

WORKING HARD, LEFT BEHIND

Education as a pathway from poverty to prosperity for working Californians

MAY 2013



The Campaign for
**College
Opportunity**

In partnership with:

the WOMEN'S
FOUNDATION
of CALIFORNIA

The Campaign for College Opportunity partnered with the Working Poor Families Project, a national initiative focused on state workforce development policies involving education and skills training for adults, economic development, and income and work supports, to produce this report.

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DEFINITIONS

WORKING FAMILY: a family with children under the age of 18 in which all members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months, or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. Relatedly, the federal government defines family income based on all family members age 15 and over.

LOW-INCOME FAMILY: a family with an annual income below double, or 200% of, the poverty threshold as defined by the American Community Survey from the U.S. Census Bureau. Double the poverty threshold is used as a proxy for economic "self-sufficiency" or "family living standard," the income a family requires to address basic needs, including housing, food, clothing, health care, transportation, and child care. In 2011, double the poverty threshold was \$45,397 for a family of four.¹

LABOR FORCE: California's population of persons with a job, or without a job and actively seeking one.

NON-TRADITIONAL STUDENT: students attending postsecondary institutions with common characteristics such as part-time enrollment status, delayed enrollment or otherwise have not attended college directly out of high school, or is an adult learner.



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EXECUTIVE SUMMARY

More than a third of California's working families are considered low-income, earning less than \$45,397 a year for a family of four in 2011. Additionally, California has the largest number of adults without a high school diploma or equivalent in the country. More than 1 out of 10 adults over 24 years old have less than a ninth grade education and of the 24 million adults aged 18-64, almost 1 in 5 have not earned a high school diploma or its equivalent.

The challenge facing California today is how to educate and train the state's undereducated and under-skilled populace in order to meet the growing demand for highly educated workers. By 2025, in just 12 short years, California is projected to have a shortage of 2.3 million college graduates in the state's workforce if the number of young and older adults who go to college and complete a higher education is not significantly increased. Despite the clear benefits of increasing the state's higher education attainment rate, the two major pathways for adult education in California—the K-12 school districts and the California Community Colleges—do not have a strategy to increase the rate of the adult learner population's enrollment into, and completion of, higher education.

This report identifies the extent and composition of California's working low-income families and the opportunities, or lack thereof, that exist in the state to help move working low-income families to greater economic security through higher education.

The state must increase pathways to and through higher education for working low-income adults. Economic security should not be out of reach for people who are working hard, because if their success remains unattainable, the state's future well-being is threatened.

California must enact a comprehensive strategy of policy reform, program innovation, and public education designed to help struggling adults gain the education needed for complex and technical high-wage jobs that will help working low-income families achieve the California Dream of economic prosperity.

The recommendations found in this report are meant to be taken as part of a broader, long-term approach to building a foundation for economic success. This crisis of inequity is both a social justice and economic imperative, creating a bleak outlook for the future of the state.

Recognizing that education is a key solution to helping low-income families achieve greater economic prosperity, this report offers the following recommendations for California policymakers to overcome obstacles to access and completion for low-income adults:

1. **Improve the coordination and pathways** between high schools, adult education, two-year colleges, and four-year universities with regard to early college preparation, assessment, transfer, and preparation for future workforce needs;
2. **Develop a comprehensive strategy, that includes innovative approaches, to improve the delivery of basic skills/remedial education** to significantly increase the number of students successfully moving onto college-level coursework;
3. **Develop a robust, statewide data system** to track progress and outcomes of all students, including by socioeconomic impact, over time and between different educational systems;
4. **Create a public agenda for higher education** that sets clear goals—and monitors progress toward those goals—for preparing high school students for college, transitioning adult students into higher education and the workforce, increasing the number of certificate and degree completions, and aligns state policies and budgets needed to reach them;
5. **Improve and expand financial aid options for non-traditional students** (such as older, working adults), including better leveraging of federal student aid and workforce training dollars; and,
6. **Prioritize educational resources that support student success and completion** including orientation, counseling and advising services, and other support services that help close information gaps for low-income students.

INTRODUCTION

CALIFORNIA HAS
THE HIGHEST
NUMBER OF
WORKING
LOW-INCOME
FAMILIES IN THE
NATION.

California has proven itself to be a land of opportunity where hard work delivers prosperity and nurtures innovation. The era of abundance and opportunity during the 1950s-60s exemplified what the Golden State had to offer. Significant public infrastructure and social investments defined the era, particularly for the state's public higher education system, where Californians who wanted to go to college and prepare for good jobs, could do so. Today, however, the promise that working hard will help Californians move up the economic ladder is far from reality for too many families.

California's human capital has secured the state's spot as the ninth largest economy in the world in 2011,² attracting more venture capital than the rest of the nation combined in 2008.³ At the same time, California leads the nation in a less-promising statistic: **ranking first in the country in the number of working low-income families.**⁴ While there is great opportunity, wealth, and innovation in the Golden State, this success has not reached everyone; **the California Dream is in severe danger of slipping away.**

Without significantly increasing the number of people completing some level of higher education, California will be one million baccalaureate graduates short of meeting the productivity demands of the state's economy in 2025;⁵ when vocational certificate and associate degree graduates are included the number

There are 4 million
working families
in the state



are considered low-income

grows to 2.3 million.⁶ Simply put, California is not preparing its population to meet the state's projected workforce demands for highly educated workers. Millions in the state are working hard, but are increasingly left behind. This report finds that higher education can be a viable pathway from poverty to prosperity for working Californians if there is a will for reform and investment in the state's higher education system.

This report outlines key population indicators for Californians and the opportunities, or lack thereof, that exist in the state to help move families to greater economic security through higher education. A look at this data makes it clear that an urgency to press for solutions that support working low-income adults is necessary. California has the largest number of adults without a high school diploma or equivalent in the country: more than 1 out of 10 adults over 24 years old have less than a ninth grade education and of the 24 million adults aged 18-64, almost 1 in 5 have not earned a high school diploma or its equivalent. As a result of this low educational attainment, these adults are expected to work fewer years, spend more time unemployed, in poverty, and in need of public cash assistance.⁷ In contrast, Californians who go to college and earn a degree receive a big earnings payoff, as those graduating with a bachelor of arts degree earn \$1,340,000 more over their lifetime than their peers who only earn a high school diploma.⁸

Due to these findings, the state must increase pathways to and through postsecondary education for working low-income adults. Economic security should not be out of reach for people who are working hard, because if their success remains unattainable, the state's future well-being is threatened.

California must enact a comprehensive strategy of policy reform and program innovation designed to help struggling adults gain the higher education needed for complex and technical high-wage jobs that help working low-income families achieve the California Dream of economic prosperity.

Of the 1.87 million low-income families in the state,
73% are a part of the labor force



34% of working low-income families have **at least one minority parent**

OPPORTUNITY
LOST:
CALIFORNIA
FACES A
SERIOUS
SHORTAGE
OF COLLEGE
GRADUATES.

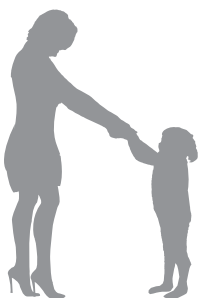
CALIFORNIA'S WORKING LOW- INCOME FAMILIES

OVER 3.2
MILLION
CHILDREN, OR
40 PERCENT OF
ALL CHILDREN
UNDER THE
AGE OF 18 IN
CALIFORNIA, ARE
IN WORKING
LOW-INCOME
FAMILIES.

The strength of California's economy is rooted in the nearly four million working families throughout the state. Despite their commitment to engaging in the labor force day in and day out, more than a third of California's working families are low-income, earning less than \$45,397 a year for a family of four in 2011.⁹ Additionally, more than 680,000 adults work multiple jobs in order to make ends meet.¹⁰

"Low-income family" is a population category that is defined by using the federal poverty threshold. The high number of California families that fall into this category is especially troubling because California has one of the highest costs of living in the nation.¹¹ This is particularly true for housing costs, which generally account for the largest expense as a share of monthly net income for California families.

