

COMMUNITY COLLEGES

A Route of Upward Economic Mobility

In *Community Colleges: A Route of Upward Economic Mobility*, St. Louis Fed economist Natalia Kolesnikova studies community colleges and their students. The report explores the advantages of community colleges and the characteristics of community college students, their goals, educational choices and outcomes.



THE ROLE OF COMMUNITY COLLEGES

Community colleges play a critical and unique role in our higher education system. They are both a gateway to opportunities for individuals and a cornerstone for building a stronger economy. With the current economic crisis, their importance is magnified.

- i. Community colleges provide access to education for many who would not otherwise be able to pursue higher education or skills training. Access to education leads to opportunity for economic and social stability.
- ii. Community colleges develop our workforce to meet current and future demand. Their workforce development programs are critical to economic development, both at the local and national level.
- iii. In addition to improving the lives of individuals, community colleges have a real economic impact on local, state and national economies.
- iv. But while community colleges are a great resource, there are a few concerns people should be aware of. Many community college students are less likely to finish their degree or move on to complete a more advanced degree.
- v. It is important for both individuals and policymakers to know the whole picture before making decisions about education. To do this, we need more research and discussion.

COMMUNITY COLLEGES AT A GLANCE

ACCESS TO EDUCATION

A Significant Share of a State's Undergraduates

Of all U.S. undergraduates, community college students constitute a remarkable 46 percent. Among the states within the Federal Reserve's Eighth District, Illinois and Mississippi have the largest proportion of undergraduates—about half—in community colleges.

Affordable Tuition

Affordable tuition is among the advantages of community colleges, enabling access to higher education and skills training for many.

A Diverse Student Body

The population of community college students is diverse and is different from the population at four-year colleges:

- Community college students are 60 percent white, 15 percent black, 14 percent Hispanic and 5 percent Asian.

Table 1 Comparisons for the Federal Reserve's Eighth District: Enrollment

	Enrollment in CC, Fall 2005	Percent of All Undergraduates, Fall 2005
United States	6,184,000	41(%)
Eighth District States		
Arkansas	47,771	37
Illinois	352,824	51
Indiana	59,969	19
Kentucky	84,669	39
Mississippi	66,298	50
Missouri	86,742	28
Tennessee	74,829	31

SOURCE: U.S. Department of Education, National Center for Education Statistics

Table 2 Comparisons for the Federal Reserve's Eighth District: Tuition

	Average Tuition and Required Fees, 2006-07		
	Four-year public (in-state)	Four-year private	Two-year community college
United States	\$5,685	\$20,492	\$2,017
Eighth District States			
Arkansas	\$ 4,937	\$ 13,396	\$ 1,890
Illinois	\$ 8,038	\$ 20,181	\$ 2,252
Indiana	\$ 6,284	\$ 22,060	\$ 2,713
Kentucky	\$ 5,821	\$ 14,739	\$ 2,633
Mississippi	\$ 4,457	\$ 12,300	\$ 1,709
Missouri	\$ 6,320	\$ 16,539	\$ 2,284
Tennessee	\$ 5,009	\$ 17,576	\$ 2,474

SOURCE: U.S. Department of Education, National Center for Education Statistics

- Community college students have more nontraditional students: 35 percent are 30 years old or older when compared to 16 percent in four-year colleges.
- More community college students work full time (40.8 percent) than four-year college students (22.8 percent).
- Over 40 percent of community college students are first-generation college students.

WORKFORCE DEVELOPMENT

(from the U.S. Dept. of Labor, 2009 Community-Based Job Training Grants list)

- The Eighth District is home to six of the 68 community colleges and community-based institutions nationwide that were recently awarded Community-Based Job Training Grants by the U.S. Department of Labor. The grants relate to job training in the energy, aerospace, health care and advanced manufacturing industries.

REAL ECONOMIC IMPACT

Economic Payoffs

Community college education provides economic benefits, even for those who do not get an associate degree:

- Students who attended community college, but did not complete a degree, earn 9 percent to 13 percent more than those with a high school diploma only.
- There is an increase in annual earnings of 5 percent to 8 percent associated with each year of education at community college. This is similar to the return to a year of schooling in a four-year college.
- One year of community college schooling for displaced workers increases their long-term earnings by about 9 percent for men and 13 percent for women compared with earnings for similar workers who did not attend community college.

Returns to an Associate Degree Across Demographic Groups:

Women:

- Women of all races have higher returns to an associate degree than men.
- This holds across cities, where women's returns are higher than men's.
- Cross-city differentials are significant for minority women. For example, black women in St. Louis with an associate degree earn 43 percent more than black women with only a high school education.

Ethnic Groups:

- Hourly wages of white men with an associate degree are 18 percent higher than the wages of white men with only a high school education.
- The returns are much higher for black and Hispanic men—25 percent and 27 percent, respectively.

IN THE ZONE (selected news from the District)

St. Louis Zone: Missouri Governor Jay Nixon entered into a historic agreement with Missouri's two-year public institutions: His FY 2010 budget proposal includes the same appropriation two-year institutions received in FY 2009, sparing them from the cuts they often face in tough economic times. In exchange, leaders of

Table 3 Labor Market Returns to Associate Degree (Relative to High School) for Women			
	White	Black	Hispanic
United States	0.29	0.30	0.29
Eighth District Large Metropolitan Areas			
St. Louis	0.24	0.43	—
Memphis	0.23	0.31	—
Little Rock	0.37	—	—
Louisville	0.32	0.32	—

NOTE: Author's calculation. Data are from 2000 Public Use Micro Sample (PUMS) of the U.S. Census. Results are missing if data were insufficient because of small sample size. The numbers can be interpreted as percentage increases in wages.

Table 4 Labor Market Returns to Associate's Degree (Relative to High School) for Men			
	White	Black	Hispanic
United States	0.18	0.25	0.27
Eighth District Large Metropolitan Areas			
St. Louis	0.11	0.13	—
Memphis	0.16	0.22	—
Little Rock	0.22	—	—
Louisville	0.18	0.17	—

NOTE: Author's calculation. Data are from 2000 Public Use Micro Sample (PUMS) of the U.S. Census. Results are missing if data were insufficient because of small sample size. The numbers can be interpreted as percentage increases in wages.

Missouri's two-year institutions have pledged not to raise tuition or academic fees during the 2009-2010 school year.

Little Rock Zone: Arkansas Governor Mike Beebe signed the Roger Phillips Transfer Policy Act on Feb. 18, 2009. The act creates a seamless transfer of academic credits from a completed designated transfer degree program to a baccalaureate degree. This also impacts our Memphis Zone, which includes Eastern Arkansas.

Louisville Zone: The Higher Education Work Group, a new bipartisan task force directed by Governor Steve Beshear and comprised of prominent business, education and policy leaders, issued *Expanding College Access and Affordability in the Commonwealth*. The report presents a number of recommendations to improve college affordability for Kentuckians.

Memphis Zone: The Community College Covenant is a plan that is being implemented in Tennessee. The plan calls for the mayors of Tennessee's urban areas to help students attend community college for free by better leveraging public money, such as the Tennessee HOPE Scholarship, and by raising private funds to make up the difference.



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