

Disadvantaged students reap most financial return from college education, study finds

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With the college admission season upon us, teens across the country are glued to college websites in hopes of learning whether they have been admitted to their school of choice.

But high school seniors who did not apply to college may be missing out on more than this popular rite of passage, a new UCLA-led study suggests. They could be forgoing some of the greatest financial returns a [college education](#) can offer, according to the findings, which appear in the April issue of the [American Sociological Review](#).

"We found that the highest economic return to a college education is among the students who were least likely to go to college," said Jennie E. Brand, the study's lead author and a UCLA assistant professor of sociology. The study's co-author is Yu Xie, the Otis Dudley Duncan Distinguished University Professor of Sociology at the University of Michigan.

The economic value of a college diploma is nearly twice as high for women from disadvantaged backgrounds as for women from privileged backgrounds, the findings show. For disadvantaged men, the lift is even greater: A college education is worth three times more for them than for privileged college-goers.

Meanwhile, the researchers found the lowest financial return among those students who were most likely to go to college.

The study is the first to look at the economic impact of a college education by the probability of being college-bound by virtue of family background, an individual's own abilities and the educational aspirations of friends.

"Individuals with relatively disadvantaged social backgrounds and low levels of early achievement — or those with the lowest probability of completing college — benefit the most from completing college," Brand said.

Brand and Xie based their research on a survey of 12,686 American individuals who were 14 to 22 years old when they were first interviewed in 1979 and who were followed through 2008. When first approached in 1979, the participants were asked about their family's socioeconomic, racial and educational backgrounds, as well as their own college aspirations and those of their close friends. The survey included each subject's grade-point average in high school and the results of a standardized aptitude test given in 11th grade. The survey then tracked the earnings of these individuals up to age 40.

Consistent with past research, Brand and Xie found that high school students were more likely to pursue higher education if they came from more privileged socioeconomic backgrounds, had parents with at least some college education, had high ability and high levels of high school achievement, and had friends who planned to go to college.

In contrast, being African American or Latino and coming from a lower-income family in which neither parent had attended college diminished the likelihood that a high school student would pursue higher education. Not surprisingly, so did poor grades and low standardized test scores.

In all, Brand and Xie isolated 16 statistically significant predictors of college attendance. Based on these predictors, they calculated how likely

each individual was to go to college and scored him or her accordingly, assigning "1" to students whose background and aptitudes made them least likely to pursue higher education and "5" to those with the highest probability of pursuing higher education.

The researchers then compared the earnings of college graduates and the earnings of high school graduates who had the same college probability scores.

On average, male college graduates who had been deemed least likely to go to college (those ranked "1") had earned 30 percent more over their lifetimes than their counterparts with no education beyond high school, Brand and Xie found.

Meanwhile, male college graduates who ranked "5" on the college probability scale only earned 10 percent more than their counterparts with no education beyond high school.

Compared with men, women overall enjoyed a greater economic lift from a college education. But those from disadvantaged backgrounds still got a bigger bang for their educational buck, the researchers found.

Female college graduates ranked "1" earned 35 percent more than their counterparts with only a high school diploma. Meanwhile, female graduates ranked "5" earned 20 percent more than their counterparts who only completed high school.

Brand and Xie believe a range of factors account for the greater returns enjoyed by college graduates from disadvantaged backgrounds.

"One reason college graduates from disadvantaged backgrounds do so much better financially than their peers who don't pursue higher education is because high school graduates from disadvantaged

backgrounds face such a tough labor market," Brand said.

In contrast, individuals who are more likely to attend college are also more likely to have parents with means and social networks that, in the absence of a college degree, can be mined for employment prospects.

"For them, a college-degree isn't as financially consequential as for high school graduates from disadvantaged backgrounds," Brand said.

Strong economic motives also may account for some of the higher returns enjoyed by college students from disadvantaged backgrounds.

"For students from disadvantaged groups, college is a novelty that demands economic justification," Brand said. "By contrast, for students from advantaged backgrounds, college is a culturally expected norm. Economic gain is less of a motivation."

In seeming support of this explanation, the researchers found that college students from disadvantaged backgrounds were more likely than their more privileged peers to pursue such career-oriented majors as business and education. College students from more privileged backgrounds, meanwhile, were more likely than their disadvantaged classmates to major in the liberal arts.

Either way, the findings shed new light on the oft-debated question: Who benefits most from college?

Relying on theories that explain other purchases, economists have long held that the composition of college campuses is the result of a process of rational choice and self-selection.

"Classic economic theory argues that high school students rationally consider the costs and benefits of going to college and choose to go if the

benefits outweigh the costs," Brand said. "According to this theory, high school students who stand to benefit financially from higher education are the ones who attend college."

But sociologists — and anybody who has ever met a teenager — have raised doubts about just how capable high school students are of evaluating an investment with such a long-term return as higher education.

In addition, educators have objected that the classic economic explanation can too easily be used to justify the dearth of disadvantaged groups on college campuses. Moreover, the explanation is at odds with policy efforts to expand educational opportunities for all Americans.

"Our findings underscore the value of reaching out to poor and minority youth with less-educated parents and other traits that have been shown to reduce the chances of going to college, and emphasizing its potential benefits," Brand said.

Provided by University of California - Los Angeles

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