

# BEYOND THE HEADLINES

## At a Glance: Jobs, Workers & the Economy

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### Community Colleges: The Cost of Dropping Out

The past eighteen months – since President Obama’s American Graduation Initiative speech<sup>i</sup> – have seen heightened political and media attention given to the fact that the U.S. educational system is not producing enough college graduates to meet the needs of a changing labor market. The profile of our nation’s community colleges has also been raised as they are considered vital to meeting the goal of helping more residents – particularly “non-traditional” students – secure college credentials. Yet too few of our community college students are graduating, at great cost to taxpayers.

In the October 2011 publication, *The Hidden Costs of Community Colleges*<sup>ii</sup>, the American Institutes for Research (AIR) looked at the “**cost of attrition**” at community colleges nationally and by state, which they defined as:

*The cost to taxpayers of first-year, full-time, certificate- or degree-seeking students who begin studies at a community college but do not return for a second year (or transfer).*

#### Total Taxpayer Cost of Attrition at U.S. Community Colleges, 2008-2009 Academic Year

Funding Source	Cost of Attrition
Approximate State/Local Appropriations	\$ 650,000,000
Approximate State/Federal Grants	\$ 250,000,000
<b>Total</b>	<b>\$ 900,000,000</b>

According to AIR’s study, the cost of attrition at U.S. community colleges is **up 35%** from five years ago.

Additional data on this topic is provided by College Measures, a partnership of AIR and Matrix Knowledge Group, showing community college graduation/transfer and attrition rates and associated taxpayer costs<sup>iii</sup>. The table on the following page portrays a portion of this data for public two-year colleges.

#### Total Taxpayer Cost of Attrition at WASHINGTON STATE Community Colleges, 2008-2009 Academic Year

Funding Source	Cost of Attrition
Approximate State/Local Appropriations	\$ 11,500,000
Approximate State/Federal Grants	\$ 3,800,000
<b>Total</b>	<b>\$ 15,300,000</b>

Importantly, the AIR and College Measures data focus on the cost of attrition associated with a **specific pool of community college students** (first-time, full-

time, certificate- or degree-seeking students). True taxpayer costs expended on students who drop out of community colleges are **significantly higher** as they would also include costs expended on:

- Part-time students and students enrolled in non-credited programs who fail to complete (these students have significantly lower retention/completion rates);
- Students who are not attending community college for the first time;
- First-time, full-time, certificate- or degree-seeking students who **do return** for a second year but subsequently fail to complete.

Finally the data do not address costs that have been incurred by **non-completing students themselves**, including tuition paid, debt incurred for student loans, and potential lost earnings.

### Graduation/Attrition Rates and Associated Costs at U.S. and WA Community Colleges

STRATEGIC MEASURE	OUTCOMES U.S. Community Colleges	OUTCOMES Washington State Community Colleges
Graduation + Transfer Rate <sup>v</sup>	39%	46.2%
First Year Retention Rate <sup>v</sup>	83.7%	84%
Cost per Student (FTE) <sup>vi</sup>	\$ 9,451	\$ 10,213
Cost per Completion <sup>vii</sup>	\$ 60,056	\$ 57,708

- i. President Obama called for 5 million more college graduates by the year 2020 in the July 2009 speech. See [http://www.whitehouse.gov/the\\_press\\_office/Remarks-by-the-President-on-the-American-Graduation-Initiative-in-Warren-MI/](http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-on-the-American-Graduation-Initiative-in-Warren-MI/).
- ii. Schneider, Mark and Yin, Lu (Michelle), *The Hidden Costs of Community Colleges*. American Institutes for Research, October 2011. See [http://www.air.org/files/AIR\\_Hidden\\_Costs\\_of\\_Community\\_Colleges\\_Oct2011.pdf](http://www.air.org/files/AIR_Hidden_Costs_of_Community_Colleges_Oct2011.pdf)
- iii. See <http://www.collegemeasures.org>
- iv. College Measures defines "Graduation rate" as total students in a degree-seeking sub-cohort who earn degrees, within 150% of normal time to complete, divided by total students in the same sub-cohort; and "Transfer Rate" as total students who are known to have transferred out of the reporting institution within 150% of normal time to completion divided by the adjusted cohort.
- v. According to College Measures, the first-year retention rate may appear higher than expected because students who have transferred to other colleges are considered to have been "retained" in college after one year. That is, the number includes all first-time, full-time, credential-seeking community college students who return to *any* college for a second year.
- vi. Total spending on direct educational costs divided by the total full-time-equivalent students.
- vii. A measure of spending on direct educational costs per degree (in contrast to cost per student enrolled); education and related expenses (for all students) are divided by all degrees awarded in the same year.

## 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.

*Supported by the City of Seattle Office of Economic Development*

### Contact Information

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