A considerable number of low-income families are engaged in the workforce, about 1.35 million out of 1.87 million,¹² demonstrating that these families are making efforts to improve their economic well-being and to provide opportunities for their children. However, unless the state actively implements educational reform and workforce development policies to help these families, the future outlook for this large population and subsequent generations is cause for concern.



THE EDUCATIONAL ATTAINMENT OF CALIFORNIA'S ADULTS

California is becoming less educated than other states. After the Second World War, the need for higher education was largely driven by the demands of a changing professional economy and returning service members utilizing the G.I. Bill, both of which led to a flourishing middle class. Children born during this time became part of the population known as baby boomers and these children reached college-age during California's golden era of the 1950s-60s. As a result, the state's current older population is among the nation's most well-educated citizenries, but that trend has been in steady decline. This is significant because in the post-war decades, California's economy was driven by a stable pipeline of adults who entered the labor force more educated than their peers. The current trend of decreased degree attainment shows that the next generation of Californians runs the risk of being less educated and therefore, less economically successful than the generation that preceded it.

Today, more than 1 out of 10 Californians over 24 years old have less than a ninth grade education¹³ and of the 24 million adults aged 18-64 in California, almost 1 in 5 have not earned a high school diploma or its equivalent.¹⁴

California is Becoming Less Educated Than Other States

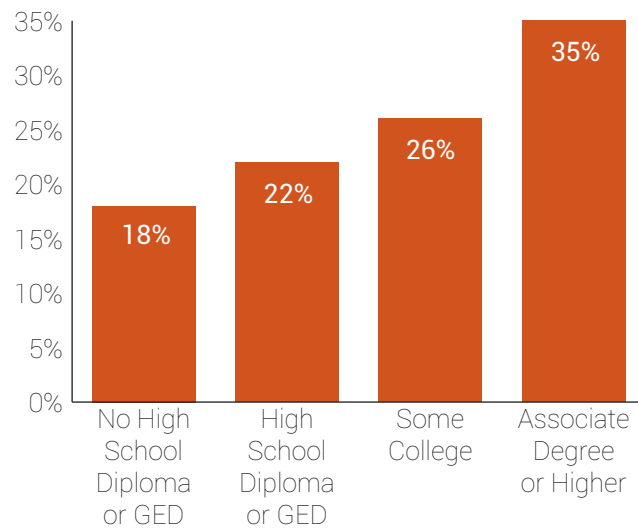
Rank Among States in Percent of Population with College Degrees

Age	Associate Degree or Higher	Bachelor's Degree or Higher
65+	4th	6th
45 to 64	17th	15th
35 to 44	30th	18th
25 to 34	28th	25th

Source: NCHEMS Information Center for Higher Education Policymaking and Analysis (www.higheredinfo.org) based on data from the US Census Bureau, 2011 American Community Survey, exported on November 26, 2012

MORE THAN
17 PERCENT OF
ADULTS IN THE
STATE, OR 4.2
MILLION, DO
NOT HAVE A
HIGH SCHOOL
DIPLOMA OR
EQUIVALENT,
SECOND ONLY
TO TEXAS.

Educational Attainment of Californians Age 18-64, 2011



Source: Working Poor Families Project. Population Reference Bureau, 2013 analysis of the 2011 American Community Survey.

A college education has historically been the greatest lever for moving families out of poverty. Conversely, very low educational attainment is a common characteristic among adults in working low-income families. Therefore, the chances that these working families will move out of poverty are relatively slim without improved educational attainment.

California ranks at the very bottom of all states when comparing percentages of low-income families with minimal educational attainment.¹⁵ In a state that has historically been lauded for its higher education system, this indicator is particularly distressing. The lack of a formalized education in the form of diploma, degree, or certificate attainment restricts the ability for heads of households to obtain higher-paying jobs, and possibly explains why these families continue to work but remain low-income, earning less than \$45,397 per year.

State Rank	Working Low-Income Families with a Parent without HS Degree or GED	Working Low-Income Families with Parents with No Postsecondary Education
48	Nevada (39.5%)	Louisiana (56.3%)
49	Texas (43.0%)	Texas (58.9%)
50	California (47.9%)	California (59.5%)

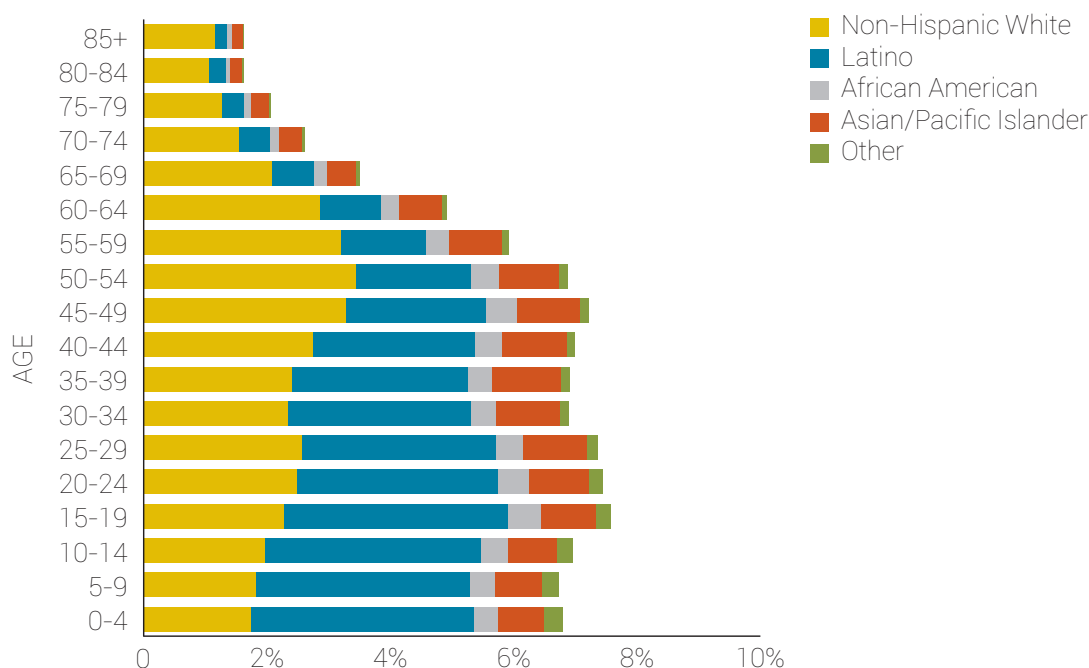
Source: Working Poor Families Project. Population Reference Bureau, 2013 analysis of the 2011 American Community Survey.

Higher education can be the gateway out of poverty for struggling working low-income families, and creating clear pathways to these educational opportunities can make economic self-sufficiency a reachable goal.

California is home to one of the most diverse populations in the country. Of the 24 million adults ages 18-64 in California, 14.3 million are minorities.¹⁶ The college-going population in the coming years not only will be large, but significantly more diverse than ever before.

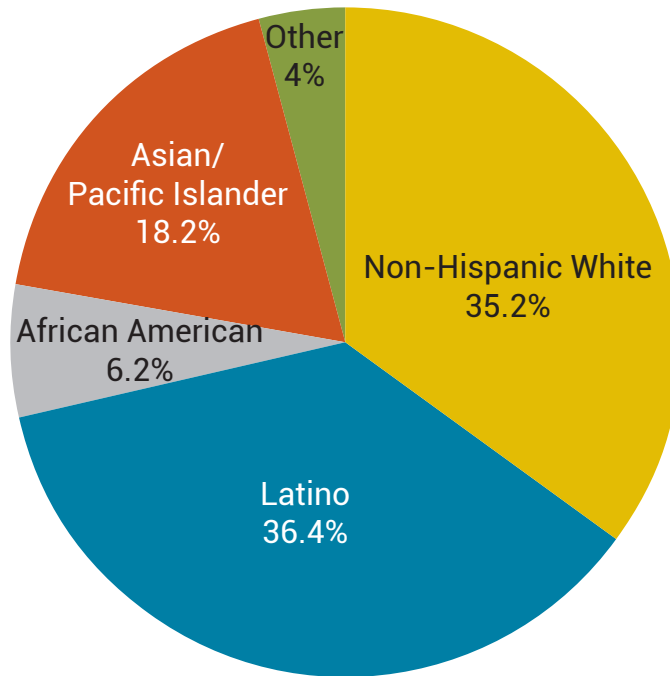
About 3.8 million Californians are young adults between the ages of 18-24, and a majority of them are minorities.¹⁷ Latinos make up more than half of Californians in this age group. Yet only 23.9% of minority adults in California have some higher education, but no degree, compared to 28.6% of Whites.¹⁸ California will need to address the significant gaps in college-going and completion rates among minorities and their White peers, as today's decisions on higher education will weigh most heavily on this younger, more diverse population.¹⁹ Finding ways to educate population groups with historically low rates of high-skill labor market participation will be the only way for the state to fully address the 2.3 million workforce shortfall forecasted for 2025.

