

# BHEF 2006 Issue Brief

## Experts



**Patrick Callan**

**Patrick Callan** is the founding president of the National Center for Public Policy and Higher Education. Established in 1998, the National Center conducts policy research and promotion of public policies to enhance opportunities

for high quality education and training beyond high school. From 1992 through 1997, Callan was executive director of the California Higher Education Policy Center. Prior to leading the California and the National Centers, Callan was vice president of the Education Commission of the States.



**Lt. Governor John D. Cherry**

**The Honorable John D. Cherry** has served as Michigan's Lt. Governor since 2002. As Lt. Governor he led the Lt. Governor's Commission on Higher Education & Economic Growth, making a series of recommendations that have

brought higher education into the larger discussion of creating and retaining jobs in Michigan. He also serves as a gubernatorial appointee to the Midwest Higher Education Compact. Cherry received a bachelor's degree in Political Science from the University of Michigan in 1973 and a Master's degree in Public Administration from the University of Michigan, Flint in 1984.

## Economic Growth Through Increased College Enrollment

Two powerful trends will have dramatic impacts on the U.S. economy and workforce. Demographic forces already at work in our country's schools will add millions of minorities to the college-aged population. These racial and ethnic minorities, particularly Hispanics, are underrepresented in college today and over-represented in low-skill, low-wage jobs, suggesting that, as the Baby Boom generation retires, educational attainment and workforce skill-levels will decline. Meanwhile, many states—particularly those who have relied on a manufacturing-based economy in the past—are now at work transforming their workforce and economy into one that can compete in a global knowledge-driven economy.

The ramifications of these two changes on U.S. educational systems and future workforce are significant. Several prominent research reports predict that these shifts may severely hamper future U.S. prosperity and jeopardize the country's world leadership position if left unaddressed. If individual states and the nation as a whole are to maintain a quality workforce and earning power of today's workers, concrete steps must be taken to increase college access, participation and degree attainment levels for all students, particularly for those traditionally underserved by higher education.

During BHEF's 2006 winter meeting, Pat Callan examined the changes taking place in the K-12 and college-aged populations and explored the implications for our educational systems and future workforce. Lt. Governor John Cherry shared with members how the state of Michigan plans to meet its economic challenges by doubling the percentage of its residents who possess a postsecondary degree or certificate.

### QUICK FACTS

#### Fact 1

**Demographic forces will add millions of minority students to the college-aged population. These students currently attend college and attain degrees at far lower rates than white students.**

