

Study: students who complete bachelor's degrees in four years earn more

June 19 2012

(Phys.org) -- Going to college -- and completing a bachelor's degree in four years -- pays off in dollars and cents.

A study done by UT's Center for Business and Economic Research (CBER), in cooperation with the Tennessee Higher Education Commission (THEC), has found that college [students](#) who earned their bachelor's degrees within four [years](#) make higher salaries than those who took longer to complete their degrees.

Timely college completion is a key element of the Complete College Tennessee Act enacted in January 2010. The act ties state funding for the state's public institutions of higher education—including technical schools, community colleges, and four-year universities— to the number of graduates schools produce and how well their students are progressing toward their degrees.

The CBER study found that students who completed their bachelor's degrees within four years earn \$11,500 to \$13,000 more than those who attend college but fail to complete their degrees. Students who completed their degrees within six years also earned more than non-completers, but only by \$5,300 to \$7,200. Further, seven or eight years after starting college, students who took more than six years to complete their bachelor's degrees were earning about the same amount as students who left college without a degree.

“The clear advantage went to students who earned the degree within four

years,” the study said.

The findings “reinforce a well-known message about the value of postsecondary education and training,” said David L. Wright, THEC’s chief policy officer.

“This is the first time our data have been used to show the benefits of graduating as quickly as possible,” he said. “I think you’ll see us looking for ways to encourage students to finish college more efficiently.”

The authors suggest several explanations for why it’s so beneficial to complete college on a timely basis:

- Students who take an extra year or two to complete their four-year degrees may find themselves working at entry-level wages, while on-time completers are already enjoying higher earnings from raises or promotions.
- Students who choose to stay in college and graduate later forgo substantial earnings in the labor market over the course of their work life.
- Employers may view extended college stays as a negative reflection of a student’s aptitude, commitment, or efficiency at completing tasks.

The authors note there is “the notion that students who finish college faster are fundamentally different than students who take longer, in ways that influence later earnings and prove difficult to control for statistically.”

Although on-time degree recipients earned more than non-completers, the authors caution, “This does not mean that students should avoid college if they do not expect to finish. Our extended analyses...indicate

that non-completers can benefit from spending additional time in college, even if they ultimately fail to complete a degree.”

They note that for students who did not receive a degree, post-college earnings rose with each additional semester a student had attended.

The researchers used data from THEC to look at all students who began as first-time freshmen at one of the state’s public colleges or universities in 2002 or 2003. The researchers studied these students through 2010 to determine if they had completed their degrees and to monitor their earnings.

Among other findings:

- Seventy-two percent of two-year college entrants and 45 percent of four-year college entrants failed to earn a degree in the given time period.
- Those who failed to complete their degrees had lower ACT scores than degree recipients and also had lower earnings after college.
- Those who failed to complete their degrees came from less affluent and more diverse neighborhoods than degree recipients.
- Students are at highest risk for dropping out during their first and second terms; for students transferring from a community college, the greatest risk of dropping out is after their first term as a four-year [college](#) student.

Read the entire report [here](#).

Provided by University of Tennessee at Knoxville

Citation: Study: students who complete bachelor's degrees in four years earn more (2012, June 19) retrieved 2 May 2024 from <https://phys.org/news/2012-06-students-bachelor-degrees-years.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.