

## QUICK LOOK ...

★ Substantial increases in those segments of America's young population with the lowest level of education, combined with the coming retirement of the baby boomers—the most highly educated generation in U.S. history—are projected to lead to a drop in the average level of education of the U.S. workforce over the next two decades, unless states do a better job of raising the educational level of all racial/ethnic groups.

★ This *Policy Alert Supplement* takes a closer look at how these trends would affect California.

This analysis is based on the recent report, *As America Becomes More Diverse: The Impact of State Higher Education Inequality*, by Patrick J. Kelly at the National Center for Higher Education Management Systems (NCHEMS), with support from the Lumina Foundation. For the full report, see [www.higheredinfo.org/raceethnicity/](http://www.higheredinfo.org/raceethnicity/).

The national *Policy Alert* and 10 state supplements can be downloaded from the National Center's Web site at [www.highereducation.org](http://www.highereducation.org).

## PROJECTED DROP IN INCOME FOR CALIFORNIA MOST SEVERE IN U.S.

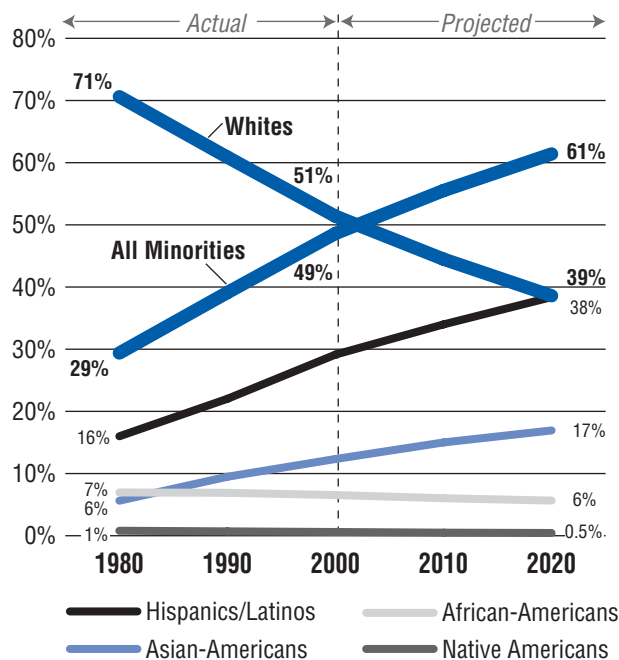
### Educational Level of State Workforce Also Expected to Decline

The income of California's residents is projected to decline over the next two decades, unless the state can increase the number of Hispanics/Latinos going to college and getting degrees. The decrease in income is projected to be the largest such drop in the nation. In addition, the average level of education of the state workforce is projected to decrease.

**FACT #1: California's workforce continues to become more racially diverse.**

The share of California's workforce consisting of whites is declining rapidly, while the share made up of other racial/ethnic groups is projected to reach 61% by 2020 (see figure 1). The growth is almost completely within the Hispanic/Latino population, whose share of the workforce is expected to jump from 16% in 1980 to 38% in 2020.

**Figure 1. California's Working-Age Population (ages 25 to 64) by Race/Ethnicity.**



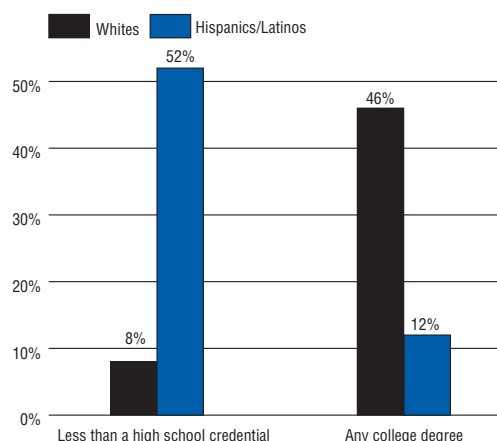
Notes: Population projections are based on historical rates of change for immigration, birth, and death. Pacific Islanders are included with Asian-Americans. Alaska Natives are included with Native Americans. Projections for Native Americans are based on 1990 Census. The Census category "other races" is not included.

Sources: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 1980, 1990, and 2000 Census) and U.S. Population Projections (based on 2000 Census).

**FACT #2: Hispanics/Latinos, the fastest-growing racial/ethnic group in California, have the lowest levels of education in the state.**

The gaps between the educational levels of whites and Hispanics/Latinos—the largest minority group in California—are substantial. For example, there is a wide disparity between the least-educated and the highest-educated segments of the state workforce (see figure 2). Among working-age adults, about 52% of Hispanics/Latinos do not have a high school credential, compared to 8% of whites. At the other end of the spectrum, only 12% of working-age Hispanics/Latinos have a college degree, compared with 46% of working-age whites.

**Figure 2. Gaps in Educational Levels of California’s Working-Age Population (ages 25 to 64).**



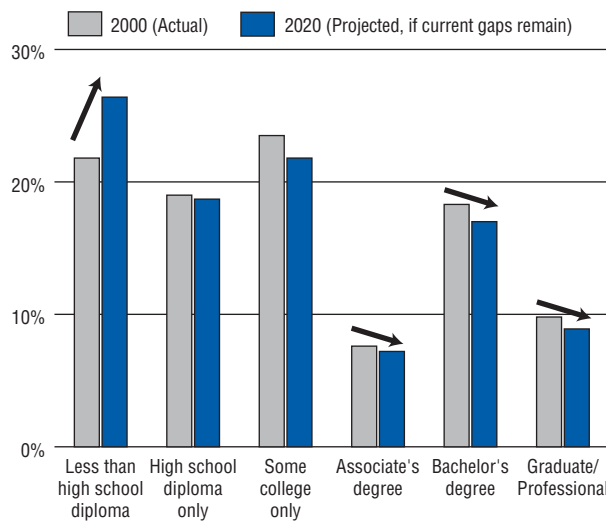
Note: These categories represent the highest level of education attained as of 2000. Source: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 2000 Census).

**IMPACT: Given the demographic shifts in the state workforce, IF California’s current educational gaps among racial/ethnic groups remain, then...**

★ **The percentage of the workforce with a college degree is projected to decline:** By 2020, the share of the workforce with less than a high school diploma is projected to increase, while the share with an associate’s or a bachelor’s degree is projected to decrease (see figure 3).

★ **The income of residents is projected to drop substantially:** IF the average educational level of the state workforce declines, California’s personal income per capita is projected to drop from \$22,728 in 2000 to \$20,252 in 2020—a decline of 11% or \$2,476 (in inflation-adjusted dollars), the largest drop in the nation. In contrast, according to the Bureau of Economic Analysis, California’s personal income per capita had grown 30% during the two decades prior to 2000. One consequence of such a decline in personal income would be a decrease in the state’s tax base.

**Figure 3. Educational Levels of Working-Age Population (ages 25 to 64) in California.**



Note: These categories represent the highest level of education attained. Sources: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 2000 Census); U.S. Population Projections (based on 1990 and 2000 Census).

**Policy Implications.**

State policymakers in California must be aware of the social and economic costs resulting from demographic shifts and disparities in the education of the state’s residents. California’s opportunities to develop a strong state workforce that can compete effectively in a global, knowledge-based economy rest on its ability to raise the level of education of all its residents, particularly its Hispanic/Latino population.