

The Education Skills Gap in California

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California's Future Skills Gap

- **California economy will demand more highly educated workers**
- **Population will not supply enough college graduates to meet projected needs**
- **How can California produce more college graduates?**



Projections Continue Recent Trends

College-Educated Workers in California

	Share of workers with a college degree (%)
1990	28
2006	34
2025	41



College Education Is Increasing in Most Occupations

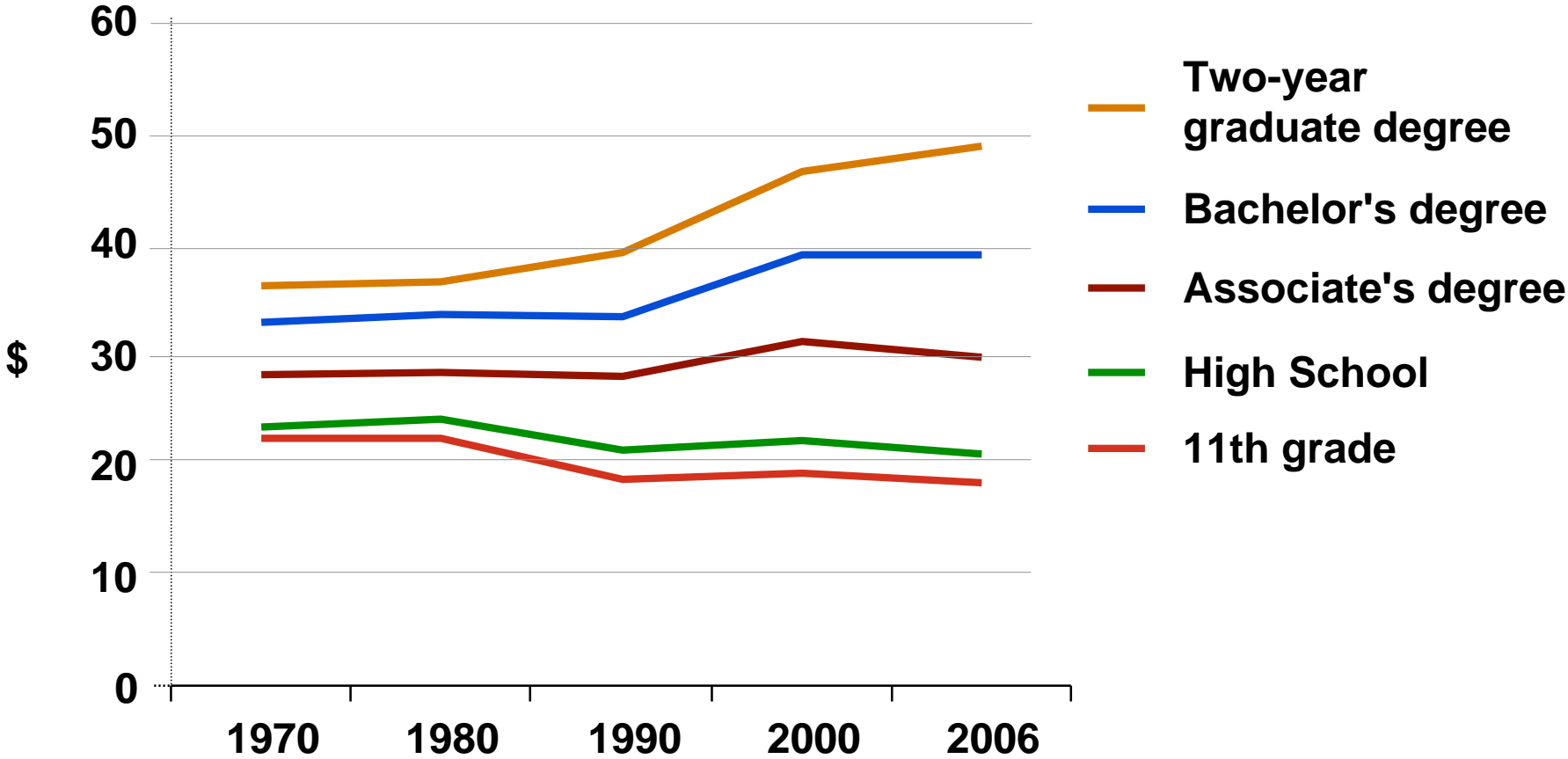
California's High-Growth Occupations

Occupation	Occupation as share of state employment		College-educated workers in occupation (%)	
	2006	2025	1990	2006
Education, training, and library	6.0	6.9	78	77
Computer and math	2.5	3.3	65	69
Health care practitioner	3.8	4.3	59	64
Health care support	2.1	2.6	12	16



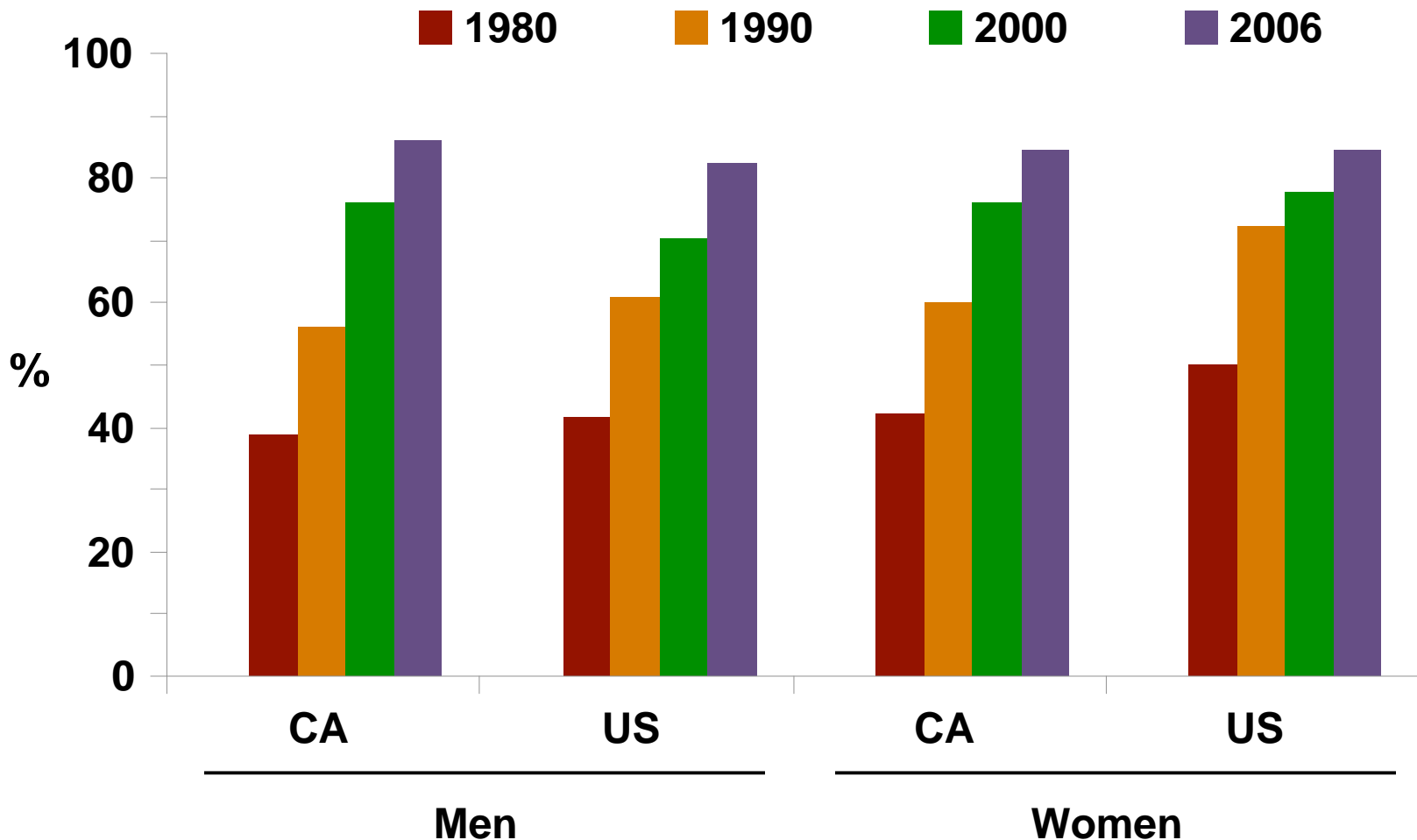
Wage Gaps Between Education Levels Have Grown

