QUICK FACTS ON COLLEGE COMPLETION

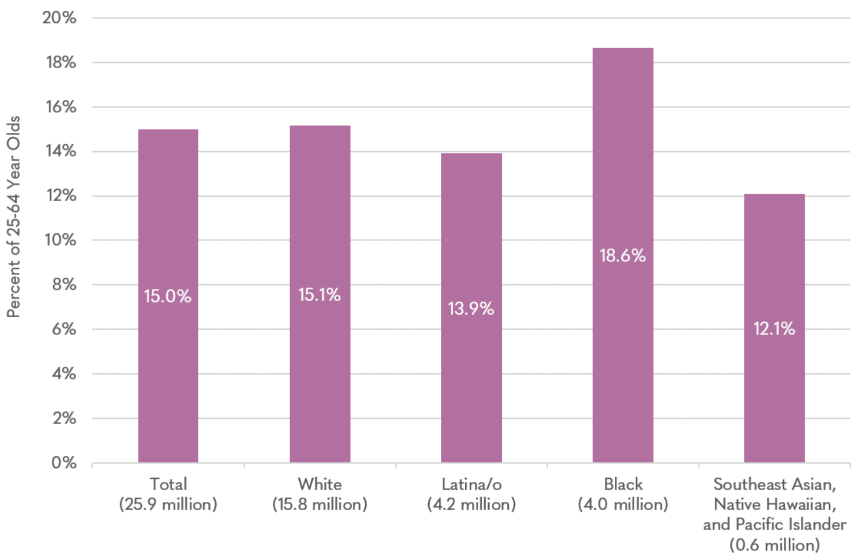
MAY 2021

Completing a quality degree is key to unlocking the full range of benefits of higher education, including securing meaningful employment that supports a student's ability to repay their loans. Breaking down persistent barriers to degree completion is critically important to ensure higher education provides all students reliable pathways to more secure futures. At the same time, differential earnings and repayment outcomes among completers by college and program, and by race, underscore the need for policymakers to improve the overall quality of programs funded by federal financial aid, as well as strengthen institutional accountability for a broader range of student outcomes.

Millions of Adults Leave College Before Completing a Degree

- Over 60 percent of students completed a degree six years after first enrolling,[1] and completion rates vary by sector: private non-profit four-year (76.7%), public four-year (67.4%), private for-profit four-year (45.5%), and public 2-year (40.3%).[2]
- Nearly one in seven adults between the ages of 25-64, have taken some college courses but not completed a degree, and Black adults are the most likely to have some college education but no degree.[3]

Percentage of Adults (25-64) with Some College, No Degree by Race/Ethnicity, 2020



Source: TICAS calculations on the United States, Census Bureau, Current Population Survey, accessed March 2021. College attainment rates are calculated using education level by race and ethnicity. The 'some college and no degree' category includes any individual who is no longer enrolled and has not completed any academic or vocational degree. This category includes individuals who complete certificates or professional licenses but received no degree. The Southeast Asian category refers to Filipino and Vietnamese adults while the Southeast Asian, Native Hawaiian, and Pacific Islander category also includes individuals identified as other Asian. These numbers include all adults across the United States, including those who are unemployed.

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[1] The percentage of the entering cohort of first-time, full-time students in 2014 who graduated at any institution by June 2020. These rates include receipt of any postsecondary credential including degrees and certificates, but non-degree seeking students are excluded.
[2] National Student Clearinghouse. December 2020. Completing College: National and State Reports. https://bityl.co/6oYl.
[3] Calculations by TICAS using data from the American Census Bureau Current Population Survey, accessed March 2021. College attainment rates are calculated using education level by race and ethnicity. Some college and no degree category include any individual who is no longer enrolled and has not completed at least an academic or vocational associate degree. This category includes individuals who complete certificates or professional licenses but received no degree. These numbers include all working-age adults across the United States, including those who are unemployed.

- Closing racial and income equity gaps in college completion would lead to about 30 million more people holding an associate degree or higher. With increases in the tax base and GDP and decreased public expenditures due to a more educated population, nearly $1 trillion could be added to the economy annually.[4]

Completing a Degree is Key to Receiving the Earnings Benefits of Higher Education

- In 2009-10, the unemployment rate for those with a bachelor's degree was less than half the rate among their peers with only a high school diploma (5.5% compared to 12.4%). Even among recent graduates during the Great Recession, bachelor's degree graduates had a 7.8% unemployment rate in contrast to 18.6% for their peers with only a high school diploma.[5]
- Full-time workers with a bachelor's degree typically earn $23,100 more than those with only a high school diploma or equivalent ($56,700 compared to $32,600), $12,500 more than those with an associate degree ($43,200), and $18,000 more than those with some college but no degree ($38,700).[6]
- Workers with a bachelor's degree also see greater earnings increases over their lifetimes, with lifetime earnings growing to $2,268,000, compared to $1,727,000 among those with associates degrees, $1,547,000 among those with some college and no degree, and $1,304,000 among those with only a high school diploma or equivalent.[7]
- As a result of higher earnings, bachelor's degree graduates are 3.5 times less likely to be living on an income below the poverty line.[8]