#### Fact 2

**Educational attainment rates and workforce skill levels are projected to decrease over the next two decades.**

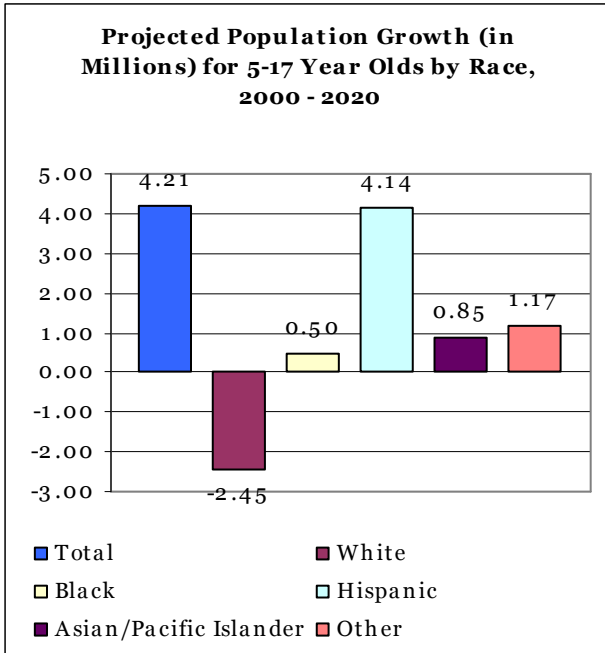
#### Fact 3

**Failing to increase attainment rates will result in lower economic growth as measured by per capita earnings.**

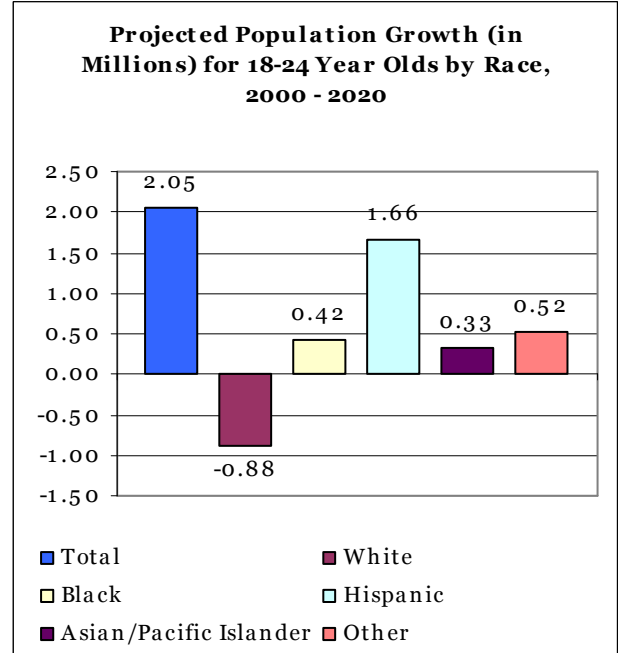
**Fact 1**

**Millions of minority students will be added to the college-aged population, but likely will attend college at far lower rates than majority students today.** By 2020, the K-12 population of non-white students is expected to grow by 6.66 million between 2000 and 2020, including more than 4 million new Hispanic students. Meanwhile, the population of white students will decline by 2.45 million, resulting in a net population growth of 4.21 million students (Exhibit 1a). A similar pattern exists for the college-aged population, with the non-white population expected to grow by 2.93 million, while the population of white students is expected to decline by 880,000 (Exhibit 1b).

**Exhibit 1a**



**Exhibit 1b**



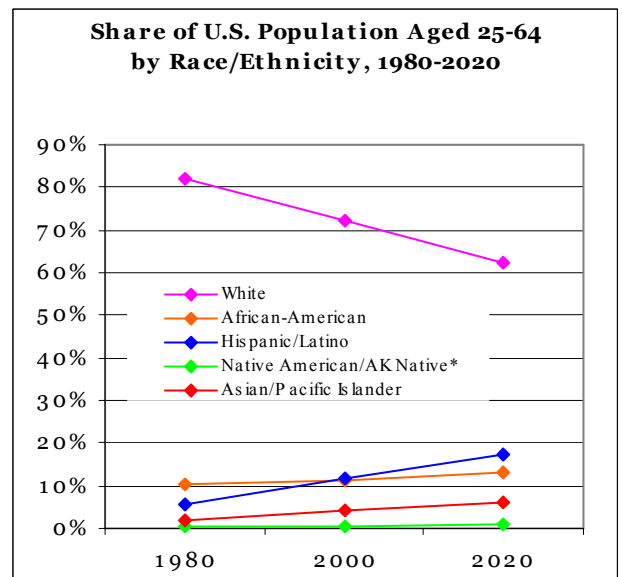
SOURCE: Youth Indicators, NCES, based on U.S. Census Data. (2005)

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Between 1980 and 2000, the workforce-aged population became increasingly diverse (Exhibit 1c). During this time, the percentage of Hispanics in this population doubled. By 2020, whites will make up an ever smaller percentage of the total workforce-aged population. Meanwhile, minority groups will increase their proportion of this group, led by dramatic gains in the number of Hispanics.

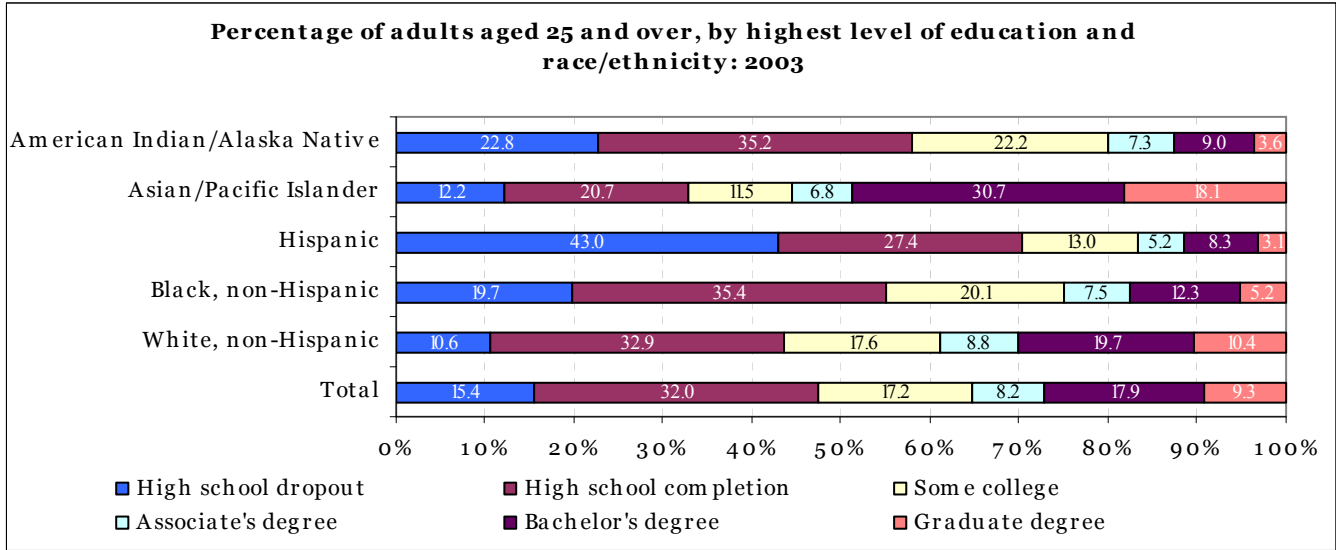
Despite advances, minorities have significantly lower rates of high school graduation, college enrollment and college degree completion than whites or Asians. For example, only about 11 percent of Hispanic adults and 18 percent of black adults have a bachelor's or graduate degree, compared to 30 percent of white and 49 percent of Asian adults (Exhibit 1d, next page).

