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At Stake: California's Economic Competitiveness

Study Sees Sharp Increase in Demand for Highly Educated Workers, Third of New Jobs Will Require a College Degree

SACRAMENTO, Calif., April 26 — California industry will soon demand significantly more workers with high levels of education, and the state's leaders must find a way to meet this surging demand or risk losing the state's competitive edge, according to a new economic study released today by the California Business Roundtable and the Campaign for College Opportunity.

The study, *Keeping California's Edge: The Growing Demand for Highly Educated Workers*, finds that by the year 2022, one in three new California jobs generated will require an Associate Degree, Bachelor's Degree or higher. Only about one in four jobs in the state today have such a requirement.

“The number of new jobs requiring college degrees, combined with the retiring college-educated Baby Boomers, is daunting — equal to the population of San Francisco, San Jose and San Diego combined. Meeting this demand will be critical to the economic competitiveness of California,” said Robert Fountain, PhD., the study's lead researcher.

Some industries will be hit harder than others by the growing demand for highly educated workers, the study finds. Education, healthcare, and professional, scientific and technical services are the three industry sectors that will generate the most demand for highly educated workers, the study reveals, while three other sectors — finance, manufacturing and information sectors — also face significant economic impacts from these workers.

“This study finds that California's economy is concentrated in specialized, knowledge-based occupations and industries,” Fountain said. “The economy will become even more dependent on the highly educated workforce over the next two decades.”

A key element in the state's success has been a workforce that ranks among the Top 10 in the world in education, said Bill Hauck, president of the California Business Roundtable, so “the study's findings serve as a wake-up call for business leaders, educators and policy-makers to maintain this advantage.”

“California has a window of opportunity to prepare the highly educated workforce we need to maintain our position as an economic leader,” Hauck said. “If California fails to provide this workforce in time, we are likely to lose the edge we now have over other states and international competitors. Getting more of our young people into and through college is an important part of the solution.”

Abdi Soltani, executive director of the Campaign for College Opportunity, said that the state's leaders have been given that opportunity, in the form of a new bill, the College Opportunity Act (S.B. 1709), introduced in February by state Sen. Jack Scott (D-Pasadena). The bill seeks to increase the number of students entering college and completing degrees, as well as ensure that the state meets its workforce needs.

"The state's 1960 Master Plan for Higher Education made a promise to provide a place in college for every eligible student who seeks it," Soltani said. "This study shows that by keeping the promise of college access for young people today, we will train the nurses, teachers, and engineers who will keep our state competitive in the global economy."

Among the study's other key findings and recommendations:

- In the coming two decades, employment requiring higher education will grow by 48 percent, while employment requiring less than a college degree will grow by 33 percent;
- Small increases of highly educated workers result in big economic benefits for the state, as measured in terms of total economic output, value added, jobs created, and state and local tax revenues;
- The state's education system must simultaneously produce both the *volume* of degrees needed, as well as the *match* of those degrees to the expected workforce needs of the state; and
- California — legislators, employers and educators — must view workforce needs as a critical driver in providing college opportunity and for assessing progress in meeting the state's higher education goals.

The 112-page study moves beyond what is now understood of future workforce demand by analyzing the link between highly educated employees and the economic value they create in the California economy and in key industries. The study uses the most recent federal and state employer surveys, only recently made available, that provide a more precise predictor of workforce demand. It also employs the IMPLAN economic model, a widely recognized tool for projecting economic impacts.

The study's release today will be followed by a webcast tomorrow, April 27, at 11 a.m., with California business leaders and policy experts to discuss the study's findings and solutions for meeting the state's workforce needs.

Keeping California's Edge: The Growing Demand for Highly Educated Workers was funded with grants from State Farm Insurance, California Business Roundtable, the California Wellness Foundation, and other foundations. The study was conducted by Fountain and Marcia Cosgrove, in collaboration with Petra Abraham, at the Applied Research Center, College of Continuing Studies, at California State University, Sacramento.

California Business Roundtable is a nonpartisan membership association of the chief executive officers of major companies doing business in California. The Campaign for College Opportunity is a broad-based, bipartisan coalition, including business, education and labor leaders, and is dedicated to ensuring the next generation of Californians has the opportunity to go to college and meet the workforce needs of the state.

For more information, visit: www.collegecampaign.org.

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