Average Hourly Wage by Education Level, Men in California



College Wage Premium Has Increased Since 1980

Percentage Difference in Average Hourly Wage, Worker with a Bachelor's Degree Relative to Worker with a High School Diploma



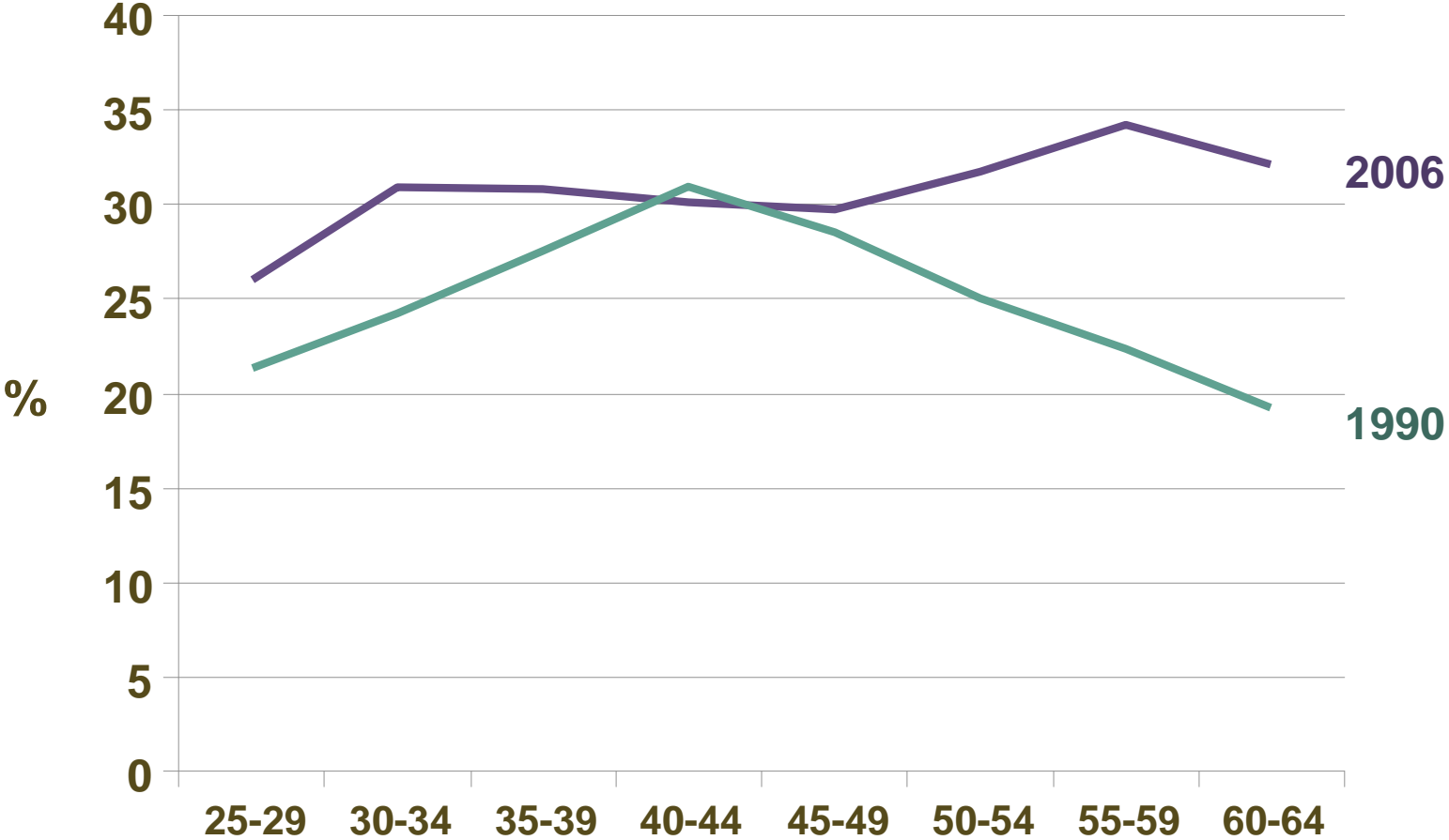
Two Strong Forces Constrain Future Share of Graduates in Workforce

