



NEWS RELEASE
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Study Shows Students Who Complete Associate's Degree Earn More Money

Iowa Department of Education and ISU research shows community college students who complete their two-year degree have higher earnings than students who do not.

DES MOINES, Iowa – If Iowa State University (ISU) researcher Dr. Frankie Santos Laanan were to offer community college students advice based on his recent study, it would be simple: Stay in school.

According to Laanan's study, students who received a degree, certificate or diploma from an Iowa community college experienced positive gains in median annual earnings.

"The data shows that completion not only has positive gains, but higher gains compared to students who did not complete a degree, certificate or diploma from Iowa's community colleges," states Laanan, who is associate professor of educational leadership and policy studies in ISU's College of Human Sciences. The Iowa Department of Education sponsored the study to better understand the relationship between education attainment and postcollege earnings.

According to the research, community college students who completed an award program had a median annual earning of \$23,594 the first year out of college, compared to \$20,702 for those who did not complete an award. Three years after college, "completers" had a median annual earning of \$28,217, a 19.59 percent increase. Those who did not complete their community college program had a median annual earning of \$24,184 after the same time period, for only a 16.82 percent increase.

While "completers" experienced positive gains in median annual earnings overall, students who completed an Associate of Applied Science (AAS) degree experienced the highest median annual earnings. The first year out of college, students who completed their AAS degree had a median annual earning of \$28,110. AAS degrees in Iowa's community colleges are specifically designed for student entry into the workforce.

The study also provided findings by gender and race. These results showed male, female, white and non-white completers experience positive gains. However, males as a group and whites as a group experienced greater earning capacity as completers than females as a group and non-whites as a group.

"Given the increasing demand of state and federal accountability, the state of Iowa and Iowa's community colleges are now better equipped to report empirical data in terms of student earnings," Laanan said. The study, which has received national research awards, will assist the Iowa Department of Education in its federal reporting requirements.

The study matched the Iowa Unemployed Insurance (UI) wage record file with the demographic and education record file from the Iowa Department of Education. The cohort of student data analyzed

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included approximately 33,000 students enrolled in Iowa's 15 community colleges in the 2002 fiscal year. Completers were defined as students who were enrolled in an Iowa community college and received an associate degree, certificate, diploma or other credential during the 2002 fiscal year. Leavers were defined as students who were enrolled in an Iowa community college, but did not complete an associate degree, certificate, diploma or other credential during the 2002 fiscal year. The cohort of Iowa community college students was then tracked through fiscal years 2003 and 2005. Excluded from the analysis were students who concurrently enrolled in high school or any other postsecondary institution during fiscal year 2002 and students who were enrolled in any postsecondary institution following 2002. Laanan used similar methodology for research conducted for the state of California.

Findings of the complete study, which also includes information on transfer behavior among Iowa community college students, will be shared with the Iowa State Board of Education during its July 26th meeting.

The study is included in the report entitled *Research Findings: Transfer Behavior Among Iowa Community College Students and Postcollege Earnings of Iowa Community College Students*. For the full report, please visit <http://www.iowa.gov/educate/content/view/479/525/>.

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The Iowa Department of Education works with the State of Iowa Board of Education to provide oversight, supervision and support for the state education system, which includes public elementary and secondary schools, nonpublic schools that receive state accreditation, area education agencies, community colleges and teacher preparation programs. The department is committed to high levels of learning, achievement and performance for all students, so they will become successful members of their community and the workforce.