California's Younger Population is Significantly Larger and More Diverse Than the Older Generation, 2010



Source: Stiles, Jon, Michael Hout, and Henry Brady. (2012). *California's Economic Payoff: Investing in College Access & Completion*. Berkeley, CA.

Young Adult Enrollment in Higher Education Age 18-24, 2011

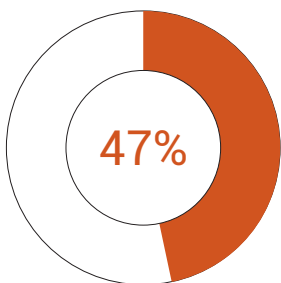


Source: Working Poor Families Project. Population Reference Bureau, 2013 analysis of the 2011 American Community Survey.

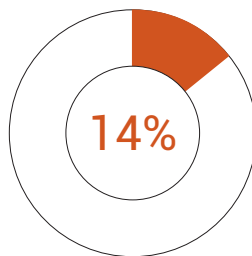
The College Achievement Gap – Adults Age 18-64, 2011

The share of California's working adult population by major racial/ethnic group (circle), as compared to the percentage of that group's attainment of an associate degree or higher (shaded section)

NON-HISPANIC WHITE
(40.5% of the population)



LATINO
(36.5% of the population)



AFRICAN AMERICAN
(6% of the population)



ASIAN/PACIFIC ISLANDER
(14.3% of the population)



Population Source: United State Census Bureau, 2010 American Community Survey.
Higher Education Achievement Source: Working Poor Families Project. Population Reference Bureau, 2013 analysis of the 2011 American Community Survey.

HIGHER EDUCATION: CALIFORNIA'S ECONOMIC PAYOFF

California has the largest number of adults without a high school diploma or equivalent in the country.²⁰ As a result of this low educational attainment, these adults are expected to work fewer years, spend more time unemployed, in poverty, and in need of public cash assistance. In contrast, Californians who go to college and complete a degree receive a big earnings advantage, with those graduating with a bachelor of arts degree earning \$1,340,000 more over their lifetime than their peers who only complete a high school diploma.²¹

Californians With a College Education are Significantly Better Off

Lifetime Outcomes Relative to a High School Graduate, 2010

	Less than High School	High School	College, No BA	BA or more
Years Unemployed	+ 0.7 years	4 years	- 0.4 years	- 1.5 years
Years Employed	7 years	25 years	+ 3 years	+ 6.8 years
Earnings, 25-64	- \$380,000	\$856,000	+ \$340,000	+ \$1,340,000
Income, 25-64	- \$400,000	\$1,073,000	+ \$377,000	+ \$1,511,000
Years in Poverty	+ 4.8 years	5.9 years	- 1.7 years	- 3.9 years
Years on Cash Assistance	+ 3.7 years	2.8 years	- 0.9 years	- 2.1 years
Incarcerated	+ 1.5 years	0.9 years	- 0.5 years	- 0.8 years

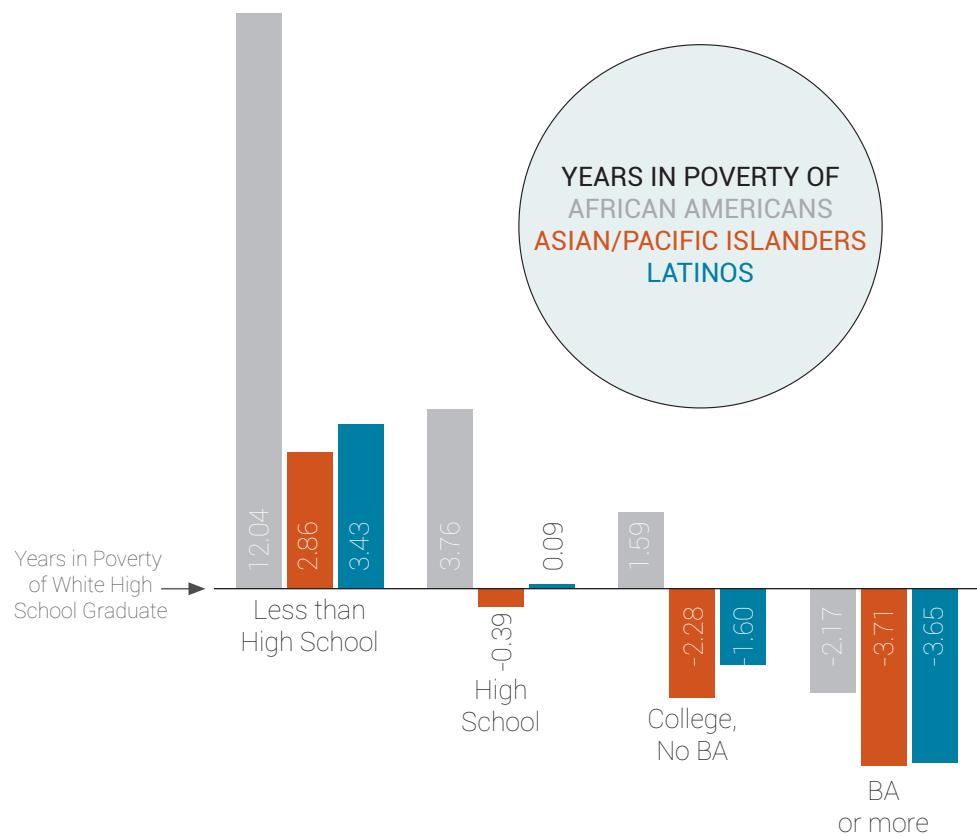
Source: Stiles, Jon, Michael Hout, and Henry Brady. (2012). *California's Economic Payoff: Investing in College Access & Completion*. Berkeley, CA.

FOR EVERY
\$1 CALIFORNIA
INVESTS
IN HIGHER
EDUCATION,
THE STATE
RECEIVES A
RETURN OF
\$4.50.

The attainment of a college education is even more pronounced within ethnic minority groups. Ethnic minorities with a college education are less likely to experience poverty than their peers without some college education. All ethnic groups will spend fewer years in poverty with the attainment of some college, but for African Americans in particular, this benefit is not experienced until they have earned a baccalaureate degree.²²

College Education Leads to Fewer Years in Poverty

Years in Poverty *Relative to a White High School Graduate*, 2010



Source: Stiles, Jon, Michael Hout, and Henry Brady. (2012). *California's Economic Payoff: Investing in College Access & Completion*. Berkeley, CA.

