

The Campaign for

College Opportunity

“Return On Investment” An African American Snapshot

Introduction

A landmark study by UC Berkeley researchers titled, “Return on Investment: Educational Choices and Demographic Change in California’s Future” looks at the state’s demographic future and the return on investment for expanding college opportunity. ***The study finds that for every dollar spent increasing the number of students attending college and completing degrees, the state gets three dollars in net return on that investment.***

The report also provides critical demographic projections for the State’s future population. During the 1990s, California became a minority-majority state as the non-Hispanic White population fell below 50%. By 2000, the population of California was 47% non-Hispanic Whites, 32% Latino, 12% Asian, and 7% African American. The California population is expected to grow to 43 million by the year 2020 and to 55 million by the year 2050, with most of this growth driven by increases in minority populations.

Because of the tremendous growth in the population and the changing demographics, it is important to analyze specific trends occurring within ethnic groups. This sheet provides a quick snapshot at some of the trends in the African American population.

Population Growth

African Americans are an important population group for the state. Not only do they constitute a significant number of the population, in certain regions of the state, their proportion of the population is very high. Amongst the college-going age group (18-24 year olds) analyzed in the study, there are key findings for African Americans.

- The overall California population will grow by nearly 30% between 2000 and 2020 and by 50% from 2000 – 2050, and growth among the African American population is expected to keep pace with that overall growth.
- In the college age group, by 2014 there will be a 27% growth in this population, an increase of more than 900,000 young adults since 2000. More than 100,000 of these additional young adults will be African American.

High School Graduation and College Going Rates:

The study finds that while the number of adults over the age of 25 with a high school diploma has increased from 63% in 1970 to 81% by 2004, there are vast differences in these rates between ethnic groups. While there have been significant improvements in high school graduation rates amongst African Americans for the past two decades, they are still far below the average. Among 18-24 year-olds, 28% lack a high school diploma, and only 40% report any college attendance, well below the rates of non-Hispanic Whites and Asians. The high school drop out rate is much higher for African Americans than non-Hispanic Whites and Asian Pacific Islanders, although African Americans who do graduate from high school attend college at rates almost equal to that of non-Hispanic Whites. However, despite these rates of college-going, the study finds that African Americans have extremely

high drop out rates from college as a group, earning Baccalaureate degrees at one of the lowest rates amongst all ethnic groups.

- In the past two decades high school graduation rates have increased. However, the rates of graduation from high school for non-Hispanic Whites are still substantially higher than for African Americans. Although estimated graduation rates vary, most sources place graduation rates among non-Hispanic Whites between 12 and 19 percentage points higher than that for African Americans.
- One of the indicators of college preparedness is the rate at which high school students complete the A-G curriculum required by the UC and CSU system. These figures vary by ethnicity, with only 25% of African American public high school graduates in 2003/4 fulfilling the A-G requirements versus 40% for Non Hispanic Whites.
- Nearly 45% of 18 year old African Americans are expected to go to a public college in California, (with 34% enrolling at a Community College, 8% going to a Cal State University and 2% to a UC). However only 19% will reach a 4-year university and only 9% earn a Baccalaureate Degree.

Lifetime Earnings

Various studies, including this one, have closely indicated the benefits of educational attainment for the individual. This study finds that wealth and poverty are closely related to a person's educational level. In summary, the more education achieved by an individual, the increased likelihood of higher lifetime earnings, fewer interruptions in their careers, better jobs overall, and increased home ownership. This study also finds additional evidence that identifies the benefits for African Americans.

- The lifetime earnings for an African American individual with a B.A. is about double that of an ethnic compatriot with a High School diploma and three times that of one who failed to finish high school.
- For an African American, the lifetime earnings range from \$441,000 for an individual who did not finish high school to \$1,617,000 for one who earned their B.A. ***This represents a total difference of \$1,176,000 more over their lifetime.***

Conclusion

The study makes it clear that the return on investment is very positive for the state. For ***every dollar spent increasing the number of students attending college and completing degrees, the state gets three dollars in net return on that investment.*** This snapshot provides sobering information to focus attention on improving the success of African Americans after enrolling in college. Given what we know about the positive return on investment, the future workforce needs and the growing number of young adults, this information is a call to action. We must increase college participation and success amongst all our young adults and identify strategies that ensure greater college-going rates and greater success once enrolled in college for African Americans.