- Retirement of large and relatively well-educated baby boom cohort
- Demographic shift toward groups with low rates of college graduation



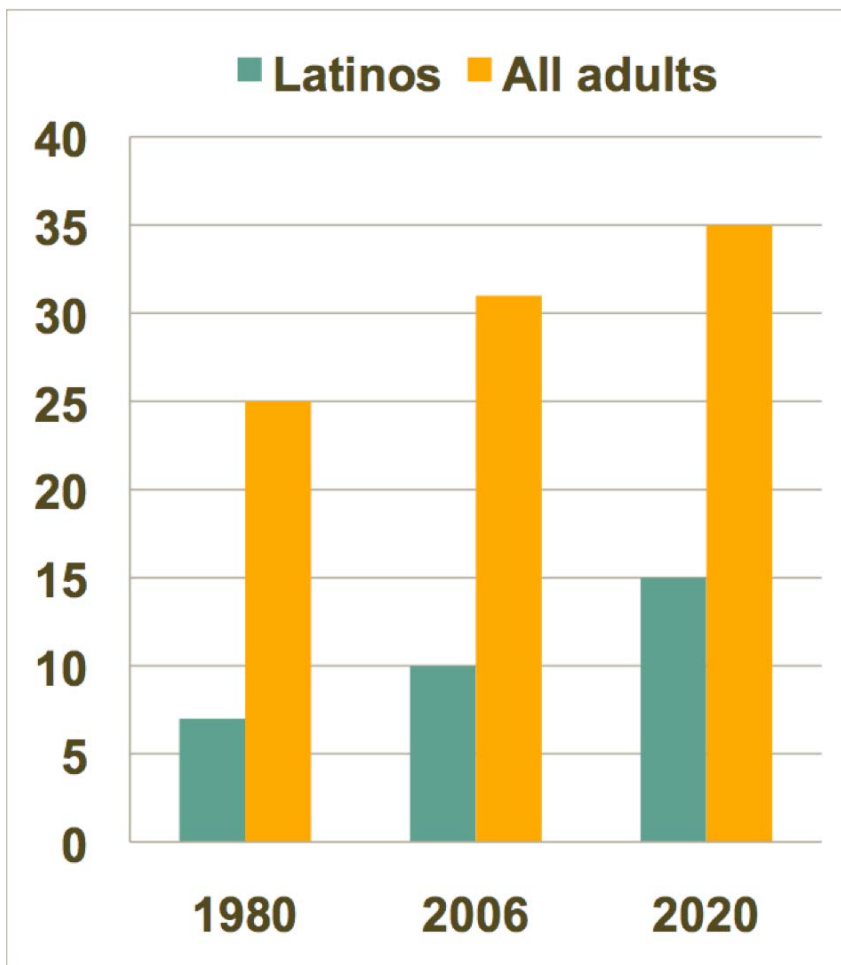
College Education Is Highest Among Adults Reaching Retirement Age

