Higher Education as a Driver of Economic Mobility

December 12, 2018

Hans Johnson, Marisol Cuellar Mejia, Sarah Bohn

Supported with funding from the College Futures Foundation and the Sutton Family Fund
California’s economy is strong

Unemployment rate (%)

Economic success is tied to educational attainment

Median annual salary and wage income ($)

- Bachelor’s degree or higher
- Associate degree
- Some college
- HS graduate
- No HS diploma
Higher education confers multiple benefits

- A college degree helps people access a host of economic and social benefits—including upward mobility
- But too few Californians are earning college degrees
- California must build on recent progress and become a global leader, once again, in broad-based college graduation
Outline

- Value of a college degree
- Falling short in college attainment
- Progress and next steps
Higher levels of educational attainment confer higher wage premiums

Wage premium relative to HS graduates (%)

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Wage Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>No HS diploma</td>
<td>-22</td>
</tr>
<tr>
<td>Some college</td>
<td>21</td>
</tr>
<tr>
<td>Associate degree</td>
<td>29</td>
</tr>
<tr>
<td>Bachelor's degree only</td>
<td>62</td>
</tr>
<tr>
<td>Bachelor's degree or higher</td>
<td>73</td>
</tr>
<tr>
<td>Advanced degree</td>
<td>91</td>
</tr>
</tbody>
</table>
College-educated Californians are much more likely to be employed...

![Bar charts showing labor force participation and unemployment rate by education level.](chart.png)
...and are less likely to be in poverty or reliant on government safety net benefits

Source: California Poverty Measure.
Outline

- Value of a college degree
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California ranks last in generational progress on college completion

Difference in the share of college graduates among older and younger adults (% pts)

Generational progress in earnings has also declined

Share of Californians earning more than their parents (%)

Only a third of young adults born in California have a college degree

Share of California-born young adults with a bachelor’s degree (%)

- All: 30%
- Asian American: 60%
- White: 40%
- African American: 20%
- Latino: 10%
Why are Californians falling behind in college attainment?

- Equity gaps are a big challenge
- At each step to a college degree, students from socioeconomically disadvantaged and historically underrepresented racial/ethnic backgrounds have poorer outcomes than their peers
- Given the demographics of the state, it is essential to reduce these achievement gaps
- Access to UC and CSU has not kept up with increases in college readiness
Most high school students graduate in California

2017 high school graduation rates (%)

- Asian American: 93%
- White: 87%
- Statewide total: 83%
- Latino: 80%
- Socioeconomically disadvantaged: 79%
- African American: 73%
- English Learner: 67%
The majority of students across income groups go to college.

College-going rates among recent HS graduates in California (%)

- Less than $30,000: 67%
- $30,000–$49,999: 71%
- $50,000–$74,999: 79%
- $75,000–$149,999: 82%
- $150,000 and over: 88%
Higher education sectors vary greatly in their shares of underrepresented racial/ethnic groups…
...and other disadvantaged student groups

% of first-time student enrollment

<table>
<thead>
<tr>
<th></th>
<th>First-generation</th>
<th>Low-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCC</td>
<td>54</td>
<td>45</td>
</tr>
<tr>
<td>CSU</td>
<td>54</td>
<td>47</td>
</tr>
<tr>
<td>UC</td>
<td>40</td>
<td>35</td>
</tr>
<tr>
<td>Private nonprofit</td>
<td>30</td>
<td>28</td>
</tr>
</tbody>
</table>
All types of four-year institutions see equity gaps across racial/ethnic groups…

Six-year graduation rates (%)

<table>
<thead>
<tr>
<th>Four-year institutions</th>
<th>CSU</th>
<th>UC</th>
<th>Private nonprofit</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>44</td>
<td>75</td>
<td>64</td>
</tr>
<tr>
<td>Latino</td>
<td>53</td>
<td>77</td>
<td>71</td>
</tr>
<tr>
<td>White</td>
<td>67</td>
<td>85</td>
<td>77</td>
</tr>
<tr>
<td>Asian American</td>
<td>63</td>
<td>87</td>
<td>82</td>
</tr>
</tbody>
</table>
...and for low-income students

Six-year graduation rates (%)

Four-year institutions

- CSU: Low-income 53%, Not low-income 64%
- UC: Low-income 81%, Not low-income 87%
- Private nonprofit: Low-income 71%, Not low-income 80%

Legend:
- Orange: Low-income
- Blue: Not low-income
Outline

- Value of a college degree
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Bright spots of progress in critical areas

- **College preparation**: More high school students are completing coursework to be UC- and CSU-eligible, with especially large improvements for Latinos

- **Access**: At UC and CSU, the shares of first-time freshmen from low-income families are up substantially from a decade ago

- **Transfers**: CCC’s*Vision for Success* sets ambitious goals; Associate Degrees for Transfer (ADT) link to CSU and UC, and now private nonprofit colleges as well

- **Student success**: CSU’s graduation initiative has improved rates for all groups

- **Financial aid**: CalGrants provide the largest aid packages to students from families with the lowest incomes
Further action is needed

- **College preparation**: Middle and high school students need to know about college entrance requirements—including specific high school courses required
- **Access**: Colleges should consider systematically including students’ economic background as one of the criteria used in determining admissions
- **Transfers**: Continue expanding the ADT to include more colleges and majors
- **Student success**: Provide supports and services that accompany students from beginning to end and that help them to stay on track and achieve their goals
- **Financial aid**: Future proposals should link financial aid to the total cost of college and should reevaluate eligibility restrictions
California has a track record of success—and now is a critical time for renewal

- California higher education institutions have a record of improving economic mobility for previous generations
- The state and its public colleges and universities have invested heavily in a wide range of policies and programs
- California must build upon its recent progress
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These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.