

## **The Effect of Degree Attainment on Income of First-time Freshmen and Transfer Students at New Mexico Highlands University**

**Prepared by the Office of Institutional Effectiveness and Research, October 2009**

The study looked at all first-time, full-time freshmen and all first-time, full-time transfer students from fall 2000, fall 2001, and fall 2002. There were a total of 1555 students in the original sample, 714 first-time freshmen and 841 transfer students. Data from the Highlands Banner system, the New Mexico Department of Labor (accessed by staff at the NM Higher Education Department), and the National Student Tracker Service were used to determine which students had graduated with a four-year degree. Income data from the New Mexico Department of Labor for the last quarter of 2007 and the first three quarters of 2008 were used to compute yearly income.

Of the 1555 students in the sample, 705 (45%) had income from all four quarters used in the study. Of the 705 students for whom we have four consecutive quarters of income data, 15 were still enrolled as full-time undergraduates at NMHU in the spring of 2008 and were not included in the analysis.

In July, 2007 the federal minimum wage was raised to \$5.85 an hour. This means that someone working 40 hours a week for a full year would make \$12,168. Using this standard of full-time work, there are 642 individuals in the database who were not enrolled full-time at NMHU and who worked full-time in the state of New Mexico for the last quarter of 2007 and the first three quarters of 2008. These are the individuals who were included in the income analysis. The education outcomes for these individuals are presented below.

### **Educational Outcomes of Individuals Included in the Income Analysis**

|          | no  | Highlands | elsewhere | Total | % graduated |
|----------|-----|-----------|-----------|-------|-------------|
| Freshmen | 178 | 68        | 26        | 272   | 34.6%       |
| Transfer | 139 | 218       | 13        | 370   | 62.4%       |
| Total    | 317 | 286       | 39        | 642   | 50.6%       |

Two income analyses were done, one comparing Highlands' graduates to all students who did not receive a degree and one comparing Highlands' graduates to graduates from other institutions.

### **Income of Highlands' Graduates Compared to Those with No Degree**

|                | N   | Mean        | Std. Deviation |
|----------------|-----|-------------|----------------|
| No degree      | 317 | \$30,638.39 | \$14,875.87    |
| Highlands Grad | 286 | \$37,878.83 | \$12,164.47    |

The mean income of Highlands' graduates in this study was \$7,240 higher than the mean income of students with no record of earning a degree. This difference is statistically significant at the  $p < .001$  level.

### Income of Highlands' Graduates Compared to Graduates of Other Institutions

|                | N   | Mean        | Std.<br>Deviation |
|----------------|-----|-------------|-------------------|
| Highlands Grad | 286 | \$37,878.83 | \$12,164.47       |
| Other Grad     | 39  | \$37,259.22 | \$17,444.84       |

The mean income of Highlands' graduates in this study \$619 higher than the mean income of students who received a degree from another institution, a difference that is not statistically significant.

According to the Bureau of Economic Analysis of the US Department of Labor, New Mexico had a per capita personal income in 2007 of \$30,706, almost equal to the yearly income of the individuals with no degree in this study (<http://www.bea.gov/regional/bearfacts/stateaction.cfm>).

**Summary:** Students who can be shown to have earned a four-year degree have significantly higher incomes than do students for whom we could find no record of degree attainment. They have incomes significantly higher than the per capita income for all New Mexico residents. There was no difference between the incomes of those who received a degree at Highlands and those who received a degree at another institution. From this analysis, it seems that a degree from Highlands resulted in an additional \$7,240 in income.