Share of Californian adults with a bachelor's degree, by age

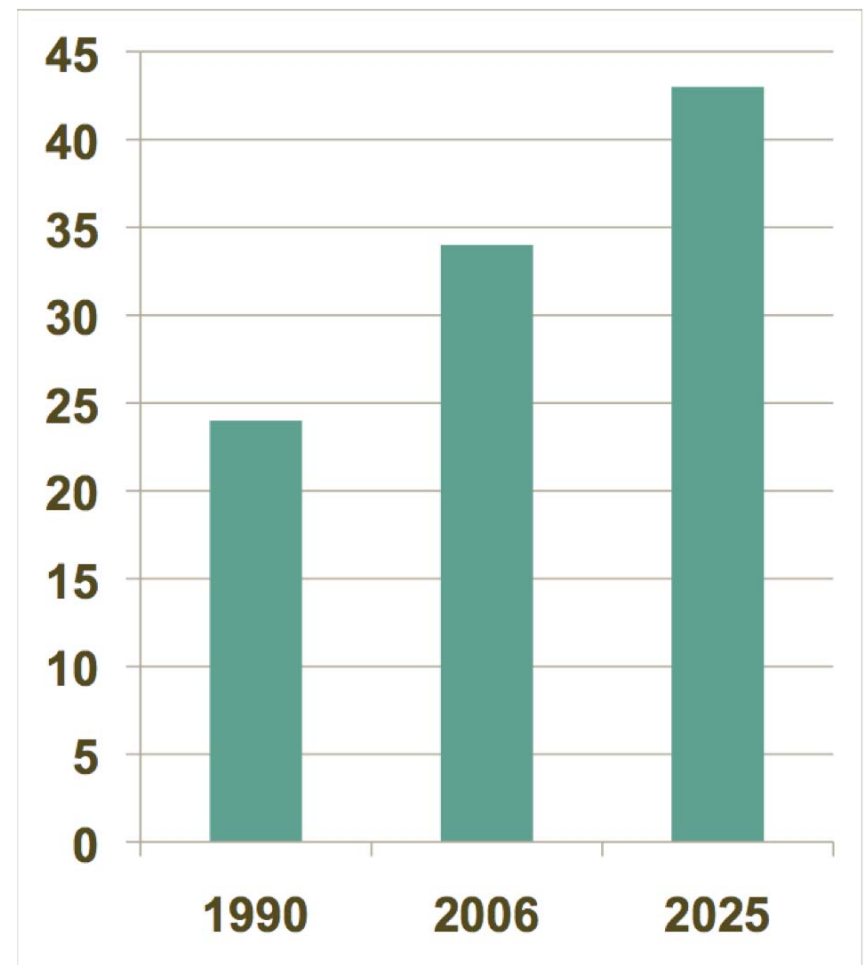


College Education Is Low Among Fast-Growing Latino Population

Percentage of adults with a college degree



Latinos as a share of all working-age adults



If Current Trends Persist ...

- **Projections for 2025**
 - 35% of adults will have a college degree
 - 41% of jobs will require a college degree
- Shortfall of **1 million** college graduates



Three Pathways for Increasing Number of College Graduates

- **Increase enrollment rates**
- **Increase transfer rates**
- **Increase graduation rates**

