

The Campaign for

# College Opportunity

## “Return On Investment” A Latino 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 Latino population.

### Population Growth

Gains in population size among all age groups are strongly affected by the growth in the Latino population. Growth in the Latino population is striking for all age groups in the state, but this growth is particularly critical among the college-going age group (18-24 year-olds) that this study focuses on. In this age group, Latinos are most likely to have no high school diploma and least likely to have entered college, statistics which are important in a discussion about increasing college participation and investing in higher education.

- While the overall California population will grow by 30% between 2000 and 2020 and by 50% between 2000 and 2050, Latinos are the fastest growing population, outpacing rates for Asians, African Americans and non-Hispanic Whites. The Latino population will increase more rapidly, growing by more than two-thirds from 2000-2020 and by over 125% by 2040.
- In the fast growing young adult population (18-24), Latinos will represent between half and two-thirds of the entire growth for this age group between 2000 – 2014.
- In the college age group, by 2014 there will be a 27% growth in this population, with the number of Latinos of college-going age increasing by 42%, while the number of non-Hispanic Whites only increasing by 2%.

### 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 in the past two decades there have been significant improvements in high school graduation rates amongst Latinos, they are still far below the average.

- The ratio of public high school graduates to the 18 year-old population has jumped from 52% in 1985 to 65% in 2003, but the ratio of Latino graduates to Latino 18 year-olds has climbed from 31% to 55%. The 24-point gain among Latinos is nearly double the average gain of 13 percentage points for all ethnicities combined.
- Estimates of graduation rates differ from source to source, but place rates for Latinos up to 23 percentage points lower than non-Hispanic Whites.
- 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 22% of Latino public high school graduates in 2003/4 fulfilling the A-G requirements versus 40% for non-Hispanic Whites.
- Less than one-third of 18 year-old Latinos will go to college in California. Most (26%) will enroll at a Community College, with 5% going to a Cal State University and 2% to a UC.
- Only 15% reach a 4-year university and of those, only 63% will 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 Latinos. Specifically,

- The lifetime earnings for a Latino 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 a native born Latino the lifetime earnings range from \$535,500 for an individual who did not finish high school to \$1,764,000 for one who earned their B.A. ***This represents a total difference of \$1,228,500 million dollars more over their lifetime*** for earning that Baccalaureate degree.

### Conclusion

The researchers note, "Our results indicate how important it is for California to find ways to enhance higher education outcomes for its biggest and fastest growing ethnic group – Hispanics. The economic future of California rises or falls depending on whether the State succeeds in improving college completion rates amongst Hispanics."

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 regarding the fastest growing population in California – Latinos. 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 success in these areas for Latinos.