

CSULB Coalition, Fall 2009

Economic Importance of the CSU and Why Everyone Should Care About Investing in Higher Education

Introduction

- “Since World War II the economy of the United States has been transformed from goods production to service providing (7).”
- This is true in California as well.
- As goods producing jobs (agriculture, mining, manufacturing, mainly jobs that have a lot of manual labor) have shrunk, so too have employment opportunities for those with high school educations or less (10).
- Economic prosperity and success for the state is now being driven by the productivity of college educated workers and the industries that employ them. High school graduates simply do not have the skills and training required for productive contribution to the economic prosperity of the state (2).
- California’s success in the country’s and the world’s economy will depend on the higher educational attainment of its workforce and the supportive business environment the state provides for the growth of industries (2).

Why California needs workers with a high educational level

- “The skill levels required to be a productive and valuable worker in the modern economy can no longer be acquired in high school (4).”
- “California’s success in this global competition depends primarily on the productivity of its workforce and the mix of growing, prosperous and competitive industries, and both its workforce and its industries depend on higher education to produce the skilled workers to be productive, innovative and competitive (4).”
- “The labor market is over-supplied with inadequately educated workers, and it is undersupplied with workers at the highest levels of educational and training” (12).

Benefits of Higher Education: Economic and Otherwise

Higher Income:

- Income is now usually determined by educational level. The more education you have, the higher your income. Thus, those who have a higher education are prospering, while those who don’t are in a prolonged economic decline (11).

Economic Family Well-being:

- For families who are headed by a person or people with a bachelor or higher degree, their income levels (and thus standard of living) are much higher than those with a high school diploma or less (12).

Economic Well-being of cities:

- “Cities with a larger share of college educated adults tended to have higher income and wages” (12).

Contribution to Taxes:

- “People with more education earn more income and typically pay more in taxes”(13).

- Less educated people have a greater cost to society, because “instead of contributing to social welfare, the least educated consume disproportionate shares of society’s scarce tax resources” (14).

Overall Benefits of Higher Education:

- More likely to be employed than those who are less educated (14).
- Have higher incomes; less likely to be in poverty.
- More likely to have health insurance, retirement accounts, and own their own home.
- Less likely to smoke tobacco and use other drugs
- More likely to go to the doctor more frequently

These individual benefits also benefit the economic stability of the state, because people with higher education not only fuel the economy but also have the money and resources to take measures to prevent illness and are less likely to rely on state-funded welfare systems.

California Investment in Higher Education and Its Effect on Educational Attainment

State Policy:

- “Between 1980 and 2008 California’s state tax fund investment effort in higher education had declined by 40%, one of the largest higher education funding cutbacks of any state during this period” (5).

As a consequence:

- The college continuation rate for California high school graduates has slipped from 66.4% in 1996 to 43.7% by 2004. The state’s rank among the states declined from 5th in 1996 to 47th by 2004” (5).

Effect on Students :

- “The costs of California higher education are being shifted from taxpayers to students and their families” (32).
- “In 2004 2,693,430 California undergraduate students faced a total unmet financial need of \$4,640,170,598—or an average of \$1,723 each.” (33)
 - Note: “Unmet financial need is the difference between costs of attendance and the family and financial aid resources available to students to pay those college attendance costs” (33).

How Decreased State Investment in Higher Education Increases Inequality and Negatively Affects Low-Income Students

- “Higher education attainment has been redistributing income and human welfare...because higher education is so skewed toward students from affluent families it is contributing to growing income inequality” (11).
- Family income inequality increased faster in California than it did in the U.S. between 1969 and 1999 (16).
- Social characteristics and pathologies associated with high and growing family income inequality like that of California:
 - Higher Poverty rate
 - Higher Unemployment rate
 - Higher Property crime rate

- Higher rate of persons without health insurance

Low-Income Students

- “In 2006 California’s low income college participation rate was 21.2 percent” (22).
- “This is especially important to California because this low income population is now a majority of it’s K-12 enrollments and will eventually become a majority of the state’s workforce” (22).
- “Despite the state’s fairly large financial aid system to help students pay these higher costs there remains billions of dollars of unmet financial need for the state’s growing low and lower-middle income populations” (32).

Future of California Economy if there is not Better Investment in Higher Education

- “College graduates in particular are highly geographically mobile and are attracted to strong job markets and repelled by weak job markets” (21).
- College graduates are also more likely than less-educated workers to move across state lines in search of employment (31).
- California could potentially see a migration of college-educated workers to other states if it does not invest in higher education and the industries that support it.

State Investment

- “If California had maintained its 1980 investment effort in 2008 then instead of appropriating \$11.1 billion it would have appropriated \$14.2 billion for the operations of higher education, or about \$3.2 billion more than it did” (32).

“Building prosperous, harmonious and vital state and national futures requires: higher educating native populations and retaining them when they graduate...and supporting the development and success of industries that are growing with college-educated workforces” (35).

Ultimately, “higher education is a key determinant of success both for individuals and the state as a whole” (1).