



California's Future Workforce

Will There Be Enough College Graduates?

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SUMMARY

In PPIC's *California 2025* report, a potential mismatch was highlighted between the level of education the future population is likely to possess and the level of education that will be demanded by the future economy. This study provides further evidence of the future workforce skills gap and discusses the causes, magnitude, and likely consequences of the gap.

The workforce skills gap is already a reality in California. In recent decades, the demand for workers with a bachelor's degree has grown. The share of workers with a college degree increased from 28 percent in 1990 to 34 percent in 2006. Over the same period, the wages of college-educated workers grew substantially, whereas the wages of less-educated workers were relatively stagnant. These conditions characterize an increase in demand for college-educated workers for which growth in supply has not kept pace.

Since 1990, there have been relatively small shifts in employment toward industries and occupations that employ higher shares of workers with bachelor's degrees. More important, the employment of college-educated workers has increased within most industries and occupations. Our analysis shows that if past trends in worker education within and across industries and occupations were to continue, the demand for college-educated workers in 2025 would be equivalent to 41 percent of California workers.

We are not projecting a change in demand trends for college-educated workers but rather a change in supply trends. Workers who are currently ages 50 to 64 have the highest levels of college education and these workers will reach retirement age by 2025. Furthermore, the share

of Latinos in the working-age population is increasing, and this group has relatively low levels of educational attainment. Also, the migration of college-educated workers from other states and other countries is unlikely to increase future supply growth to levels comparable with past growth.

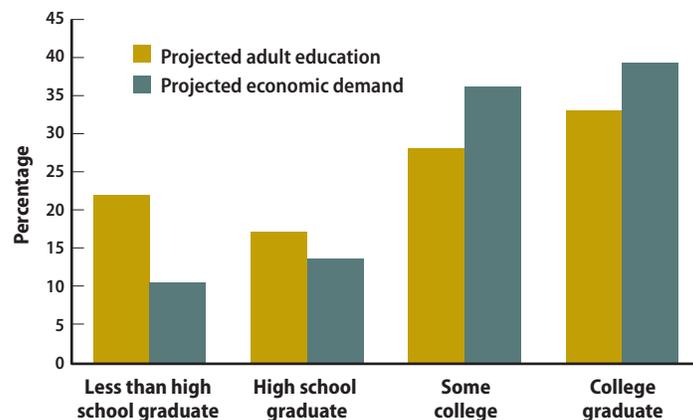
In the coming decades, slower growth in the supply of college-educated workers will be a limiting factor that changes the path of the state's economic growth.

In sum, our analysis shows that the supply of college-educated workers will not meet projected demand. The economic growth of recent decades occurred in a period of substantial growth in the number of workers with a college education. In the coming decades, slower growth in the supply of college-educated workers will be a limiting factor that changes the path of the state's economic growth.

At the same time, the supply of workers with a high school diploma or less is projected to exceed demand. These workers will see an erosion of their compensation and a decline in job opportunities, leading to reduced economic resources for low-income families.

Although it would take unprecedented increases in the number of young adults earning bachelor's degrees to fill the gap, California should look for ways to reduce the size of the gap. Effective reforms and investments today will improve opportunities for California's workers and create a workforce that will help fuel future economic growth.

California's troubled future: too many workers without a college education, too few with a college degree in 2020



Please visit the report's publication page <http://www.ppic.org/main/publication.asp?i=809> to find related resources.