**Exhibit 1c**



SOURCE: Patrick J. Kelly, *As America Becomes More Diverse: The Impact of State Higher Education Inequality*, NCHEMS, Figure 2 based on U.S. Census data.

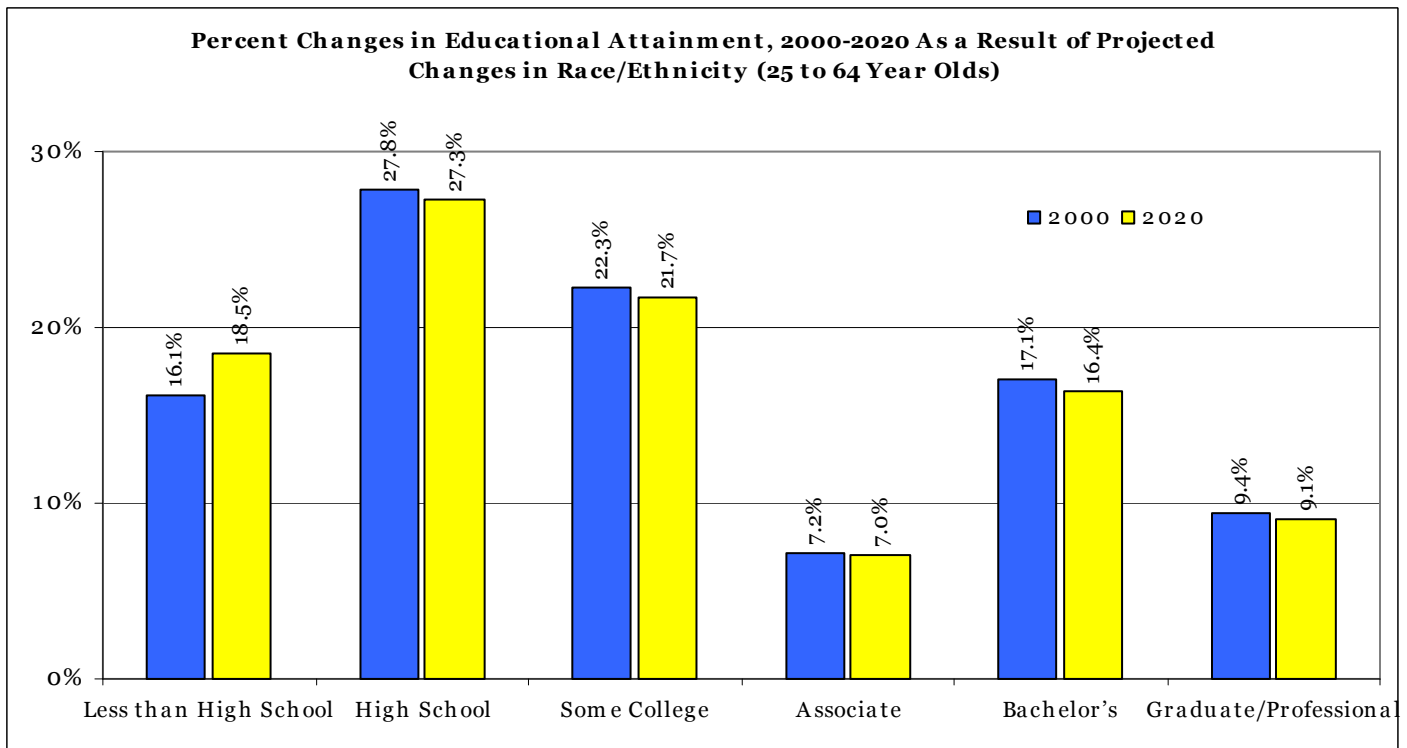
Exhibit 1d



SOURCE: Status and Trends in the Education of American Indians and Alaska Natives, NCES, Based on U.S. Census data. (2003)