Degree Completion Helps Set up Many Borrowers for Repayment

- While the burden of student loan debt can weigh heavily on all borrowers, those who leave school with a credential are less than half as likely to be delinquent.[9] Borrowers who complete their program are also seven times less likely to default on their loans within 12 years than those who do not complete a credential or degree.[10]
- Among completers, loan default risk also varies by the type of program: less than 0.3 percent of bachelor's degree graduates default after two years, compared to college completers with undergraduate certificates or diplomas and associate degrees, who are more likely to default (9 times and 26 times, respectively), just two years after leaving school.[11]

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4 Postsecondary Value Commission. May 2021. Equitable Value: Promoting Economic Mobility and Social Justice Through Postsecondary Education. https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf.

5 Georgetown University, Center on Education and the Workforce. From Hard Times to Better Times: College Majors, Unemployment, and Earnings. https://bityl.co/6pKq.

6 Georgetown University, Center on Education and the Workforce. 2011. The College Payoff: Education, Occupations, and Lifetime Earnings. https://bityl.co/6oZw. Estimates are in 2009 dollars. These figures were calculated by the Georgetown University, Center on Education and the Workforce. Their analyses use American Community Survey data, specifically individuals with some college and no degree. Any individual who did not acquire at minimum an associate degree will be counted in some college and no degree category, which can include certificate programs and professional licensures.

7 Georgetown University, Center on Education and the Workforce. 2011. The College Payoff: Education, Occupations, and Lifetime Earnings. Figure 1. https://bityl.co/6oZw. Estimates are in 2009 dollars.

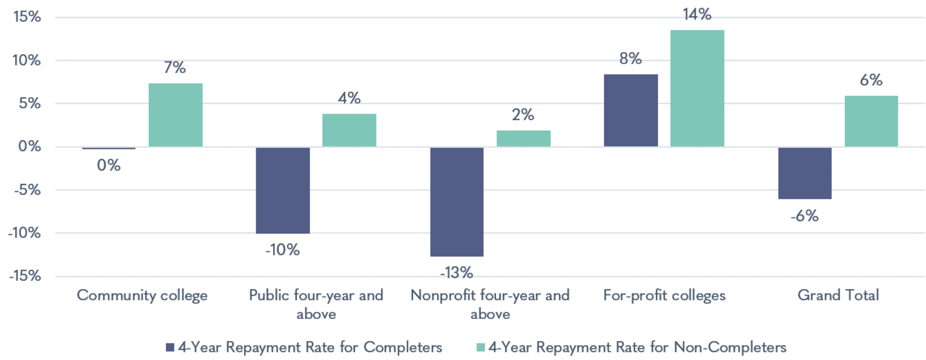
8 Lumina Foundation. October 2015. It's Not Just the Money: The Benefits of College Education to Individuals and to Society. Figure 5. https://bityl.co/6oa9.

9 TICAS. September 2019. "The Casualties of College Debt: What Data Show and Experts Say About Who Defaults and Why." https://bityl.co/6oaG.These calculations use default by demographic data as of March 31, 2020 from the Federal Student Aid Data Center. These data from March 31, 2020 were collected prior to the COVID-related repayment relief that suspended payment requirements. By definition, a loan is considered in delinquency once a borrower has missed payment, and a loan is considered default after it has been in delinquency after 270 days.

10 ibid.

- While college graduates typically leave school with about $8,720 more student debt than those who did not complete their program, borrowers who complete their programs typically pay down six percent of their debt after four years, with those who had attended public and nonprofit colleges seeing double-digit decreases in debt. In contrast, non-completers, on average, had increasing loan balances.[12]

Changes in Loan Balances after 4 Years, by Completion and College Type



Source: TICAS calculations on data from the College Scorecard, institution-level data, accessed January 2021. The dollar-based repayment rate is calculated on the outstanding balance of a two-year pooled cohort of undergraduate borrowers who borrowed federal student loans and separated from college during award years 2013-2015.

- Repayment progress varies not only by completion status, but also college type. College completers and non-completers who attend for-profit colleges see the largest growth in their loan balances.

Post-Completion Outcomes Vary by College and Program Type

- College completers who first attend for-profit colleges are more likely to default within 12 years, than students who attend public or private nonprofit colleges and drop out (41% vs. 14% and 26% respectively).[13]
- Compared to associate and bachelor's degree programs, certificate programs typically have lower returns that wane within a few years. This is especially the case among short-term certificate programs that Black and Latina/o students and women are far more likely to earn.[14]
- Employment rates are lower among certificate holders than those with an associate or bachelor's degree (77 percent compared to 84 and 87 percent, respectively).[15]

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[11] Calculations by TICAS using data from the College Scorecard, program-level data, accessed January 2021. The borrower-based repayment rates are calculated on the outstanding balance of a two-year pooled cohort of undergraduate borrowers who borrowed federal student loans and separated from college during award years 2015-2017 and measured again in 2017-2019 Approximately 21.1 percent of all programs across credential levels had reportable debt and earnings data that was non-privacy suppressed.

