

### Summary

California's failure to invest in higher education is crushing the economy and crippling our kids' future.

Once a leader, CA now ranks:

- 49<sup>th</sup> in number of adults with at least a high school diploma.
- 47<sup>th</sup> in number of high school graduates that go on to college
- 46<sup>th</sup> in college participation by age 19
- 31<sup>st</sup> in college participation from students from low-income families

*Economic prosperity and success for individuals, families, states, and countries are today driven by the productivity of college-educated workers and the industries that employ them. Up to now, California's success in what can be described as a human capital economy has been driven by its commitment to its public colleges and universities. This commitment resulted in a highly educated workforce capable of supporting the needs of the businesses behind the eighth largest economy in the world.*

*Historically, California has been a leader in terms of higher education attainment and investment in public higher education. This study of numerous indicators of competitiveness, prosperity, and success suggest, however, that California is now slipping toward educational and economic mediocrity. With the near future bringing extraordinary demographic changes and concomitant challenges, the state's decisions about higher education today will determine whether it will be able to reverse the downward slide and pursue a more economically prosperous future.*

### DATA

The data analyzed by the author come from public state, federal, and international data sources and have been compiled over the past forty years. Sources include the US Census Bureau, Bureau of Labor Statistics, and the National Center for Education Statistics.

### **No longer a leader**

Once a leader with high rankings, California has shifted to ranking just average or below average on many key indicators of success in today's global economy.

- Per capita personal income in California has dropped from 142%

in of the US average in 1929 to 108% of average in 2007.

- In 1983, California ranked first among large states for adult population with at least a high school diploma but in 2006 dropped to 49<sup>th</sup> among all states.
- The college continuation rate for high school graduates dropped 22% since 1996 and California's ranking on this measure dropped from 5<sup>th</sup> to 47<sup>th</sup> among states.

### **Higher education more important than ever before**

Statistics for all levels of analysis confirm the increasing importance of higher education for economic success and prosperity.

- Over the past 30 years, for families headed by a person with only a high school diploma, real median income has declined by 8.6%; for families headed by a person with a Bachelor's degree, it increased by 23.2%.
- Income gaps between the educated and uneducated are widening. Measures of income inequality are rising faster in California than in the US as a whole and the family income inequality is not greater in this state than in the US as a whole.
- Demographic projections indicate a growth in the number of future college-age students from low income households. Today one in two K-12 students qualifies for the national subsidized school lunch program (family income must be less than 185% of poverty).

### **Failure to invest**

Declining investment and commitment to higher education is resulting in the state losing its reputation as a national leader. Today, the vast majority of

*"Those of us who spend our time in the classroom and on campus know full well what millions of dollars in budget cuts mean for the future of California. Fewer kids are going to be admitted to schools and fewer kids are going to be qualified for the jobs that today's economy has to offer. It is hypocritical for the Governor to utter the words 'we need job creation' out of one side of his mouth while he cuts higher education funding from the other side of his mouth because you can't create jobs when you are cutting the very institution that educates people to do those jobs." - CFA President Lillian Taiz*

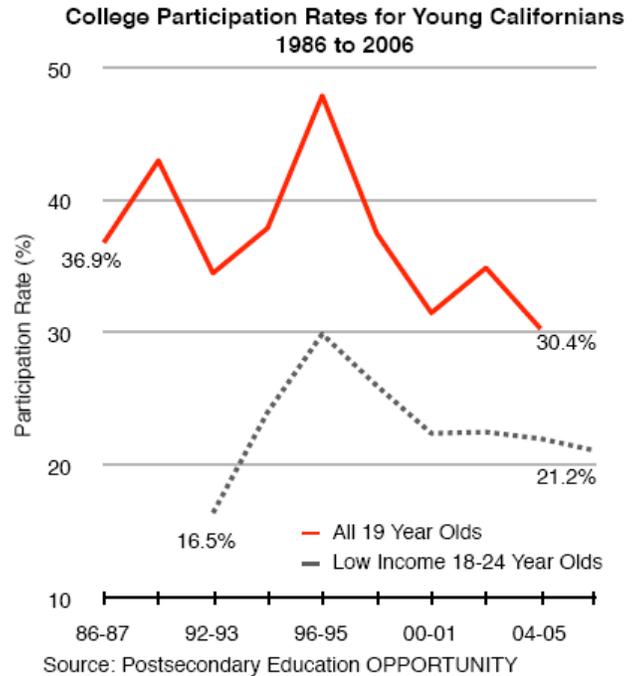
California's working age adults have insufficient education to participate productively and earn good wages in today's economy.

- California has substantially reduced its investment in higher education and today ranks 21<sup>st</sup> among states, down from 11<sup>th</sup> in 1980.
- Investment is 40% lower today than it was in 1980 in terms of investment per \$1000 of state personal income.
- If CA had maintained the level of investment from 1980, an additional \$3.2 billion would have been invested in higher education in FY2008.
- The percentage of Californians age 25+ with college degrees is growing but not fast enough. CA's ranking among states has fallen since 1989 from 8<sup>th</sup> in the nation to 14<sup>th</sup>.
- For college participation by age 19, CA ranked 46<sup>th</sup> in 2004, down from 17<sup>th</sup> in 1996.
- For college participation by students from low-income families, CA ranked 31<sup>st</sup> in 2006, down from 23<sup>rd</sup> ten years ago.

### **More students leaving state**

California has become a less attractive place to attend college. The state recently became a net exporter of college students, with more college freshman leaving the state than coming. Among students from low income families, the net out-migration has been even greater.

- Over 4,000 Pell Grant recipients from California went elsewhere in the country to attend college last year.



*Low income students in California attend college at lower rates and the proportion of low income students going to college is dropping as the state invests less and less in public higher education.*

### **Lower income student at risk**

Students from low income families and low income independent students face ever larger financial barriers to college enrollment as state investment shrinks and tuition rises.

- These students are today a majority of the K-12 population and are the future workforce for the state.
- Federal Pell Grants provide almost twice as much need-based student aid to low income students than do the state's need-based aid programs.
- College students in California faced over \$4.6 billion in unmet financial need (the difference between the cost of attendance and the family's plus financial aid resources available to pay the costs).

### **For More Information Contact:**

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