Fact 2

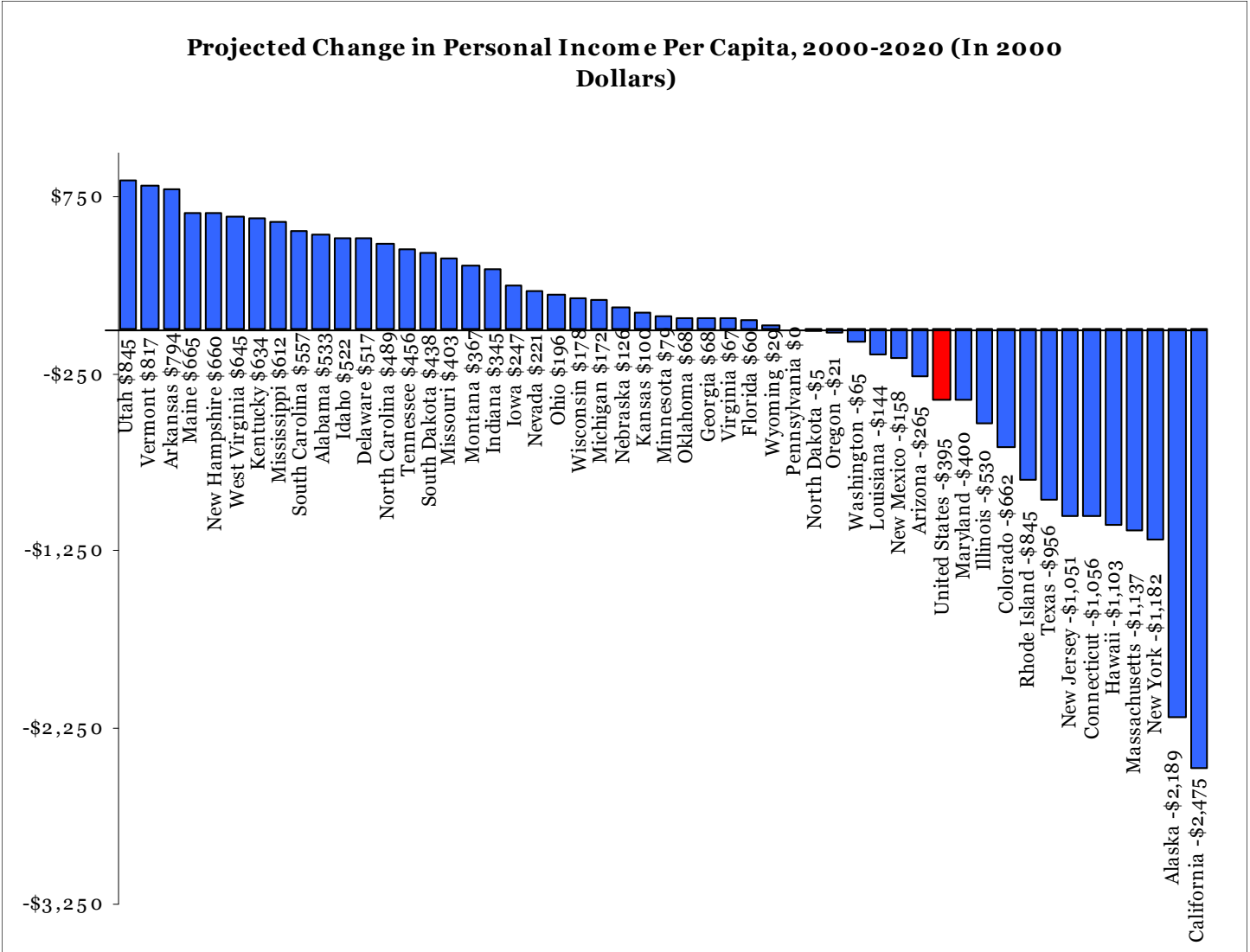
**Educational attainment rates and workforce skill levels are projected to decrease.** The nation is projected to have lower educational attainment rates unless significant improvement is made in college-going and completion rates among minority groups. The percentage of Americans aged 25 to 64 earning a bachelor's or advanced degree is projected to drop from 26.5 percent to 25.5 percent by 2020, while the percentage that attain less than a high school education will rise from 16.1 percent to 18.5 percent (Exhibit 2).



SOURCE: Patrick J. Kelly, *As America Becomes More Diverse: The Impact of State Higher Education Inequality*, National Center for Higher Education Management Systems, Figure 24 based on U.S. Census data. (2005).

Fact 3

Failing to increase attainment rates will result in lower economic growth as measured by per capita earnings. The anticipated drop in college attainment rates will depress long-term economic growth and lower the standard of living for many states and the nation as a whole. By 2020, if educational attainment levels are not raised, national per capita income is projected to drop by \$395, while California's per capita income will plummet by \$2,475.



SOURCE: Patrick J. Kelly, *As America Becomes More Diverse: The Impact of State Higher Education Inequality*, National Center for Higher Education Management Systems, Figure 28 based on U.S. Census data. (2005).