[12] Calculations by TICAS using data from the U.S. Department of Education's College Scorecard. Data accessed January 2021. Dollar-based debt amounts are calculated on a two-year pooled cohort of undergraduate students who borrowed federal student loans and separated from college during award years 2013-2015 and measured again in 2017-2019. Graduates include certificate degree holders as well as those with associate degrees and bachelor's degrees.

[13] Calculations by TICAS using data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS), which follows undergraduates, which follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. Default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans as well as borrowers' likelihood of defaulting.

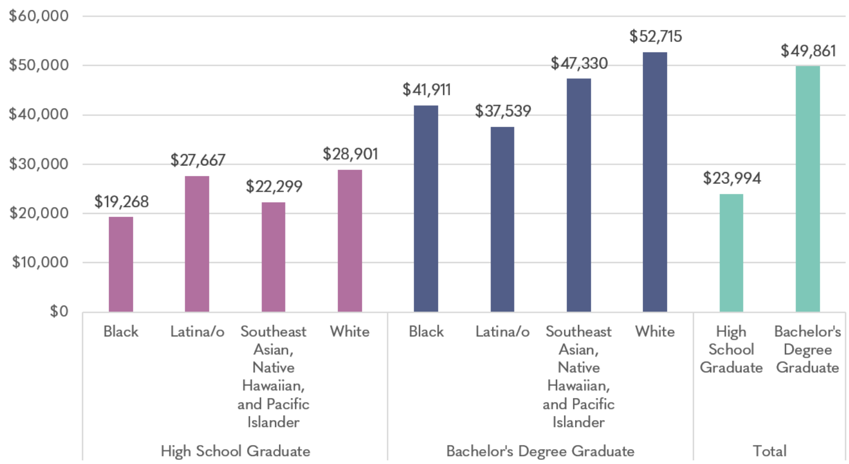
[14] New America. May 2021. The Short-Term Credentials Landscape. https://bityl.co/6oba. New America defines short-term credentials as credentials that are less than one year of full-time study whereas long-term credentials require more than one year.

[15] ibid.

Racial Disparities in Earnings and Repayment Outcomes Persist Even Among Completers

- Although one third of all adults aged 25 and older have attained a bachelor's degree (as of 2018), rates vary greatly by race and ethnicity: Asian (55%), Black (22%), Latina/o (17%), Multiracial (36%), Pacific Islander (19%), Southeast Asian (30%), and White (36%).[16]
- Over a quarter of Black (28%) and Latina/o students (25%) receive their credential from for-profit schools, compared to about one in ten (11%) White students. For-profit colleges typically spend less per student, and leave their borrowers with higher amounts of student debt.[17]
- About a fifth of White students earn a certificate, while one-third of completions among Black and Latina/o completers are certificate programs, which generally only provide a short-term boost in earnings compared to bachelor's degree programs that typically provide increased earnings over a lifetime.[18]
- Black and Latina/o credential completers who borrow are more likely to default within 12 years than White students who borrow and did not complete any credential (22% and 17%, respectively vs. 30%).[19]
- While bachelor's degree recipients typically earn more than high school graduates regardless of race/ethnicity, White bachelor's degree recipients out earn their Black, Latina/o and Southeast Asian, Native Hawaiian, and Pacific Islander peers.

Median Earnings of High School Graduates and Bachelor's Degree Graduates, 2019



Source: TICAS calculations on the United States, Census Bureau, Current Population Survey, accessed March 2021. Calculations use three-year rolling average of the median of total persons earnings in March 2018, 2019, and 2020 for adults between 25-64 years of age, by race and ethnicity. The Southeast Asian category refers to Filipino and Vietnamese adults while the Southeast Asian, Native Hawaiian, and Pacific Islander category also includes individuals identified as Other Asian. Median earnings are adjusted to 2020 dollars using U-CPI.

[16] National Center for Education Statistics. 2019. Digest of Education. "Percentage of Persons 18 to 24 Years Old and Age 25 and Over, by Educational Attainment, Race/Ethnicity, and Selected Racial/Ethnic Subgroups: 2010 and 2018." https://bityl.co/6ocs.

[17] Center for American Progress. May 2018. The Neglected College Race Gap: Racial Disparities Among College Completers. https://bityl.co/6oc0; The Brookings Institution. January 2018. The Looming Student Loan Default Crisis is Worse Than We Thought. https://bityl.co/6oc5.

[18] Center for American Progress. May 2018. The Neglected College Race Gap: Racial Disparities Among College Completers. https://bityl.co/6ocX.

[19] Calculations by TICAS using data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS), which follows undergraduates, which follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. Default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans as well as borrowers' likelihood of defaulting.