

May 7, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Refining Degree Allocation within the 2020 Goal

In 2010 the Board of Regents adopted the 2020 goal of 66 percent college attainments. At that time, allocations by certificate and type of degree were also made. Since that time, questions have been raised as to what the mix should be to maximize economic prosperity in Utah by 2020 and to meet workforce needs.

As a result, the Commissioner’s office, in consultation with the Georgetown Center on Education and the Workforce, conducted a study to determine the best mix of industry and educational attainment to benefit Utah’s economy and provide meaningful wages. This study focused on the job and industries that will provide a \$35,000 per year income needed to minimally support a household size of four people and the educational requirements needed to obtain employment in one of the industries identified. Data for this study was provided by the Georgetown Center on Education and the Workforce in the form of summary tables of the percent of Utah jobs by educational attainment levels for all jobs that had an annual median wage of \$35,000 or more.

In the state of Utah, six industry clusters account for over 55% of all Utah Jobs that pay over \$35,000 per year. The six clusters are: 1) Manufacturing-Durable, 2) Information, 3) Financial Activities, 4) Professional and Management Services (these include STEM fields), 5) Educational Services, and 6) Health Services.

Based on the distribution of degree requirements for jobs in these six industries, from the data provided by the Georgetown Center of Education with additional data from the U.S. Census Bureau’s Report (*Measuring Alternative Educational Credentials: 2012*, Ewert S., Kominski R., 2014), and the Utah Data Alliance, the recommended distribution of degrees and awards for the 66% by 2020 goal will change to: 8% certificates, 14% associate degrees, 31% bachelor’s degrees, and 13% graduate degrees (figure 1).

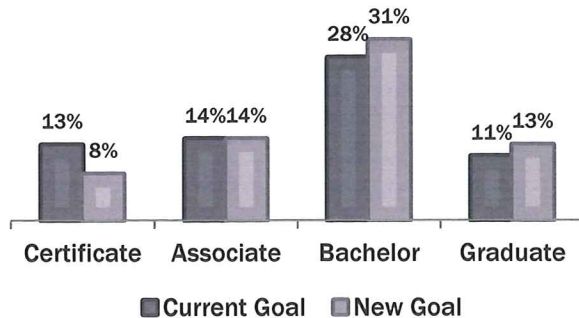


Figure 1 - Change in Degree Attainment Goal

Commissioner's Recommendation

The Commissioner recommends the Regents approve the modification in the degree distribution of the USHE 2020 educational attainment goal.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/JAC
Attachment



BACKGROUND:

The original study establishing the 2020 goal for higher education in Utah was based on projected college certification and degree attainment requirements to meet workforce demand as identified in the 2010 report *Help Wanted: Projections of Jobs and Education Requirements Through 2018* (Carnevale, A., Smith, N. & Strohl, J., 2010). The *Help Wanted* report indicated that Utah would require 66% of its adult working population to have a post-secondary certificate or degree by 2018 in order to meet projected workforce demands based on Utah's current economy. The report did not identify the projected distribution of degree type (certificates, associate degrees, bachelor's degrees, and graduate degrees) comprising the 66% degree attainment goal.

In 2010, a consensus goal between the Utah System of Higher Education (USHE) and the Utah College of Applied Technology (UCAT) set the degree mix for the 66% degree attainment goal at: 13% certificates, 14% associate degrees, 28% bachelor's degrees and 11% graduate degrees. A 2011 survey subsequently reported the following in educational attainment among Utahns: 4% certificates, 10% associate degrees, 24% bachelor's degrees, and 15% graduate degrees (25% of those surveyed indicated they had some college – no degree). In 2013, the Utah State Board of Regents charged the Office of the Commissioner of Higher Education to review the original goal and determine if the distribution of degree types was the proper distribution not only to meet the projected needs under the current economic conditions, but also to move the economy so that there is a greater number of high paying jobs for Utahns.

HIGHER WAGE JOBS IN UTAH

Higher wage jobs in Utah are jobs and industries that provide the income needed to minimally support a household size of four people, or \$35,000.

Why a four-person household?

- According to the 2010 Census data, the average Utah household size is 3.1 persons. Married households (ages 35-64) alone, account for 34.7% of all Utah households. It therefore seems reasonable to set the earnings threshold based on a household size of four people for the working population (25-65 year old). The rate of \$35,000 per year is considered a base level of annual income needed to support a four-person household.
- *"A family of four is an average. In reality low wage earners have more complicated networks of family and dependents. Most recent immigrant low wage workers send remittances to families abroad, and many workers support partners, other relatives, more than two children or elderly parents. Some live alone without dependents. Some are single mothers or fathers, or are teenagers contributing to their family's income. Thus, the guideline of a family of four is a meeting point for the varying networks of dependents on the income of a low wage worker"*
http://www.livingwageaction.org/resources_lw.htm

Why \$35,000 per year?

- A recent report from the national Low Income Housing Coalition reported that, in Utah, an hourly wage of \$15.26 per hour (\$31,740 per year) was needed to be able to afford two-bedroom housing. (http://nlihc.org/sites/default/files/oor/OOR2014_ExpensiveHW.pdf).
- The annual income of \$35,000 per year is a key financial threshold used by Utah Courts in developing annual Poverty Income Guidelines for a family of four (http://www.utcourts.gov/resources/poverty_guidelines.pdf).

UTAH'S HIGHER WAGE INDUSTRIES

The focus of this analysis is to identify the mix of industry and educational attainment that provides the maximum potential for people with an average-sized Utah family of four to earn \$35,000 annually or more. Data was provided by the Georgetown Center on Education and the Workforce in the form of summary tables of the percent of Utah jobs

by educational attainment levels for all jobs that had an annual median wage of \$35,000 or more. Data provided from the Georgetown Center on Education and the Workforce was based on the Utah ACS pooled data set of earnings by industry and educational attainment level. The ACS data creates 21 industry clusters and reports educational attainment in eight different categories.

In the state of Utah, six industry clusters account for over 55% of all Utah jobs that pay over \$35,000 per year. These six clusters are:

1. Manufacturing - Durable
2. Information
3. Financial Activities
4. Professional and Management Services
5. Educational Services
6. Health Services

EDUCATIONAL ATTAINMENT REQUIRED FOR HIGHER WAGE INDUSTRIES

- The distribution of educational attainment level indicates that 83% of the jobs in these six industries require at least some college and 58% of these jobs will require an associate degree or higher in 2020.
- A recent study by the U.S. Census Bureau to better understand the 83% of jobs held by individuals with “some college” reported that approximately 8% of those 18 and older currently employed in these sectors had earned an educational or industry certificate in the industry clusters of manufacturing, information and professional and management services (*Measuring Alternative Educational Credentials: 2012*, Ewert, S., Kominski R., 2014, Table 2 pg. 5). The other three industry clusters (education, finance and health services) were omitted from this analysis due to additional industries included in the U.S. Census clusters that are not present in the Georgetown data.

According to the targeted industry clusters and the goal to effectively change Utah’s economy, a shift in the 66by2020 goal may be warranted to place a greater emphasis on higher degree levels. Such a shift would also improve the pipeline of individuals eligible for graduate studies by increasing the number of people with bachelor’s degrees by 2020. Based on the 2010 goal and the new information from the Georgetown and U.S. Census data sets, the following is recommended as a new distribution of certificates and degrees within the Utah 66by2020 goal:

Change of Educational Attainment Distribution for the 66by2020 Goal

