

Economic Security over a Recession For Those with Less-than-4-year Credentials

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MAKING RESEARCH RELEVANT

Introduction

Education is one of the most reliable paths to economic security, particularly in uncertain times such as the COVID-19 pandemic (Hertz, 2006). For those who do not go to college, postsecondary education or training typically follows either a credit-bearing pathway to a certificate or degree, or a non-credit-bearing pathway to a certificate or license. Because these programs are often in similar fields (such as nursing or computer operations), their primary distinction is often whether the program is designed to build toward a degree.

To understand the relative benefit of credit- and non-credit-bearing pathways for economic security in a recession era, we analyzed National Longitudinal Survey of Youth-1997 data for these two groups over the last major economic disruption: the 2008 recession. Grouping respondents by their 2007 attainment, we examined their relative employment and earnings (for those employed) in 2008-2010, compared with 2007. Analyses include approximately 6,000 respondents with education attainment in 2007 less than a 4-year degree.

Figure 1. Employment by Education Attainment in 2007

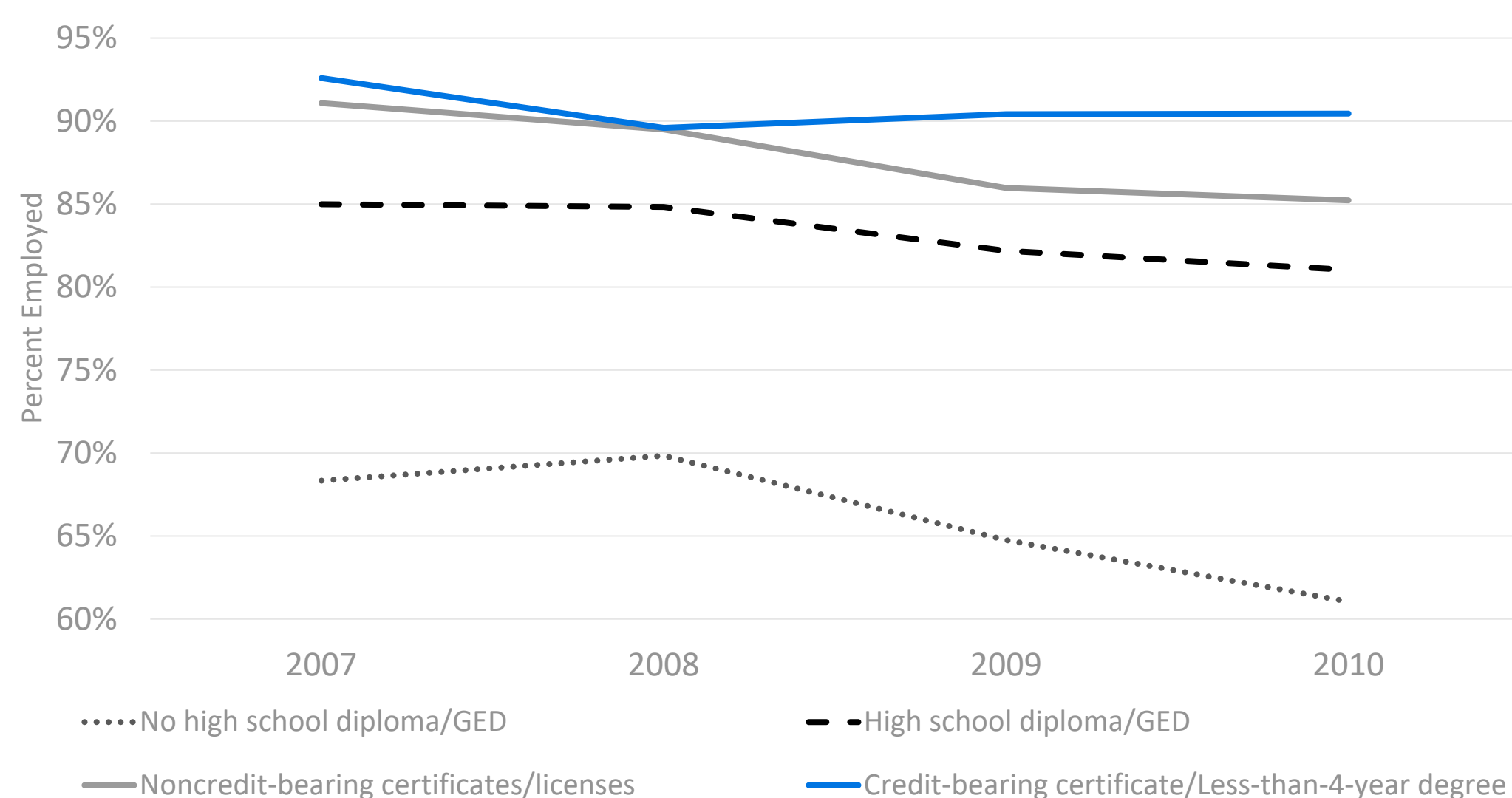
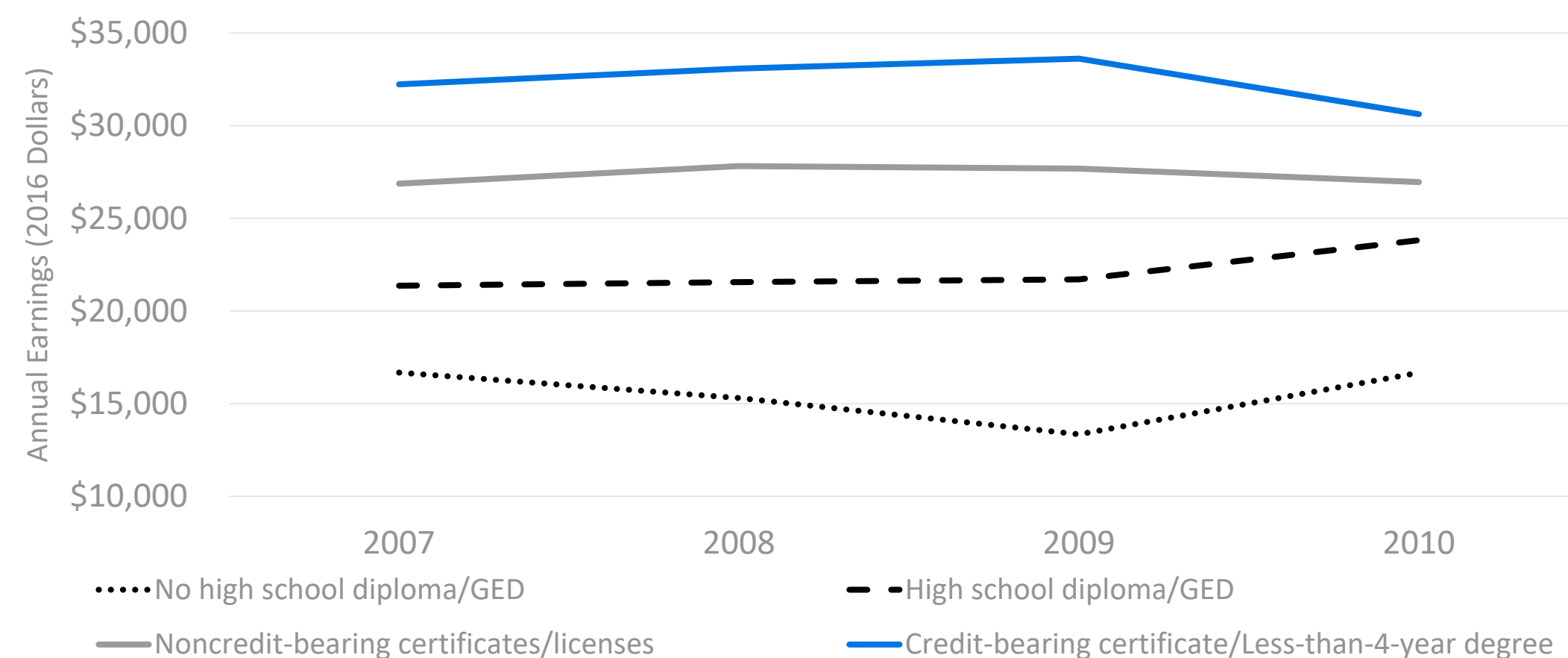


Figure 2. Earnings by Educational Attainment in 2007



Findings

We found no significant difference in employment (Figure 1) or earnings (Figure 2) for those with credit-bearing credentials in 2007 compared to those with non-credit-bearing credentials. Those with a credit-bearing credential fare a bit better in employment, experiencing a 2.1-percentage point drop from 2007 to 2010 compared to a 5.9-percentage point drop for those with a non-credit-bearing credential. But this difference is not statistically significant ($p = .099$). The findings presented do not account for differences in family, demographic, and county characteristics but are robust to the inclusion of those controls. Standard errors clustered at the state level.

Summary

Prior research (Hester and Kitmitto, 2020) found that attainment of a credit-bearing credential was associated with earning approximately \$5,500 more annually compared to non-credit bearing credential holders. The present investigation shows the type of credential held prior to the recession made no difference in the changes in employment rates and earnings experienced during the recession.

References

- Hertz, T. (2006). *Understanding mobility in America*. Center for American Progress. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.107.5196&rep=rep1&type=pdf>
- Hester, C., & Kitmitto, S. (2020). The relative returns to credit- and non-credit-bearing credentials. American Institutes for Research. <https://www.air.org/resource/relative-return-credit-and-non-credit-bearing-educational-attainment>