Furthermore, the effects of earning a baccalaureate degree on lifetime earnings cannot be understated. The lifetime earnings gap between minorities who have not finished high school and those who have a bachelor's degree is significant. Relative to a non-Hispanic White high school graduate, African American, Latino, and Asian/Pacific Islander college graduates will earn upwards of \$1 million more over their lifetimes than their peers who only completed high school.²³

In addition to the personal benefit, there is a big return to the state of California in increased tax revenues and decreased social services expenditures for those who have achieved a higher education. Conversely, there is an economic loss to the state when residents do not earn a college education.²⁴

College Education—The Million Dollar Payoff

Income *Relative to a Native Born Non-Hispanic White High School Graduate, 2010*

	Less than High School	High School	College, No BA	BA or more
Native Born				
Non-Hispanic White	- \$416,000	\$0	\$431,000	\$1,921,000
Non-Hispanic Black	- \$749,000	- \$322,000	\$73,000	\$1,169,000
Asian/Pacific Islander	- \$491,000	- \$230,000	\$259,000	\$1,525,000
Hispanic/Latino	- \$508,000	- \$186,000	\$176,000	\$1,178,000
Foreign Born				
Non-Hispanic White	- \$594,000	- \$195,000	\$458,000	\$1,754,000
Asian/Pacific Islander	- \$626,000	- \$437,000	- \$194,000	\$731,000
Hispanic/Latino	- \$572,000	- \$257,000	\$31,000	\$602,000

Source: Stiles, Jon, Michael Hout, and Henry Brady. (2012). *California's Economic Payoff: Investing in College Access & Completion*. Berkeley, CA.

PATHWAYS TO HIGHER EDUCATION AND WORKFORCE PREPARATION FOR WORKING LOW-INCOME ADULTS

Low educational attainment is a common characteristic among adults in working low-income families. Historically, educational attainment has been the greatest vehicle for moving families out of poverty. Clear paths to education and workforce training are vital in preparing adults for well-paying jobs that can move families into the middle class.

Adult Education

The adult education system is one notable option for adult learners in working low-income families to obtain education, and thereby improve their economic standing. Adult education in California has a broad mission of providing adults with the knowledge and skills necessary to participate effectively in the workforce and as citizens. These programs enroll many undereducated and under-skilled adults who may lack the fundamental English and mathematics proficiency required for well-paying jobs and for postsecondary education.

Recently, policymakers have made the case for reform, citing reductions in funding for and lack of coordination between the two major providers of adult education, the K-12 school districts and the California Community Colleges. Reforms are necessary for the system to serve the neediest populations. The state's adult education system should be focused on helping working low-income adults develop necessary skills to compete in today's economy.

Adult learners can be served by a variety of service providers such as community organizations or nonprofits, but most prominently by adult schools and community colleges. In 2009-10, an estimated 1.5 million students received

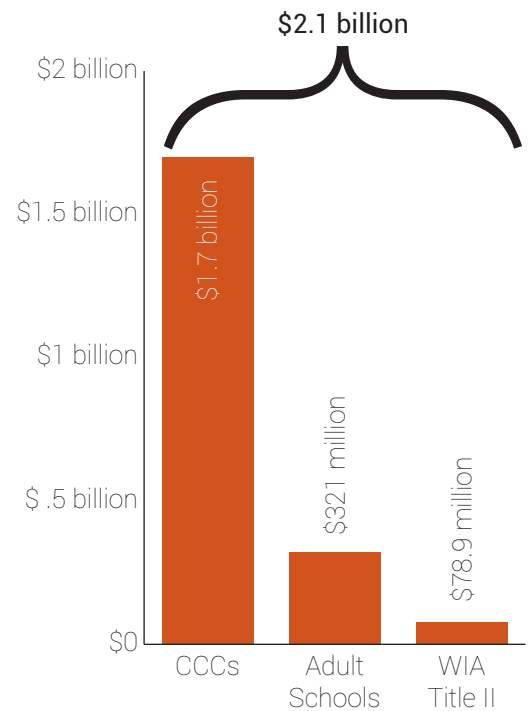
adult education instruction throughout California, of which about 34%, or around 510,000, were served by adult schools and the remaining 990,000 students enrolled in community colleges.²⁵ In 2011-12, California spent an estimated \$2.1 billion on state-administered adult education, of which about \$400 million were for adult schools and the remaining \$1.7 billion supported community colleges.²⁶ Part of the funding for adult education, \$78.9 million, came from federal expenditures.²⁷ The nearly \$80 million in federal Workforce Investment Act (WIA) Title II funds were awarded to 300 adult schools, 40 community-based organizations, 13 library literacy programs, and 17 community colleges, funding about 354,000 students.^{28 29} However, these federal funds are not nearly enough to offset the severe state funding cuts to adult education in recent years.

Prior to February 2009, funding for the adult schools had been allocated based on an average daily attendance formula. When the 2008–09 and 2009–10 state budgets were amended due to revenue shortfalls, local educational agencies were given the flexibility to reallocate the funds of 40 categorical programs “for any educational purpose” for a five-year period ending June 30, 2013, including funding for adult education programs. It is estimated that school districts exercised this option and transferred approximately \$300 million out of adult education funding.³⁰ As a result of reduced resources for programs, enrollment in adult education dropped 36% from 2008–09 to 2009–10.³¹ Adult schools reported teacher lay-offs and waiting lists for classes, while the need for adult education did not diminish.

Budget cuts in recent years also have forced the community college system, the other major avenue of adult education for the working low-income adults, to reduce access. Funding for California Community Colleges has been cut by more than \$1.5 billion since 2007.³² In response, colleges have cut both staff and course offerings: today, there are fewer full-time equivalent instructors, increases in class sizes, and reductions in courses by as much as 21%. The total number of courses currently offered at the community college system is at its lowest level in the past 15 years, with more than 70% of colleges reducing course availability last fall semester.³³ These and other factors have led to a decrease in the state’s community college enrollment over the years by 600,000 students.

Reduced funding for the community college system has exasperated barriers for working low-income adults, as these students are more likely to be the

California's Adult Education Expenditures, 2011-12



Source: Steenhausen, Paul. California Legislative Analyst's Office. (2012). *Restructuring California's Adult Education System*. Sacramento, CA.

highest-need population and require a range of student support services. Since 2008, noncredit course offerings, a key educational gateway for adult learners from working low-income families, have decreased by approximately 38%. At the same time, the system cut summer and winter sections by nearly 50%, further reducing opportunities for those who would not be able to enroll in adult education programs during the traditional fall and spring academic terms.³⁴

For the 2013-14 state budget, California State Governor Jerry Brown has proposed a more centralized adult education learning structure.³⁵ By shifting all responsibility of and funding for the adult education system to the California Community Colleges system, the Governor hopes to remove duplication of duties and to improve coordination at the regional and statewide levels. This proposal also reflects the belief that community colleges are better positioned than the K-12 school system to address the needs of adult learners.

Currently, as responsibility for the adult education system is held by both the K-12 system and the community college system, each community college district has a distinct relationship with local providers regarding the delineation of adult education functions. Sacramento, for example, has a robust network of adult education providers, so the region's Los Rios Community College District does not have significant responsibility over adult education. In contrast, in San Diego and San Francisco, the community college districts are the primary servicers for adult learners.

On March 19th, 2013, the Assembly Budget Subcommittee No. 2 on Education Finance rejected the Governor's proposal sharing that, while adult education needs to be rebuilt, the Governor's proposal does not provide a solid blueprint of accountability for the Community Colleges' governance of adult education. It remains to be seen if the Governor will continue to press for adult education reform in the upcoming May revision of his 2013-14 state budget proposal.

