THE WALL STREET JOURNAL.

A BIT OF COLLEGE CAN BE WORSE THAN NONE AT ALL

By Melissa Korn October 13, 2014

Lauren Bizzaro has three years of college credits from High Point University in North Carolina and the University of Rhode Island. But with no degree, those credits got her little more than a late start in the professional world and a \$40,000 student-loan balance.

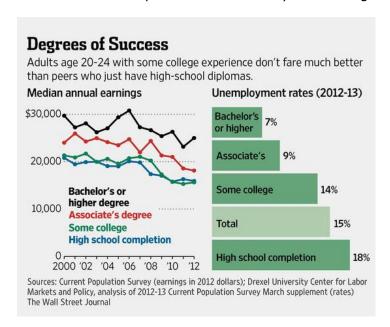
Until recently, Ms. Bizzaro earned \$11.50 an hour dressing, feeding and bathing patients as a licensed nursing assistant at a long-term-care and rehabilitation facility in Vermont. Now a unit coordinator who handles clerical tasks like arranging doctor appointments and updating patient charts, she can't move further up the ranks without additional credentials, according to her employer.

Once an aspiring nurse, Ms. Bizzaro, age 25, says she has felt "stuck and defeated" and has shifted her expectations about starting a career and settling down in her 20s.

Americans have flocked to colleges in unprecedented numbers in the last half-decade, fueled by a conviction that postsecondary education is the surest route to steady employment and higher salaries.

Yet those who begin, but don't complete, a degree are learning the hard way that the payoff is in finishing — or that they might have been better off not attending college at all.

The number of students who don't complete college is growing. Nearly one-third of students who started college in 2012 didn't return to a U.S. school the following year, according to the National Student Clearinghouse Research Center. And a new report out from a group of higher-education organizations found that roughly two-thirds of students who return to school after interrupted courses of study still don't graduate.



Those students may find themselves doubly damned: cut out of consideration for professional-track jobs, and starting their careers years behind their peers who entered the workforce with just high-school diplomas. Many have student loans to boot.

And both groups struggle to cobble together a living in their 20s. College dropouts have a lower unemployment rate than those with no college credits — 12.1% versus 15.5%, respectively, for 20- to 29-year-olds — but they work almost exactly the same number of hours a week and weeks a year, according to a Drexel University Center for Labor Markets and Policy analysis of Current Population Survey data.

On wages, too, young workers with some college have little advantage. There has been little or no difference in wages among 20- to 24-year-olds who graduated high school and those who completed some college but aren't enrolled anymore. In 2011, wages for college dropouts were even lower, according to the Current Population Survey.

Median annual earnings for young adults with some college were \$15,640 in 2012, the most-recent year available, on par with high-school graduates' earnings. Associate-degree holders earned \$18,120, while those with at least a bachelor's degree could expect median earnings of \$24,990.

"The sheepskin effect is huge," says Paul Harrington, director of Drexel's Center for Labor Markets and Policy.

A few semesters of college can drag on young workers' finances for years. In 2009 — the most-recent year available — more than half of students at four-year public or private, nonprofit institutions who didn't complete college took out federal loans, with average borrowings of \$9,300 to \$10,400 depending on the type of school, according to the National Center for Education Statistics. Eighty-six percent of for-profit college dropouts had accrued federal debt.

Those loans are weighing more on people who don't finish school than they used to. In 2001, such people had federal loan debt totaling 24% of their annual income, a figure that rose to 35% by 2009.

Ms. Bizzaro defaulted on her student loans after leaving Rhode Island. About 15% of each paycheck from Genesis HealthCare Rutland Mountain View Center, about half what she pays in rent each month, goes to repay the debt.

When a degree was still a relative rarity, any college experience helped a candidate stand out. But postsecondary education is now the norm for enough people that a short stint in college is no longer a positive differentiator, says Anthony Carnevale, a labor economist who runs Georgetown University's Center on Education and the Workforce.

More than half of employers now require a college credential for all jobs, and nearly one-third now hire college graduates for jobs that previously went to high-school graduates, according to a 2013 CareerBuilder survey of 2,600 hiring managers. Labor-market analytics firm Burning Glass Technologies recently found that 65% of postings for executive secretaries and assistants call for bachelor's degrees, but just 19% of current secretaries have such credentials.

Few hiring managers say that college graduates are more qualified than nongrads for jobs in retail and warehouses, but as long as the job market is tight, employers say they can afford to be picky.

Candidates with degrees or certificates have "shown perseverance and persistence to obtain that credential," says Kevin Brinegar, president and chief executive of the Indiana Chamber of Commerce. Dropping out after a few courses makes managers wonder "Is that what they're going to do when they come to work for me? They'll work for three weeks or three days and say, 'I'm out of here?' "

"You want people who can go through an experience and drive it to completion," says Eric Eden, vice president of marketing at event-management software company Cvent Inc. in Tysons Corner, Va. He says a credential ensures that a candidate is committed and won't quit part way through the seven-week new-hire training program.

Though he would consider applicants who have some college experience but no degree, Mr. Eden says, "They would have substantially less of a chance" than those with proof of completion. He estimates that more than 90% of employees at Cvent are college graduates.

The rise of vocational certifications in subjects like computer programming and manufacturing can lead to well-paying jobs and prove that a bachelor's degree isn't the only path to success, some labor economists say.

Drew Saffles, 21 years old, enrolled at Pellissippi State Community College in Knoxville in August 2011 with the intention of pursuing a finance degree. Bored with the course work, he left school the following April.

He worked part time jobs at a Sears store and as a server at a local steakhouse. But "I never could guite work enough to make ends meet," he says.

Mr. Saffles enrolled in the Tennessee College of Applied Technology in Knoxville in May of last year and graduated as an HVAC and refrigeration technician. He landed a job at Rocky Top Air Inc. in Knoxville, where he makes \$14 an hour, plus sales incentives and overtime.

Ms. Bizzaro says she has no immediate plans to return to school, but it may only be a matter of time. Jeanne Phillips, senior vice president and chief human-relations officer at Genesis Healthcare LLC, says Ms. Bizzaro's current position could be a step toward a solid career opportunity, "with the right credentials."