



**Assembly Higher Education Committee and
Assembly Budget Subcommittee 2 on Education Finance**

**Jose Medina, Chair
Kevin McCarty, Chair**

**February 6, 2018
Sacramento, California**

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

Good Morning Chair Medina, Chair McCarty 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 and equity-driven case for increasing degree attainment here in California. We are guided by a Leadership Council of business and civic leaders who represent, 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.

California Competes was established in 2010 as a response to national efforts to establish degree attainment goals and to assess what our state's goal might be. Our original analysis, published in 2012, held California to a statewide, 55% degree attainment goal, consistent with national projections of degree production in 2025. If California were to reach 55% by 2025, the state would be among the top-ten in educational attainment. Our original analysis found that the state was not on track to reach this lofty goal and would fall short by about 2.3 million degrees. In 2015, we updated our findings and saw that the gap had grown slightly to 2.4 million—mostly due to population migration into the state. Today, we have again updated our findings with the latest data and continue to see a significant gap between what the state is forecasted to produce and what it would need to produce to be among the top-ten degree earning states by 2025, securing our state's economic future. If we were to attempt to close the degree gap by 2025 beginning this academic year, the state would need to increase degree completion by 19% each year. When we began this research in 2012, that rate was 4% and in 2015, it was 10%. 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 my colleagues at the Public Policy Institute of California, we estimate the degree gap to contain about one million bachelor's degrees, with the remaining balance made up of certificates, sub-baccalaureate degrees, and graduate degrees. Core to California Competes analyses has been a focus on 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 having a postsecondary credential.

To date, most goals established to promote degree completion have centered on increased enrollment. These goals—increasing full-time enrollment and increasing transfers—have not been consistently applied to our four-year institutions and appear to have yet to significantly moved the needle on closing the degree gap. Indeed, if the UC and the CSU were wildly successful in meeting their current enrollment and graduation initiative goals, respectively, the resulting additional degrees still would not come close to reaching the number of additional degrees we need by 2025. To accelerate the generation of degrees, we recommend expanding the model for developing degree goals to include not only inputs but also a focus on outputs that lead to equitable outcomes which serve the state's economy. Degree completion is an obvious output to consider but articulating a set of goals centered on degree completion requires paying attention to more than just the total number required to close the gap. It's also about who those degrees go to, where, and how they support regional economies.

Statewide, increasing degree production ought to align with growing occupational demands. The largest occupations that require a degree by 2025 encompass a wildly diverse spectrum. By 2025, the state will need hundreds of thousands of healthcare practitioners, teachers, STEM professionals, finance experts—the list goes on. Closing the gap by producing degrees in only one or a few of these fields would be a failure for the state. We need to ensure that the infrastructure and incentives are in place to support institutions in producing degrees that are going to offer long-term opportunity to students and respond to the changing needs of the state's economy. That means also considering the cost to institutions of producing these degrees and the individual and public benefits we expect in return. For example, replacing 500 computer science degrees with 1000 business management degrees may enable an institution to increase the number of graduates and reduce costs associated with producing more expensive STEM degrees. However, this shift in resources, while responding to the problem of the degree gap, would not

serve the state well given the current and projected need for graduates in science and technology fields—particularly since in California, workers with bachelor’s degrees in STEM fields (science, technology, engineering and mathematics) have median earnings on average \$15,000 higher than other majors. The costs of increasing college completion will likely vary by institution given their diverse missions and capacities. To be successful, a statewide degree attainment strategy must adapt to these structural differences.

Degree goals must also be responsive to variations in educational attainment. California is home to a rich diversity of cultures and business communities that have forged some of the most thriving local economies in the country. Increasing statewide degree attainment is a net win; however, realistic goals to accomplish this should be customized to account for differences in regional economies and populations. To demonstrate how responsive degree goals might generate equitable, workforce-aligned, regional outcomes we analyzed data from the Inland Empire, one of California’s largest economic areas. Currently, 30% of adults aged 25-64 have at least an associate’s degree in the Inland Empire. Comparing this to the goal of achieving 55% statewide degree attainment, the region has quite far to go in the next seven years—it would need to increase degree attainment year over year by an additional 37% to reach the goal by 2025. An equitable regional approach to increasing degree production would adjust the model to consider regional context. For example, rather than holding every region to 55%, establish a goal of a certain percentage improvement each year across all regions.

Another way to think about this incrementally, with the needs of local economies in mind, is to consider the matching between degrees supplied by institutions and degrees demanded by the workforce. We analyzed labor and education data from the Inland Empire to compare the top five most popular degrees produced in 2016 to the top five occupations projected to have the most openings in 2025. If the degrees being produced are responsive to the local economy, they should generally correspond to occupations that are expected to have strong growth in the next five to seven years. While we are not advocating for explicit education-to-employment mapping or using labor force predictions to narrowly prescribe what degrees are offered, it is necessary that students who graduate with a degree in the Inland Empire have a fair opportunity for long-term, quality employment and that employers in the region have access to competently-skilled workers. A prudent way to incorporate regional economic needs into a statewide degree attainment goal would be to develop a model that incorporates job placement rates, occupational placement rates, and time-to-employment rates for graduates.

This regionalized methodology can and should also be applied to variation in educational attainment by race and gender. The data before you show the percent of adults within each race

in the Inland Empire who have obtained at least an associate's degree. Alarming, Latinos, who make up about half of the total population in the region, have dramatically lower rates of degree attainment compared to other groups. There is no mathematically viable path forward to increase regional degree production without addressing the inequities of completion gaps displayed here. To reach racially equitable educational attainment, goals should be contextualized to account for progress made towards eliminating disparities. For example, Latino students in the Inland Empire graduate high school college-eligible at lower rates than their peers. They are also most likely to enroll in sub-baccalaureate degrees and less likely to enroll at a UC than their peers. Local education agencies and institutional segments should be held accountable for progress made towards enrolling and graduating more Latino and other underrepresented minority students in college degree programs.

As you continue to think about how to implement degree completion goals, we hope you will consider not just how many degrees our state needs, but what majors and degrees are needed to fuel our regional economies and who how to prioritize those with the highest educational need in earning those degrees to ensure equitable degree attainment. This will necessitate expanding outreach and access in underrepresented communities and 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 statewide goals with regional economic and demographic needs, being ever mindful that business cycles move more rapidly than higher education and that a certain responsiveness and flexibility is required. There are many ways to develop metrics that would help track the state's progress towards closing the multiple gaps laid out in this presentation—a few examples are summarized in the table on slide nine.

We are eager to support you in your efforts to increase statewide degree production through completion goals, and we offer our expertise as you continue to refine a strategy that equitably expands opportunities for California residents as well as for our state's broader economy.