Key recommendations of the California Community Colleges Student Success Task Force, a body that the system's Board of Governors established in 2011 to make recommendations for improving the educational outcomes of students enrolled in the community college system, calls for policy reform of the basic skills educational system. Basic skills education, also known as continuing or remedial education, is designed for adult learners with low educational attainment to be a pathway to readiness for collegiate-level courses. The report by the Student Success Task Force notes that Latinos comprise more than 40% of basic skills enrollments, while African Americans comprise 11%. These percentages are above the 30% and 7% that these ethnic groups, respectively,

represent in the total community college population, making it clear that success in basic skills is especially critical for California's growing diverse population.³⁶

Recommendations

- **Develop a comprehensive strategy for the K-12 education, the adult education, and the public higher education systems for addressing basic skills/remedial education in California.**
- **Encourage innovation in the delivery of basic skills curriculum and significantly increase the number of students that successfully pass basic skills coursework.**

Transitioning Low-Income Adults from Adult Education to Higher Education

A critical goal of the adult education system is to prepare and transition adults to enroll and succeed in career, technical, and higher education. Data presented here on the low educational attainment of working low-income families and additional workforce research demonstrate a need for more high-skilled jobs. In 2011, nearly 58% of jobs in California were in occupations with a median annual pay below twice the poverty threshold for a family of four.³⁷ 43% of all job openings between 2008 and 2016 will represent "middle skill" jobs—jobs that require more than a high school education but less than a four-year degree.³⁸

California's Future Job Landscape

43%

The percentage of all job openings between 2008 and 2016 that will represent "middle skill" jobs

35%

The percentage of working-age adults that will have a college degree in 2025 with current completion rates

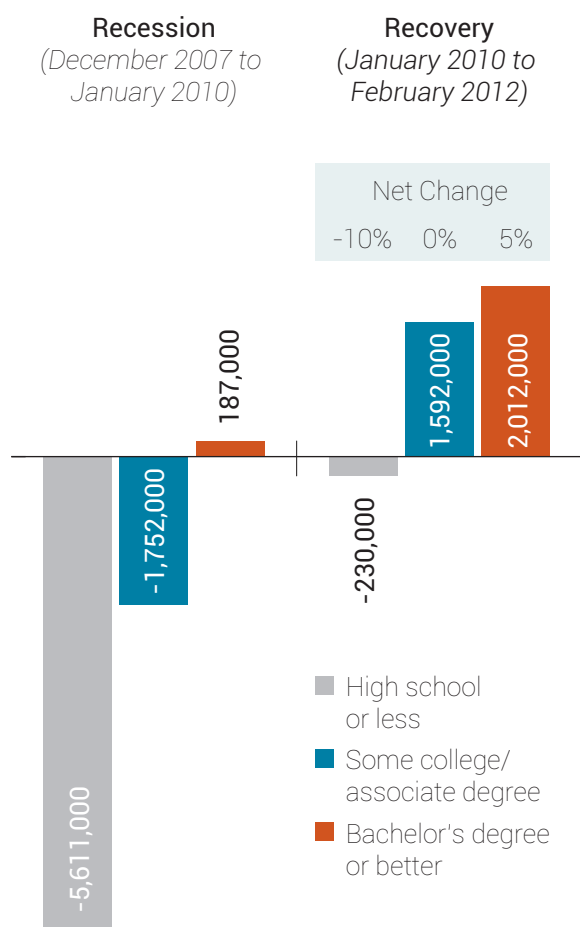
41%

The percentage of college-educated workers the economy will need in 2025

Sources: Working Poor Families Project. Population Reference Bureau, 2013 analysis of the 2011 American Community Survey.

Johnson, Hans and Ria Sengupta. Public Policy Institute of California. (2009). Closing the Gap: Meeting California's Need for College Graduates. San Francisco, CA. Retrieved from http://www.ppic.org/content/pubs/report/R_409HJR.pdf

Even during the recession, bachelor's degree holders gained jobs



Source: Carnevale, Anthony P., Tamara Jayasundera, and Ban Cheah. Georgetown Center on Education and Workforce. (2012). *The College Advantage: Weathering the Economic Storm*. Washington, D.C.

The economic recession from 2007-2009 affected individuals with lower educational attainment much more than their higher educated peers throughout the United States. Those with a high school degree or less lost 5.6 million jobs, compared to the job losses of only 1.75 million for those who have some college or an associate degree.³⁹ Further compounding the effects of the recession and current economic recovery, job gains have largely been confined to those who have attained education beyond a high school diploma. More than two million jobs were gained by baccalaureate graduates during this recovery period, while those with a high school diploma or less continued to lose nearly a quarter million jobs as of February 2012.⁴⁰

Given the large number of California adults who are low-income and the growing demand for educated workers, the state must increase the number of individuals who begin at the adult education system and go onto higher education. However, the complete number of participants who transition out of adult education and into postsecondary education throughout the state is difficult to ascertain, for reasons described below.

Currently, much of the reported data is from institutions that receive federal WIA Title II funds and as such, have federal requirements to measure indicators. The nearly \$80 million in federal funds that California receives for adult education, amounting to about 3.8% of the \$2.1 billion state expenditures

on adult education, serves about 23.6% of the state's adult education population, equaling about 354,000 students out of 1.5 million.

This means that the data reported to the United States Department of Education only details the demographics, educational gains, and completion outcomes of less than one-fourth of the state's entire adult education population. Although below the preferred response rate,⁴¹ reported data for this quarter of the adult education population shows that for the 2011-12 academic year, 758 participants who cited higher education or training as a primary or secondary goal achieved that outcome, an approximate 41% transition rate from the adult education system to higher education.⁴² For this rate, when compared against other states on the outcomes achieved through the use of federal WIA Title II funds for adult education, California ranks 39th in the nation, with rates ranging from a high of 97.9% for New York to a low of 6.9% for Vermont. It should

be further noted that only 7,223 out of about 354,000 participants cited higher education or training as a primary or secondary goal, just 2% of the entire adult education population served by federal funding. This is concerning as the adult education system is one of the most viable ways of moving undereducated adults into the public higher education system.

California's Expenditures on Adult Education by Revenue Source 2011-12

Revenue Source	Dollar Amount	Percentage of California Expenditures on Adult Education	Number of Students Served	Percentage of Adult Education Students Served
Federal Funds (Workforce Investment Act Title II)	\$80 million	3.8%	354,000	23.6%
State Funds	\$2 billion	96.2%	1,146,000	76.4%
Total	\$2.1 billion	100%	1.5 million	100%

4.2 million adults in California, age 18-64, lack a high school diploma or GED.

The absence of comprehensive data for the entire adult education population is due to the lack of resources as a result of the spring 2009 budget change. Since then, the number of adult schools that have reported fundamental data to the California Department of Education has dropped significantly.^{43 44} This aspect of the adult education system might be resolved if the Governor's adult education realignment proposal of moving the adult education operations to the California Community Colleges is adopted, as the Community College system has a more robust data collection system.

In 2004, the California Community Colleges began to design and implement a performance measurement system that contained various indicators, such as transfer rates to four-year universities, for students in the 112 individual colleges. The first report of the Accountability Reporting for the Community Colleges, or ARCC, was issued in 2007. One of the recommendations of the Student Success Task Force was to revamp and expand the indicators of ARCC to produce individual community college scorecards with student outcomes and milestone measurements disaggregated by race and ethnicity beginning in 2013.

While the community college system has made tremendous strides in implementing and collecting information for this new system of data reporting,

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there are still omissions of important indicators from the ARCC as it relates to the low-income population transitioning from adult education to postsecondary education. In particular, the economic data of students, such as earnings, eligibility for financial aid, and other information is not collected. Financial information of students is only collected if a student applies for financial aid. Recently passed legislation⁴⁵ seeks to address part of this shortfall of data by requiring all districts that receive state funding for student support services to measure students' need for financial assistance and to disaggregate data by socioeconomic status, to the extent relevant data is available.

Recommendations

- **Collect and analyze data on socioeconomic status to inform policies and address barriers faced by low-income adults in California.**
- **Create clear pathways to transition working low-income students from adult education to postsecondary education opportunities that can help them achieve economic self-sufficiency.**

College Completion

For working low-income adults seeking to continue their education beyond the adult education system, community colleges serve as major educational gateways and have a relatively affordable cost because of the low fees charged for courses that fulfill requirements for vocation certificates, credentials, associate degrees, and transfer to four-year universities. Yet, hidden behind the open access and low cost lays a bigger barrier : completion.