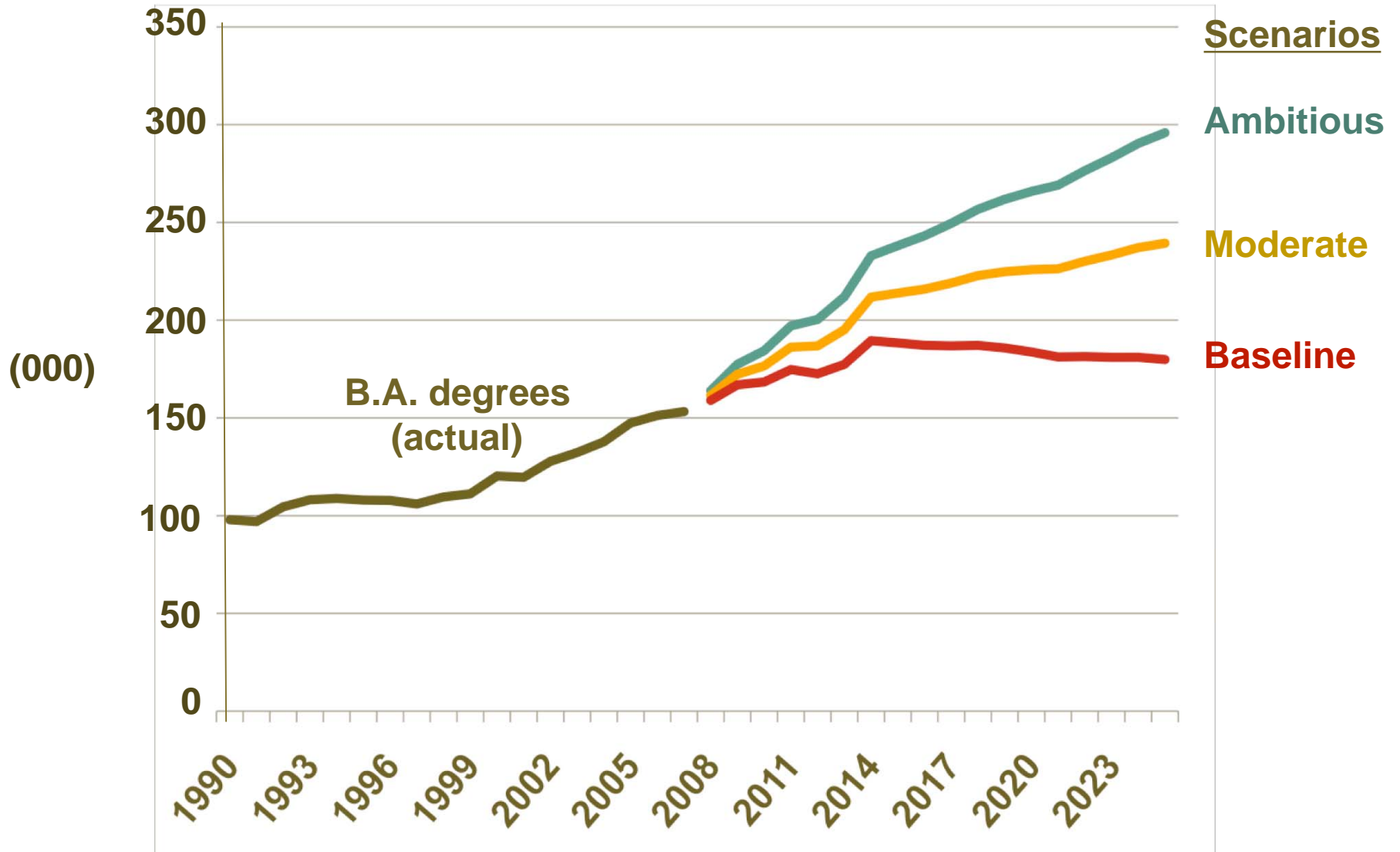


We have a lot of room for improvement

- California ranks 18th out of the 20 most populated states in direct college enrollment rates from high school.
- Transfer rates from community colleges are low
- About half of CSU incoming freshmen do not graduate



Trajectory of Three Scenarios: 2009–2025



Ambitious Scenario Would Completely Close Skills Gap

- Produce **1 million** additional (above baseline) college graduates by 2025
- College enrollment rates increase from 55% to 65%
- Community college transfer rates increase 33%
- CSU graduation rates increase from 48% to 69%



Policy Issues

- **Closing the skills gap is possible**
- **Action must be undertaken soon**
- **Community colleges play a key role**
- **Three higher education components must ...**
 - **Work together**
 - **Align coursework**
 - **Align fiscal policies**
- **Policymakers need to make strategic investments**

