics and installers	308,200	394,800	136,200	\$39,680
Bus and truck mechanics and diesel engine specialists	263,100	278,000	75,300	\$39,390
Licensed practical and licensed vocational nurses	753,600	909,200	391,300	\$39,030
Surgical oncologists	91,500	114,700	46,300	\$38,740
Healthcare technologists and technicians, all other	81,800	97,100	32,000	\$37,950
Automotive service technicians and mechanics	763,700	799,600	181,700	\$35,100
Massage therapists	122,400	145,600	39,500	\$34,900
Welders, cutters, solderers, and brazers	412,300	405,600	126,300	\$33,560

educational requirement and which offer median earnings in the top two quartiles (top 50% of earners). We have further limited the list to include only those occupations that are anticipated to have at least 30,000 openings in the U.S. between 2008 and 2018.

High-Paying Occupations Requiring an AA Degree

TABLE 3

OCCUPATION	EMPLOYMENT		JOB OPENINGS due to growth and replacement needs, 2008-2018	2008 MEDIAN ANNUAL WAGES
	2008	2018		
All other computer specialists	209,300	236,800	72,600	\$75,150
Dental Hygienists	174,100	237,000	98,400	\$66,570
Registered Nurse	2,618,700	3,200,200	1,039,000	\$62,450
Electrical and electronic engineering technicians	164,000	160,400	31,000	\$53,240
Radiologic technologists and technicians	214,700	251,700	68,000	\$52,210
Respiratory therapists	105,900	128,100	41,400	\$52,200
Physical therapy assistants	63,800	85,000	30,500	\$46,140
Paralegals and legal assistants	263,800	337,900	104,000	\$46,120
Interior designers	71,700	85,600	35,900	\$44,950
Civil engineering technicians	91,700	107,200	32,800	\$44,290
Computer support specialists	565,700	643,700	234,600	\$43,450
Life, physical, and social science technicians, all other	64,700	73,300	36,400	\$40,050
Legal secretaries	262,600	311,000	83,800	\$39,860
Medical and clinical laboratory technicians	155,600	180,700	54,600	\$35,380
Medical records and health information technicians	172,500	207,600	70,300	\$30,610
Veterinary technologists and technicians	79,600	108,100	48,500	\$28,900

Note: 2008 Median Annual Earnings

1. *Is College Worth It? College Presidents, Public Access, Value, Quality and Mission of Higher Education*, Pew Research Center (by Pew Social Trends staff), May 15, 2011 (<http://pewsocialtrends.org/2011/05/15/is-college-worth-it/>).
2. The Pew study does not look at the net earnings benefits of individuals who have vocational credentials (one-year certificates or other). While it does provide information on individuals who have "some college" (have completed some college credits – regardless of the number of years – but not a higher education degree), this category of the American Community Survey lumps together those who have one-year college credentials with all others who have earned any college credits but not a degree.
3. See <http://data.bls.gov/oep/noeted>

BEYOND THE HEADLINES: Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today’s marketplace.

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Contact Information

For questions or suggestions, please email David Kaz, SJI Director of Policy and Development at: dkaz@seattlejobsinit.com

