

Community Colleges Pave the Way to Upward Economic Mobility for Millions of Americans, Particularly Low-Income Students

Pursuing Certain Fields Can Significantly Boost Earnings

WASHINGTON— A report released today by Pew’s Economic Mobility Project shows that community colleges are an important stepping stone for students of all backgrounds, income levels and high school achievements to improve their economic mobility prospects. Earning a community college degree boosts earnings by an average of \$7,900 annually, an increase of 29 percent over those with only a high school diploma. For low-income, high-achieving high school students in particular, community colleges serve as a springboard to further postsecondary education; more than half eventually transfer to four-year programs, and three-quarters of those who transfer earn a bachelor’s degree.

Strengthening Community Colleges’ Influence on Economic Mobility was authored by Diana Furchtgott-Roth of the Hudson Institute and Louis Jacobson and Christine Mokher of CNA.

“With unemployment at its highest point in 30 years, policymakers should look for ways to broaden the opportunities for high school graduates to have economic success. Support of community colleges is a key piece of this puzzle,” said Ianna Kachoris, manager of the Economic Mobility Project.

The report found a positive correlation between students’ high school grade point average (GPA) and the likelihood they would enroll and complete postsecondary education, as well as have higher post-college earnings. Among students who begin in community colleges, those who had A or B+ high school GPAs earn an average of \$9,600 more per year than those with low high school GPAs.

Field of concentration, however, is more important than high school GPA in determining post-college earnings. Lower-performing high school students who concentrate in higher-return fields (such as health care) in community college earn \$48,000 annually, *more* than the \$44,000 earned by A/B+ high school students who concentrate in lower-return fields (such as fine arts and humanities). Yet, only 25 percent of lower-performing high school students focus on higher-return fields in community colleges, compared to 40 percent of high-performing high school students—a gap of 15 percentage points.

“It’s not surprising that course selection has a strong effect on students’ future earnings,” co-author Furchtgott-Roth said. “The study shows that community colleges have an opportunity to inform students about the economic returns of various fields of study. In addition, colleges can offer additional career counseling for students who have financial problems and who are juggling family and work responsibilities. This information and support would likely increase rates of credential attainment, graduation, and transfer to four-year programs.”

The authors use a database that includes a detailed history of the education and post-college earnings of 84,000 Florida students who completed twelfth grade in 2000 and attended a public college in the state. For the complete report and more information, please visit www.economicmobility.org.

Comprised of a Principals' Group of experts from the American Enterprise Institute, the Brookings Institution, the Heritage Foundation, the New America Foundation and the Urban Institute, with guidance from an Advisory Board of leading academics and economists, Pew's Economic Mobility Project seeks to investigate the health and status of the American Dream.

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