

FACT SHEET 2



PROTECTING CALIFORNIA'S ECONOMY

Many of California's industries require a highly skilled and educated workforce to prosper. Without such a workforce, California will be unable to maintain its standing within the extremely competitive research and development industries of biotechnology, online business and computer science. As the economy grows, California is increasingly importing workers from other states and countries due to the current shortage of college-educated California residents. Freezing student fees will increase college access in California and alleviate this workforce shortage. Affordable public higher education will also help protect California's technology industries within the national and global job markets.

Current Workforce Shortage in California

- There will be almost 20 million jobs in California by 2025
- California industry is shifting from manufacturing jobs to a service-based economy.
- Currently, only 30 percent of the California workforce is college-educated.
- Following current trends, by 2020 approximately 39 percent of the California workforce will need to be college-educated in order to match the change in California's economy.
- With the current trend, the percentage of college-educated workers in California is expected to be at a mere 33 percent, leaving million of jobs in need of qualified applicants.¹

Better for the State Budget

- California gains an estimated 300% net return on investments made in college accessibility, returns esti-

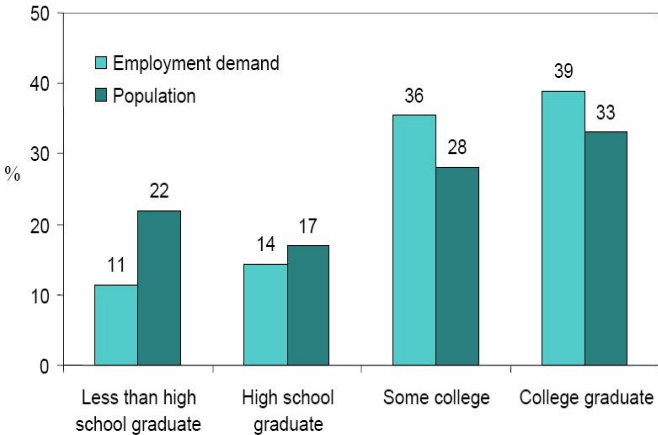
mated at over 3 billion dollars.²

- Educated workers make higher wages than uneducated workers, resulting in increased income tax revenues.
- Education would reduce the rate of incarceration, resulting in lower prison expenditures.

Better for California's GDP

- Decreasing student fees would result in fewer students graduating from college in debt. Graduates would in turn have more money to spend within the local California economy, rather than having their spending money leave the state as interest on student loans.

Education Projections for 2020: Employment Demand and Population



Source: Employment projections are from the California Department of Transportation (2005). This series was chosen due to consistency across regions and sectors and availability for 2025. For further analysis and alternative projections, see David Neumark, *California's Economic Future and Infrastructure Challenges*, PPIC (2005).

- National GDP would increase \$231 billion and tax revenue would increase \$80 billion if all students had equal education opportunities. These benefits would also carry over to the state level.³
 - California businesses would no longer need to spend hundreds of million every year on training workers, much of it in skills that be taught in universities. More affordable higher education will allow businesses to be more competitive and efficient.⁵
- Better for California's Industries**
- Highly educated workers help boost our knowledge-based economy within the competitive global job market and keep innovation flowing.
 - Increasing education quality and accessibility would help our economy transition out of the atrophied manufacturing industry. Creating affordable public higher education has been effective in helping Ohio change from an agricultural econ-

Resources

California 2025 Report, <http://www.ppic.org/main/ca2025.asp>

Just the Facts: Future Economy http://www.ppic.org/content/pubs/jtf/ITF_FutureEconomy/ITF.pdf

Return on Investments, <http://www.collegecampaign.org>

Fast Facts <http://www.collegecampaign.org/ROI-Fast-Facts-FINAL.pdf>

Building on Knowledge, Investing in People: Higher Education and the Future of Ohio's Economy, http://www.chee.ohio.gov/documents/CHEE_4_22.pdf

The Impact of Education on: *The Economy*, <http://www.all4ed.org/publications/Economy%20Factoids%20for%20Website.doc>

Rules of the Game http://www.csus.edu/ihe/PDFs/R_Rules_of_the_Game_02-07.pdf

Public Higher Education Performance Accountability Framework Report <http://www.cpec.ca.gov/completereports/2007reports/07-11.pdf>

Endnotes

¹ "California 2025," Public Policy Institute of California. January, 2007.

² "Return on Investments," Campaign for College Opportunity. January 2005.

³ "Impact of Education on the Economy," Alliance for Excellent Education. February 2003.

⁴ "Higher Education and the Future of Ohio's Economy," Ohio Governor's Commission on Higher Education & the Economy. 2004

⁵ "Impact of Education on the Economy," Alliance for Excellent Education. February 2003.