Recent studies have shown that only 1 in 3 community college students earn an associate degree or vocational certificate, or transfer to a four-year university after six years.⁴⁶ These numbers are even worse for African Americans and Latinos: the graduation rate drops to 1 in 4 for African American students, and 1 in 5 for Latino students. This is especially concerning, as 66% and 70% of all African Americans and Latino students respectively, who attend public higher education in California start at a community college.⁴⁷

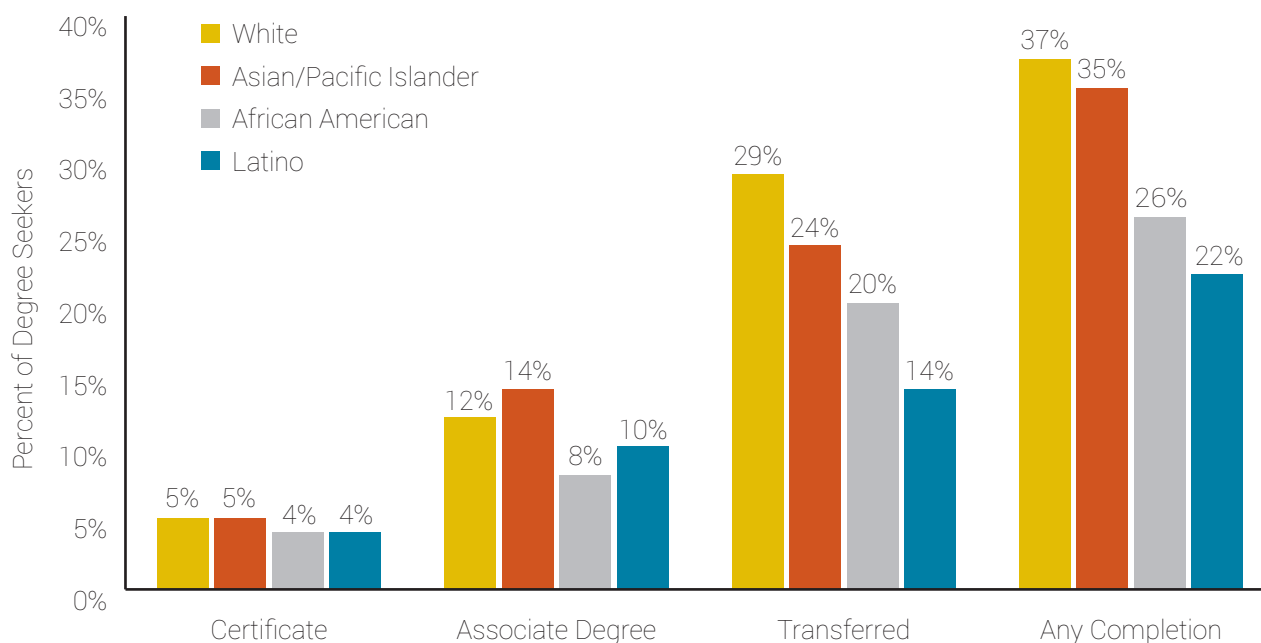
Additionally, while women are more likely than men to enroll at a two-year colleges than four-year universities and comprise 53% of the state's community college population, female minorities, women in poverty, and student parents continue to experience lower rates of college completion.⁴⁸ Furthermore, female community college students are more likely to care for dependents and

to belong in the lowest income bracket, and as a result, represent a significant portion of the non-traditional student population.⁴⁹

Community college completion rates are low across the country;⁵⁰ however, many states are making progress toward improvement by outlining statewide goals for completion. Unfortunately, California has not put forward goals for the number of degrees or certificates the state needs to meet workforce demands. 72% of California's students in higher education attend a community college,⁵¹ and the state is on track to be short 2.3 million degrees and certificates needed for the economy in 2025. Therefore, the community college system, in particular, should have a strong motivation to increase completion rates. Articulating statewide goals and aligning policies and budgets are the first steps for community colleges to focus the resources needed to support students and improve overall completion numbers. This will serve to benefit low-income working adults who need the training that will make them competitive for higher paying middle-skill jobs.

California Community College Completion Within 6 Years by Race/Ethnicity

cohort of students entering CCC in 2003 and enrolling in more than 6 units during first year



Note: students can be double-counted in the certificate, associate degree, and transfer measures

Source: Moore, Colleen and Nancy Shulock. Institute for Higher Education Leadership & Policy. (2010). *Divided We Fail: Improving Completion and Closing Racial Gaps in California's Community Colleges*. Sacramento, CA

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SO WITHIN 6
YEARS.

Low completion rates in the state can be due, in part, to the large number of community college students placed into remedial education. Students who initially enroll into a California Community College are often required to complete a one-time assessment (usually without any guidance or preparation time to review material they may not have seen since high school), which allows an institution to determine the student's readiness for collegiate-level coursework. However, recent research argues that placement tests, oftentimes the only measure used during the assessment process, do not always accurately reflect a student's potential and capacity to achieve in college courses.⁵²

Far too many of California's students perform poorly on these placement tests: about 85% of incoming community college students are assessed to be unprepared for college-level math, and approximately 70% are assessed to be unprepared for college-level English.⁵³ African Americans, Latinos, and non-traditional students, such as adult learners, are more likely to be placed into and required to complete basic skills education programs before enrolling in collegiate-level courses.⁵⁴

For a large share of working low-income adults, the challenge to completing higher education or training is the inability to overcome remedial education. Many students who begin their college education in these courses drop out without completing a certificate, degree, or becoming transfer eligible. In 2010, roughly 1 in 2 students who had enrolled in the most-basic remedial writing course went on to attempt a higher level composition course and less than half of the students who enrolled in the most-basic remedial mathematics course went on to attempt a higher level arithmetic course.⁵⁵ Only about 1 out of 5 basic skills students who intended to complete a vocational certificate, an associate degree, or transfer agreement to a four-year university did so within 6 years.⁵⁶

Placement into basic skills programs and low remedial course advancement are significant predictors for whether a student will ever complete some higher education, and also contribute to substantially increasing the total time to, and cost of, college completion. For those students that persist from semester to semester and year to year, the lengthy time to degree, certificate, or transfer increases the sticker price of community colleges significantly. The total cost of attending a community college not only includes fees, but also housing, textbooks, transportation, and other education-related expenses. For the 2012-13 academic year, the statewide average total cost for attending a community college is \$11,445 for students living at home and commuting to school, a significant proportion of a working low-income family's income at less than \$45,400/year for a family of four.⁵⁷ This more realistic sticker price, significantly more than the advertised \$46 per unit, is a large deterrent to completion,

especially for low-income students. Students neither have an accurate cost to help plan financially, nor is financial aid tied to this true cost of attendance over time. The result is that community college students leave the system without ever reaching their educational goals, or may finally reach a goal after many years but incur greater costs and debt as a result of the total time to completion.

Recommendations

- Create a public agenda for higher education that sets clear goals for college-going, certificate, and degree completion, aligns those goals to projected workforce demands, and monitors progress in meeting those goals.
- Ensure adequate placement of students into remedial courses and strengthen the delivery of basic skills instruction so that a growing number of students can transition into college-level courses.
- Promote efforts to accelerate basic skills instruction so that students do not get discouraged by the length of time it may take to reach college-level courses.

RESOURCES FOR EDUCATION AND SKILLS TRAINING FOR THE WORKING LOW-INCOME POPULATION

Federal Funding

The federal government provides a variety of funding avenues for state operations that help working low-income adults obtain education and develop skills. In addition to WIA funding for adult education, Temporary Assistance for Needy Families (TANF) is another federal assistance program designed to help move recipients into the workforce. States are provided a block grant to fund and administer benefits and services targeted to low-income families through programs that have requirements intended to progress families towards self-sufficiency. Since 1996, California has received a fixed TANF allocation of about \$3.66 billion each year.⁵⁸

TANF funds in California have traditionally been used to fund social services such as CalWORKs, a welfare program that gives public cash assistance and services to eligible needy families. However, as part of the 2012-13 state budget act, Governor Brown and the Legislature redirected TANF funds to offset more than \$800 million of the \$1.5 billion General Fund costs for Cal Grants, the state's entitlement and competitive student financial aid program. The Governor's 2013-14 budget plan hopes to continue this adjustment in the next budget year, proposing to expend \$942.9 million of TANF funds on the Cal Grant program.

