

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 Texas.

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/.

The national *Policy Alert* and 10 state supplements can be downloaded from the National Center's Web site at www.highereducation.org.

EDUCATIONAL LEVEL OF TEXAS' WORKFORCE PROJECTED TO DECLINE

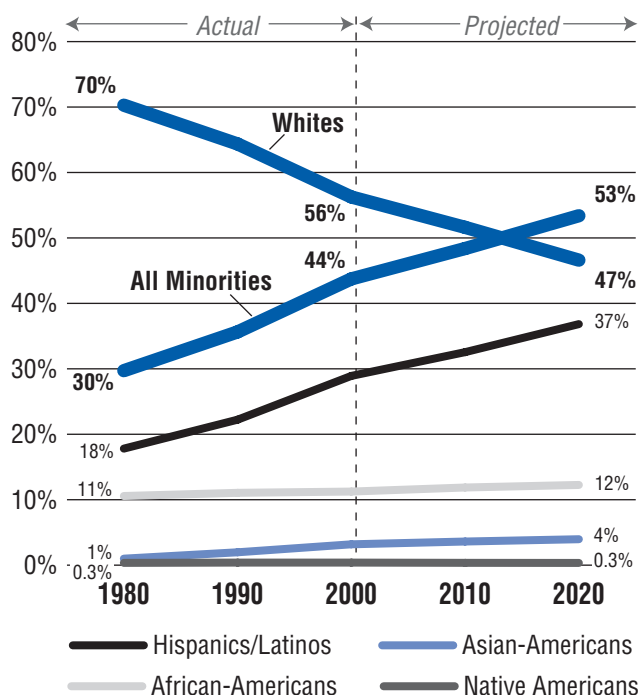
Income of Residents Would Drop as a Result

The average level of education of Texas' workforce and the income of its residents are projected to decline over the next two decades, unless the state can increase the number of Hispanics/Latinos and African-Americans going to college and getting degrees. This supplement describes the basis for these projections.

FACT #1: Texas' workforce continues to become more racially diverse.

The share of Texas' workforce consisting of whites is declining rapidly, while the share made up of other racial/ethnic groups is projected to reach 53% 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 18% in 1980 to 37% in 2020.

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



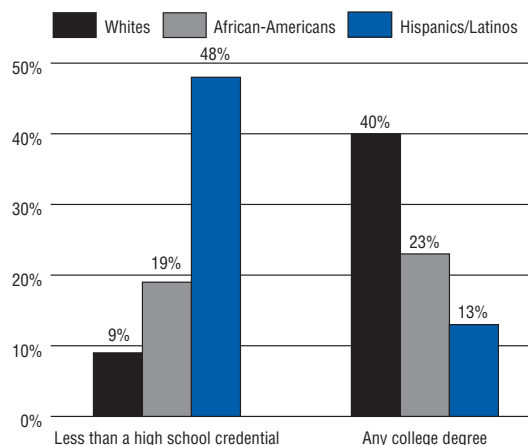
Notes: Population projections are based on historical rates of change for immigration, birth, and death. Pacific Islanders are included with Asian-Americans. Alaska Natives are included with Native Americans. Projections for Native Americans are based on 1990 Census. The Census category "other races" 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 are the fastest-growing racial/ethnic group in Texas. Along with African-Americans, they have the lowest levels of education in the state.

The gaps between the educational levels of whites and Hispanics/Latinos, and whites and African-Americans, 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 48% of Hispanics/Latinos and 19% of African-Americans do not have a high school credential, compared to 9% of whites. At the other end of the spectrum, only 13% of working-age Hispanics/Latinos and 23% of working-age African-Americans have a college degree, compared with 40% of working-age whites.

Figure 2. Gaps in Educational Levels of Texas' Working-Age Population (ages 25 to 64).

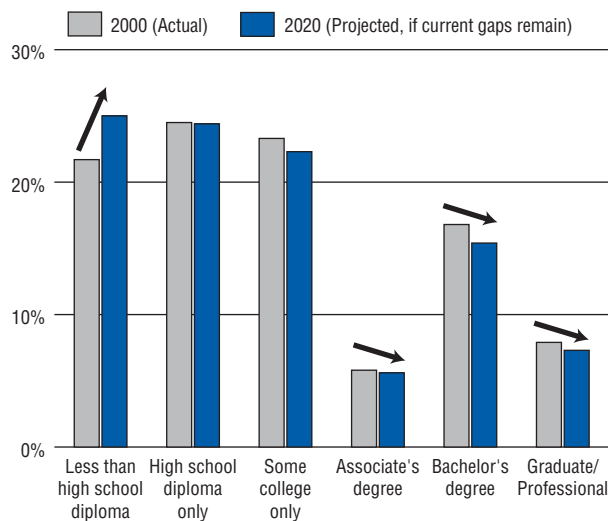


Note: These categories represent the highest level of education attained as of 2000. Source: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 2000 Census).

IMPACT: Given the demographic shifts in the state workforce, IF Texas' 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:** IF the average educational level of the state workforce declines, Texas' personal income per capita is projected to drop from \$19,663 in 2000 to \$18,708 in 2020—a decline of \$955 or 5% (in inflation-adjusted dollars). In contrast, according to the Bureau of Economic Analysis, Texas' personal income per capita had grown 37% 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 Texas.



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 Texas must be aware of the social and economic costs resulting from demographic shifts and disparities in the education of the state's residents. Texas' 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 and African-American populations.