

Averting a Talent Shortage in California

Investments in postsecondary education will promote prosperity for California residents and businesses.

California is facing a looming talent shortage as a generation of college graduates retire and educational attainment among young people fails to keep pace with labor market demands. To protect and grow California's economy, the business leaders of ReadyNation urge the state to make investments to increase the number of residents with postsecondary degrees and credentials of value.

By 2030, California's workforce could be **short by over one million college graduates.**¹ Businesses, nonprofit organizations, and government agencies may struggle to find qualified workers to fulfill essential roles. California's new 70 percent attainment goal is a good start, but the state needs clarity about how it will reach this goal.

State investments to improve degree and credential attainment can have a big payoff. The Campaign for College Opportunity estimates that **for every dollar California invests in higher education, the state receives \$4.50 in return**, largely because better-educated residents have higher earnings, pay more in taxes, and cost the state less in incarceration and social service programs.² Efforts aimed at increasing degree or certificate completion

to 60 percent for every racial/ethnic group could result in **\$133 billion in additional state and federal revenue by 2030.**³

Businesses thrive when they have access to a diverse, well-educated workforce, as demonstrated by the outsized profitability of companies with diverse leadership teams.⁴ Furthermore, a degree or certificate can be life-changing for individuals who earn them: on average, **a person with a college degree earns over a million dollars more** than a person with a high school diploma over the course of their career.⁵

To improve educational attainment in California, the state must address multiple weaknesses in the postsecondary pipeline.

For more students to enroll in college, they must first complete the A-G courses required for admission into the University of California and California State University systems. Currently, **only around half of high school students complete these key courses.**⁶ The 2021-22 budget provides incentive grants for high schools not currently offering full A-G coursework, a necessary step to improving educational attainment by improving college readiness.

Too few students who are enrolled in California's community colleges earn a credential or transfer to a four-year institution. In 2018, **community colleges awarded fewer than 30 credentials per 100 students enrolled full-time**, a figure moderately below the national average and substantially below the number needed for the state to achieve the 70 percent college completion goal (42 per 100 full-time students).⁷ As a start, the 2021-22 budget establishes another option for guaranteed admission to a UC or CSU upon completion of an associates degree for transfer.

Many students enroll in college but never earn a credential or degree, ultimately incurring the expense of a partial education without the benefit of greater career opportunities and higher earnings. In California, 21 percent of Latino adults, 23 percent of white adults, and 30 percent of black adults completed only some college.⁸ California can improve completion rates by making higher education more affordable, such as by expanding access to dual enrollment programs that allow students to earn postsecondary credits while in high school and by making financial aid more accessible.⁹

¹ "Improving College Completion." (2019). Public Policy Institute of California. <https://www.ppic.org/wp-content/uploads/higher-education-in-california-improving-college-completion-october-2019.pdf>

² Stiles, J., Hout, M., & Brady, H. (2012). "California's Economic Payoff: Investing in College Access & Completion. Campaign for College Opportunity." <https://collegecampaign.org/portfolio/april-2012-californias-economic-payoff-investing-in-college-access-completion/>

³ Reddy, V. & Dow, A. (2021). "California's Biggest Return." The Campaign for College Opportunity. <https://collegecampaign.org/wp-content/uploads/2020/04/Biggest-Return-FINAL.pdf>

⁴ Dixon-Fyle, S., Dolan, K., Hunt, V., & Prince, S. (2020). "Diversity Wins: How Inclusion Matters." McKinsey & Co. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

⁵ Reddy, V. & Dow, A. (2021). "California's Biggest Return." The Campaign for College Opportunity. <https://collegecampaign.org/wp-content/uploads/2020/04/Biggest-Return-FINAL.pdf>

⁶ "Postsecondary to Prosperity." (2020). California Competes. https://californiacompetes.org/assets/general-files/CACompetes_P2PFullReport_Final.pdf

⁷ Reddy, V. & Dow, A. (2021). "California's Biggest Return." The Campaign for College Opportunity. <https://collegecampaign.org/wp-content/uploads/2020/04/Biggest-Return-FINAL.pdf>

⁸ "Postsecondary to Prosperity." (2020). California Competes. https://californiacompetes.org/assets/general-files/CACompetes_P2PFullReport_Final.pdf

⁹ Medina, J., McCarty, K., & Leyva, C. (2021). "Streamline and modernize the Cal Grant program for students." CalMatters. <https://calmatters.org/commentary/2021/10/streamline-and-modernize-the-cal-grant-program-for-students/>

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