This budget solution is intended to free up a significant portion of the state's previous obligation to student financial aid for other state operations. However, few non-traditional students, such as adult learners from working low-income families, actually benefit from Cal Grants due to eligibility restrictions and the

type of assistance provided. Additionally, social services advocates argue that while this offset of TANF funds for non-direct welfare services is not in violation of federal law or requirements, it forces an “either-or” choice for state policymakers on how to best provide services to the neediest population instead of funding, to the highest extent possible, programs that assist working low-income families such as CalWORKs.⁵⁹ These recent cuts to CalWORKs are not being backfilled by TANF fund redirection: current spending for the program is about \$1.9 billion lower annually than it was in 1994.⁶⁰

Recommendation

- **Encourage TANF funds to be used to help enroll TANF-eligible participants in higher education.**

Low-income adults coming from the adult education system require a unique set of resources in order to succeed in higher education. Three critical resources provided directly to adult students are crucial to ensuring their ability to support their families while they go to college to improve their skills for the workforce: Financial Aid, Orientation, and Child Care.

Financial Aid

Community colleges in California provide a low cost of entry for adult learners who have transitioned out of the adult education system and wish to enroll in college coursework that counts towards an associate degree, certificate, or transfer. Fees are the lowest in the country at \$46 per unit in 2012-13, equating to \$552 for a typical, 12 unit full course load per semester. Further aiding affordability for these populations at the community college level is the California Board of Governors (BOG) Fee Waiver, a need-based financial aid program provided to students that waives student fees for eligible students measured as 150% or below the federal poverty threshold based on family size.⁶¹

However, accessibility to other state-based financial aid is limited for working low-income adults. Eligibility for Cal Grant awards is primarily geared towards traditional, younger students who enroll directly from high school into a four-year university. Cal Grant A awards provide tuition and fee assistance only for students attending a four-year university. If a high school graduate qualifies for a Cal Grant A and decides to attend a community college, the award will be held in reserve for up to three years until the student transfers to a four-year university, if the student continues to qualify. Meanwhile, Cal Grant B awards provide an “access award” of \$1,473⁶² for students in their first year, and then in subsequent years of attendance, total aid in the form of the annual access

IN 2012–13,
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All Cal Grant award amounts are for the 2012–13 academic year.

award plus tuition and fee assistance. Owing to the community college BOG Fee Waiver program helping to cover fees, Cal Grant B students at a community college would only receive the access award for each academic year.

Additionally, the assistance provided by the Cal Grant program is focused on tuition and fee assistance, as opposed to the total cost of college attendance. Given that the 2012–13 statewide average for the total cost of attending a community college full-time while living at home and commuting to school is \$11,445, and because Cal Grant B awards only provide an annual access award of \$1,473, an adult learner moving from the adult education system would end up receiving state financial aid for less than 13% of the total cost of attendance. As such, Cal Grants in the form of tuition and fee assistance alleviates a higher percentage of the total cost of attendance for students attending the California State University or the University of California, where tuition and fees are significantly higher than at the community colleges.

Furthermore, because the lifetime eligibility time limit for the Cal Grant program is four years of full-time study, students who intend to transfer to a university but chose to utilize their Cal Grant B access award while attending a community college may possibly exhaust their Cal Grant eligibility before ever transferring. As outlined above, only 1 in 3 community college students earn an associate



This student has just graduated from high school and has already been accepted at a California State University. She graduated with a 3.4 GPA. She is **guaranteed** to receive the following Cal Grants:

- Cal Grant A Entitlement Award (Guaranteed)
- Cal Grant B Entitlement Award (Guaranteed)
- Cal Grant C
- Cal Grant A Competitive Award
- Cal Grant B Competitive Award



This student has already completed an Associate Degree for Transfer at a community college and is preparing to transfer to a University of California. She is 27 years old and has a GPA of 3.0. She is **guaranteed** to receive the following Cal Grants:

- Cal Grant A Entitlement Award (Guaranteed)
- Cal Grant B Entitlement Award (Guaranteed)
- Cal Grant C
- Cal Grant A Competitive Award
- Cal Grant B Competitive Award



This student has a GED, but needs to attend a community college (CCC) to earn an associate degree for a better job. He has a family, is 42 years old, and qualifies as low-income. He is **eligible to compete** for the following Cal Grants:

- Cal Grant A Entitlement Award (Guaranteed)
- Cal Grant B Entitlement Award (Guaranteed)
- Cal Grant C
- Cal Grant A Competitive Award
- Cal Grant B Competitive Award

degree or vocational certificate, or transfer to a four-year university after six years. The result is that the eligibility time limit requires students to make deliberate decisions on when to use the Cal Grant B award during their college career if they want to remain eligible for Cal Grants after transferring.

There is a separate Cal Grant award for community college transfer students, called the California Community College Transfer Entitlement Cal Grant, but eligibility for that award is limited to students under the age of 28, shutting out many non-traditional students. This is an entitlement Cal Grant, one of the two eligibility categories of award. The other entitlement Cal Grant is only guaranteed to students who are accepted to a college within a year of graduating from high school. For all other applicants, including working low-income adults, students compete for a limited number of grants, categorized as competitive Cal Grants. While the selection criteria for competitive Cal Grants provide special consideration for disadvantaged students, including financial factors, there is gap between the number of new awards authorized and eligible students.⁶³

A smaller, separate category of Cal Grants serve students from low- to moderate-income families who are specifically seeking a career or technical education. Known as Cal Grant C awards, this category provides \$547 to students for training-related costs at a community college or \$2,462 for fees at another institution. The eligibility time limit for these awards is generally two years in a recognized career or technical program that lasts at least four months.

Working low-income adults have the option of filing for federal aid using the Free Application for Federal Student Aid (FAFSA), but research shows that the neediest populations are far less likely to apply for federal student financial aid. In 2009-10, eligible California Community College students left an estimated \$500 million in Pell Grants, the federal need-based financial aid program, unclaimed because only one-third of all community college students in the state applied.⁶⁴ These funds could have complimented a state financial aid package, as the maximum Pell Grant award in 2009-10 was \$5,350 and would have been available for uses beyond tuition and fees, such as textbooks, rent, and other necessities. Governor Brown, in his 2013-14 budget proposal, hopes to encourage more needy students attending a community college to apply for federal financial aid by requiring the submission of a FAFSA in order to qualify for a BOG Fee Waiver.⁶⁵

Recommendation

- **Improve and expand financial aid options for non-traditional students (such as older, working adults), including better leveraging of federal student aid and workforce training dollars.**

In California, **23%** of very low-income students who apply for aid receive a Cal Grant. Of very low-income students:

77% UC students are the **most likely** to receive a Cal Grant.

16% CCC students are the **least likely** to receive a Cal Grant.

Source: The Institute for College Access & Success (2012). *Cal Grant Snapshot*, November 2012. Oakland, CA.

Orientation

Orientation with a qualified college representative provides an incoming student with information necessary for completion, such as financial aid information and the availability of academic resources. To achieve the goal of increasing FAFSA applications to help students draw down more federal financial aid, institutions have to provide sufficient counseling and advising to the neediest population who may not understand the myriad of financial aid options and eligibility requirements.

Adults from working low-income families, like first-generation college students, face significant informational barriers when accessing postsecondary education.⁶⁶ To start these students off on the right path, recent legislation requires the California Community College system to establish policies to ensure that all students receive orientation, create an education plan, and declare a program of study.⁶⁷ The law also targets student success and support funds for vital student support services critical to helping students progress towards their college goals.

Research shows that community college students in California who declare and enter a program of study in their first year of college are twice as likely to achieve completion in the form of an associate degree, certificate, or transfer to a four-year university, serving as a critical milestone for successful students.⁶⁸ Unfortunately, too many students who enter the community college system end up dropping out before reaching this crucial milestone.⁶⁹ New policies that require colleges to provide support services upon enrollment, such as orientation and educational planning, should help students select a program of study early, thus increasing their likelihood of completing.

