

California Competes

Higher Education for a Strong Economy

**Assembly Select Committee on
The Master Plan for Higher Education in California
Marc Berman, Chair**

November 1, 2017
San Jose California

**Testimony of Lande Ajose, Ph.D.
Executive Director**

Good Morning Chair Berman and members of the committee. Thank you very much for having me. My name is Lande Ajose and I am the executive Director of California Competes, Higher Education for a Strong Economy. We are an independent, nonpartisan, nonprofit project aimed at bolstering the state's postsecondary outcomes to foster a robust economy, vibrant communities and an engaged citizenry. Much of our work for the past seven years has been focused on making the economic case for increasing college completion here in California. To get it right, we are guided by a Leadership Council of business and civic leaders who represents, from multiple vantage points, the demand side of higher education and who care deeply about having a critical mass of well-educated Californians whose talents match the demands of the 21st century. Baked into our view is an assumption that tending to the economic needs of our state will also bring about our desired impact of having more equitable outcomes for all the state's residents.

I'd like to speak with you today about the importance of degree attainment for our state's economy. In the 1960s our Golden State emerged as an economic powerhouse, the envy not just of other states but of nations. In addition to our glorious sun and sand, we're also well known for the richness of our economy: we're at the top of our game in agriculture, natural resources, shipping and logistics, and the entertainment and computer industries. In this last category in particular, we're forging new paths in artificial intelligence, data science and augmented reality. Our ability to be at the forefront of so many innovative and creative industries is largely because in California, investing in talent is a part of our DNA. It was the implementation of the Master Plan that expanded access to higher education and focused our colleges on distinct roles that contributed to unprecedented economic growth.

We've seen how the world has changed in the past few decades in places that invest deeply in higher education. Where you have the creativity, the industriousness, and the entrepreneurship that comes from training and education, that creates good jobs. Those jobs create strong communities. Those communities contribute to more education. It is a kind of cycle, an upwards cycle of improvement

of communities, of education, of families and of opportunity that reaches people from all backgrounds and gets us to having a critical mass of folks with degrees and credentials.

Despite this investment, California has slipped in producing the talent we need to remain an economic powerhouse, and one reason is we are not producing nearly enough skilled graduates. In higher education our state degree and credential attainment at 48%, and we now rank 17th in terms of the proportion of adults age 25-64 with an associate degree or above.

Our report *Mind The Gap* found that, if current trends continue, by 2025 California will not produce the quality, quantity or diversity of college degrees needed to maintain the state's economic vitality. Our analysis is predicated on the idea that California should once again be amongst the top ten states in the nation producing college graduates. Like my colleagues at the Public Policy Institute of California, we estimate the degree gap to contain about one million bachelor's degrees. The balance of the degrees are meaningful sub-baccalaureate credentials – generally those requiring at least nine months of training -- that will continue to spur growth, provide a living wage and lead to greater economic security and mobility. We think these degrees matter not only for economic gains that they return to individuals, but also because of the other benefits to society that go along with have a postsecondary credential. Those with sub-baccalaureate degrees will contribute to the state by way of tax revenue, and we know that degree attainment is positively correlated with greater civic engagement, such as voting.

The problem that we face as a state is that we can't increase our degree production in time to meet our needs by 2025. Like compounding interest, we would need to increase our degree production by 10% per year, every year, in order to close the gap.

The institutional segments are mindful of the pressures to increase degree completion, albeit for different reasons. Concerns about resident access prompted UC to expand the number of seats across all UC's by 10,000 seats in recent years. However, even at a 6-year graduation rate of 84%, system-wide this would only generate an additional 8000 graduates. At the CSU, which has a paltry system wide four-year graduation rate of 19% -- yes, 19% -- their bold Graduation Initiative for 2025 would yield just over a half million graduates if every campus were successful at reaching its stretch goals. Taken together, these two initiatives would make a dent but wouldn't even make up a quarter of the additional degrees we need by 2025.

Our report also examined choices around course of study over a ten-year period. We found that, despite the much-discussed need for more STEM majors, fewer than 25% of all graduates from our four-year institutions majored biology, the health professions, engineering and computer science. And when disaggregated by race, we find sharp differences in the likelihood of different racial and ethnic groups to major in these fields. If you look at engineering for example, it is not among the top ten majors for Blacks and Latinos, even though statewide it ranks 7th.

Our examination of the top ten sub-baccalaureate credentials reveals that over two-fifths of all degrees were taken in the health professions while only 4% respectively were taken in computer tech and engineering tech. And again, when disaggregated by race, we once again see outcomes which, after the health professions, are very much differentiated by race. It bears mentioning that knitting together all these data are quite difficult because of the antiquated statewide data systems we have that do not integrate institutional or segmental data, either with each other or with our K-12 or workforce development systems.

When the Master Plan was originally crafted in 1960, it focused on the elements necessary for expanding and guaranteeing access to California residents. Since then, the demographics of California have changed dramatically, and we need our higher education systems to respond to a host of issues never envisioned by the plans architects. A conversation about access must be paired with equity, if we are to ensure that the benefits of higher education reach broad and deep in ways that serve our civic and economic interests. Affordability must not only be thought of as an issue of tuition, but also in terms of managing the total cost of attendance, which includes addressing the steep costs of housing, transportation, books and other expenses. The state must not rely on accrediting agencies to ensure that we maintain academic quality, but develop mechanisms for ensuring that for ourselves. We must also find ways to address the systemic inequities that exist within our K-12 system, to ensure that it doesn't result in educational stratification within our higher education system. And finally, California's higher education systems must be more integrated with our workforce system, to ensure we are developing talent in the fields that are growing in our varied regional economies.

As you continue to think about the Master Plan, we hope you will address these silences. We also hope that you will consider policies that focus on increased degree attainment for students, paying particular attention to the majors the state most needs to fuel our economies, and ensuring that we have greater equity in those academic majors. This will necessitate improving our advising system to ensure that students are informed about labor market opportunities as they make choices about courses of study to pursue. We must align our course curricula with economic needs, being ever mindful that business cycles move more rapidly than higher education and that a certain responsiveness is required. Finally, we can address more immediate workforce needs by re-engaging those in the state with some college and no degree, adults with labor market experience for whom an additional semester or a year of education would allow them to complete their degrees.

Taken together, these types of policies can equitably expand opportunities for California residents as well as for our state's broader economy.

Thank you.