Other localized approaches, such as coordinating work support, employment, educational, and financial service programs with community colleges, have been shown to be helpful in moving working low-income students to economic self-sufficiency. In 2008, Long Beach City College opened Success Centers that offer supplemental learning activities for populations that need additional supports to achieve success at the postsecondary level. Student participants who received the Centers' services had a course success rate that was 43% higher, and a retention rate 34% higher, than students who did not participate.⁷⁰

Recommendations

- **Support efforts to restore funding that, in recent years, has severely inhibited access to California Community Colleges for non-traditional students.**

- **Prioritize new state funding for California Community Colleges toward student success efforts such as orientation, counseling and advising services, and student success centers that help close information gaps for low-income students.**

Child Care

There are more than 3.2 million children in working low-income families in California, equal to 40% of all children under the age of 18 and higher than the national average.⁷¹ Child care is critical to the ability of working low-income parents to obtain further education and is one of the crucial support services that should be available to adult learners while attending college. Online coursework and multiple class schedules, while helpful to provide flexibility for adult students who are parents, are not substitutes for quality child care in many cases. Unfortunately, community colleges in California, a major educational gateway for adult learners in adult education and higher education, do not measure a student's parental status, which is another indicator absent from data collection.

In one study, more than 80% of student parents attending community college cite the availability of child care as "very important" in their decision to attend college.⁷² Nearly 60% of these respondents reported that they could not have continued college without child care, and 95% reported that child care allowed them to increase their class load. Therefore, access to child care should be a central component of existing efforts to coordinate student support services for low-income students.

While child care costs differ for each family due to a number of variables (such as location, type of care, age of child, number of children, and length of time each day), a 2011 study found that the cost of quality child care for just one child is out of reach for many families. In California, the average cost of center-based full-time infant child care is more than \$11,300 per year, while the average annual full-time day care costs for a four-year-old is more than \$7,850.⁷³ That equates to about 25% of an average working low-income family's annual income for center-based child care and about 17% of the same average income for day care costs.

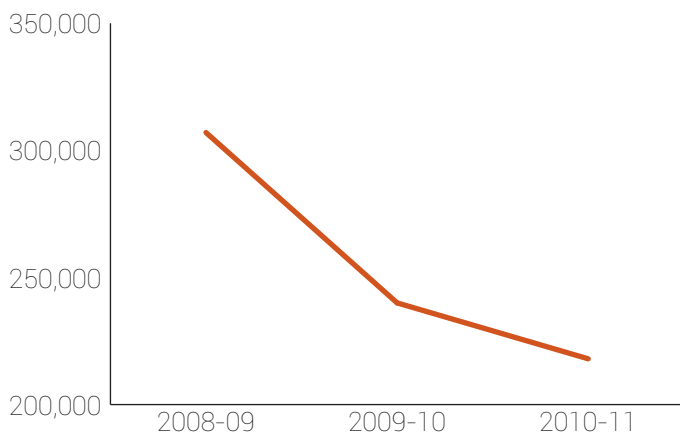
Historically California has provided public child care subsidies, recognizing that using available state and federal funding on high quality child care will help balance the financial and time commitments for low-income families as the parents work or obtain training and education. To qualify for subsidies, with few

IN 2010, MORE THAN 187,000 ELIGIBLE CHILDREN IN CALIFORNIA WERE ON WAITING LISTS TO ENROLL IN STATE-SUBSIDIZED CHILD CARE PROGRAMS.

29 OTHER STATES SUPPLY ENOUGH CARE TO CHILDREN TO NOT NEED A WAITING LIST.

exceptions, children must be under age 13 and families must not exceed the income eligibility limit, which is set at 68% of the state's median income, one of the highest thresholds at 8th place nationally. This equates to a threshold of about \$42,216 for a family of three. California does not require families in poverty to pay a monthly co-payment to participate in state-subsidized child care; other states charge a co-payment ranging from \$1 to more than \$250. In 2010-11, 218,000 children were enrolled in state-subsidized child care each month, on average.⁷⁴

Enrollment in State-Subsidized Child Care has Decreased Dramatically Due to Budget Cuts, 2008-2011



California Budget Project. (2012). *Playing With Our Future: Key Facts About California's Child Care and Development Programs in the Aftermath of the Great Recession*. Sacramento, CA.

In recent years, state policymakers have cut funding and changed eligibility requirements for child care programs to help close budget gaps. Starting in the 2009-10 budget year, the Legislature reduced by \$215 million annual funding for "Stage 1" public child care programs, which provide child care for up to six months to families when they begin receiving CalWORKs cash assistance. Furthermore, the enacted 2012-13 state budget eliminates 14,000 child care slots statewide through expenditure reductions, fee increases, and eligibility changes to achieve \$294 million in savings. These budget cuts and policy changes to state-subsidized child care have affected enrollment: in 2010-11, a monthly average of 218,000 children were enrolled, which was down from 240,000 in 2009-10. Prior to that year, annual enrollment totaled around 307,000, which indicates a drop off of nearly 90,000 enrollments in just two years.⁷⁵

These budget cuts to state-subsidized child care come at a time when demand far exceeds supply. In 2010, more than 187,000 eligible children were on waiting lists to enroll in child care programs. This contrasts heavily with other states: across the nation, 29 other states supply enough care to children to ensure that there is no waiting list, and only two states have frozen new enrollments. Even among other states that do have a waiting list, the highest is 46,000 children in North Carolina, which still pales in comparison with California's waiting list.⁷⁶

Recommendation

- Offer services, such as child care, that increase higher education participation, retention, and completion rates for non-traditional students.

CONCLUDING SUMMARY

Californians are working harder, but increasingly falling behind in economic success and are therefore unable to achieve the California Dream.

The ranks of the working low-income are growing at a disturbingly high rate. At the same time, employers are unable to fill good jobs because they lack qualified applicants. Driving both trends is California's inability to produce acceptable levels of high school and college graduates, leaving the state near the bottom in the nation when it comes to the educational attainment of working low-income families.

Completing a certificate or college degree vastly improves an individual's earning power over the course of their lives. This improved level of economic success benefits the state through greater tax revenue and lower expenses for social services, and helps to build a vibrant economy.

There are several ways to mitigate the shortfall of educated workers needed for the state's economy and these solutions are within reach. The recommendations in this report could substantially increase the job prospects for millions of Californians, create a workforce more aligned with employer needs, and reduce the number of working low-income families.

For those who have high hopes and work hard, the California Dream can still be achieved. Through reforms in adult and college education and training, the Golden State can once again live up to its unique promise of prosperity.



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ABOUT THIS REPORT

The Working Poor Families Project is a national initiative focused on state workforce development policies involving: 1) education and skills training for adults; 2) economic development; and, 3) income and work supports. As a partner in the national Working Poor Families Project in California, the Campaign for College Opportunity conducted an in-depth assessment of the economic conditions and state policies affecting working families. This report is the product of that assessment, which identifies where California's investments and policies stand in relation to other states and the nation. Most importantly, this report recommends actions for improving state policies and program operations.

METHODOLOGY

Working Poor Families Project data-based Indicators are obtained primarily from the American Community Survey (ACS). This work is done by the Population Reference Bureau on behalf of the Working Poor Families Project. The ACS, annually published by the U.S. Census Bureau, provides a detailed socioeconomic and demographic profile of the U.S. population. The ACS replaces the "long form" of the Decennial Census; the advantage of the ACS is annual collection, as opposed to collection once every ten years through the Decennial Census. Since 2000, the ACS is conducted nationwide with an annual sample of 3 million households. The most recent WFPF analysis, conducted in February 2013, is based on the Census 2011 ACS, the latest available.

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ABOUT THE CAMPAIGN FOR COLLEGE OPPORTUNITY

The Campaign for College Opportunity is a broad-based, bipartisan coalition, including business, education and labor leaders, that is dedicated to ensuring the next generation of Californians has the opportunity to go to college. The Campaign works to create an environment of change and lead the state toward effective policy solutions. It is focused upon substantially increasing the number of students attending two- and four-year colleges in the state and significantly impacting the rate of student success and achievement of their postsecondary education objectives. For more information, visit: www.collegecampaign.org.

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Ensuring that the next generation has the opportunity to
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