

## Maintaining Investment in Higher Education During a Time of Crisis

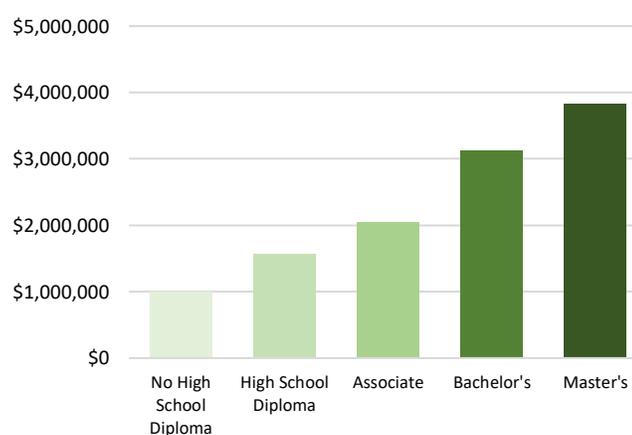
By Isaac Kwakye and Emma Kibort-Crocker, September 2020

Higher education systems equip individuals with the tools they need to succeed in the labor market with higher-paying jobs that lead to improved living standards and more secure and fulfilling lives. Higher education was critical in the recovery from the last recession, and during the COVID-19 crisis, higher education has acted as a protective factor against the economic downturn<sup>1</sup>. Investing in higher education will not only support Washington residents, but it will help narrow equity gaps and improve outcomes for communities of color.

### Higher education leads to higher earnings and lower unemployment.

- Those with higher educational attainment are more likely to be employed in high-paying jobs. Bachelor's degree holders earn about \$1.5 million more than those with only a high school diploma over their lifetime (figure 1)<sup>2</sup>.
- In May 2020, the unemployment rate in Washington for those with only a high school diploma (18.3%) was almost twice the rate of those with a bachelor's degree (9.3%)<sup>3</sup>.

Figure 1. Average Lifetime Earnings by Educational Attainment in the U.S.



Source: Dr. Mike Preiner and WSAC Analysis of U.S. Census Bureau Community Population Survey (2014-18)

### Displaced workers will need higher education to reenter the labor market.

- The overall unemployment rate in Washington in May 2020 was 14.8% but was even higher for some racial minority groups (between 17.6% and 29.9%)<sup>4</sup>.
- Up to 42% of jobs lost during the COVID-19 crisis will be permanent<sup>5</sup>.
- During the last recession, enrollment in Washington grew 7% at 4-year institutions and 12% at 2-year institutions as many sought opportunities in higher education<sup>6</sup>.

During economic downturn, higher education enrollment surge provides opportunities for unemployed people.

For many students, 2-year institutions offer shorter-term, less expensive, open-access programs that provide a path to new employment opportunities or a launching point for transfer to 4-year institutions. Investing in community colleges is critical for supporting equity in higher education.

<sup>1</sup> Kwakye I. and Kibort-Crocker, E. (August 2020). *Lessons on Recovery: The Value and Potential of Higher Education in Response to the COVID-19 Crisis*.

<sup>2</sup> Lifetime earnings (income summed from ages 18–65) calculated using the CPS data

<sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor. (2020). *Local Area Unemployment Statistics*.

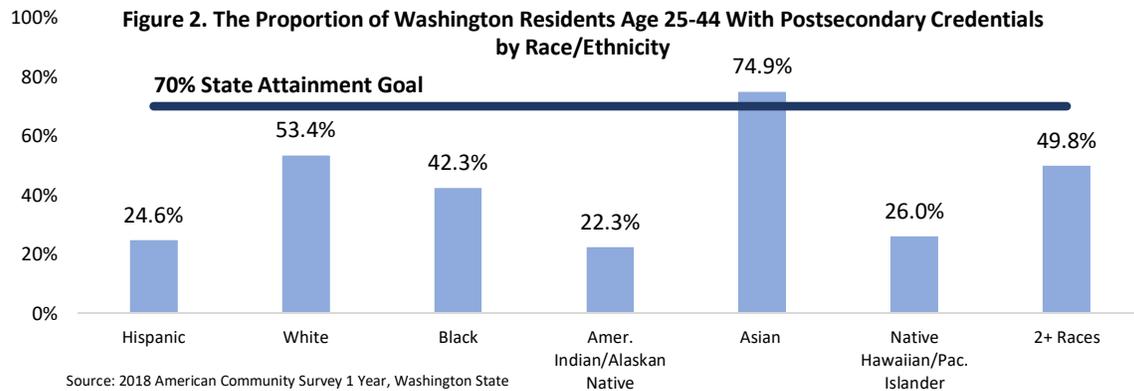
<sup>4</sup> Ibid. Hispanic, Native Hawaiian/Pacific Islander, Black, and American Indian/Alaska Native are the racial minority groups with above state average unemployment in May 2020.

<sup>5</sup> Barrero, J. M., Bloom, N., & Davis, S. J. (August 2020). *COVID-19 Is Also a Reallocation Shock*. 60.

<sup>6</sup> U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) (2018) *Undergraduate Enrollment Trends*.

Higher education has the potential to help close equity gaps and increase economic mobility for people of color.

- Communities of color have faced increased instability during the pandemic because many lack financial resources. In 2016, the average Black American household's net worth was \$13,024, compared to \$149,703 for white American households<sup>7</sup>.
- The gap between current attainment levels and the statewide goal is much larger for Black, Native Hawaiian/Pacific Islander, Hispanic, and American Indian/Alaskan Native people in Washington (between 28 and 48 percentage points) than their white and Asian counterparts<sup>8</sup> (figure 2).



- Existing equity gaps in higher education could widen during the COVID-19 crisis. In Spring 2020, Black and Hispanic students were six times more likely to take leaves of absence than in the prior year<sup>9</sup> and students of color were 40% more likely to report that their plans were being affected by COVID-19 than white students<sup>10</sup>.

Investing in higher education in the wake of the COVID-19 crisis will be necessary for our recovery.

- Funding higher education institutions to ensure they can handle the impending enrollment surge will help create opportunities for those who have been most affected by labor market upheaval, especially people of color.
- Keeping college affordable through level tuition rates and the Washington College Grant will help provide access to all people in Washington, particularly as families face increased financial instability due to the current economic downturn.
- Ensuring institutions have the resources necessary to provide students with holistic supports will help mitigate the campus operational challenges caused by the COVID-19 crisis.

Higher education is a public good that is critical for Washington to recover from the current economic downturn. It is also an essential tool for the state to help close equity gaps and support underserved populations' economic mobility. Washington state should prioritize higher education funding during the COVID-19 crisis and economic recovery.

<sup>7</sup> Luhby, T. (July 2020). These Charts Show How Economic Progress Has Stalled for Black Americans Since the Civil Rights Era. *CNN*.

<sup>8</sup> U.S. Census Bureau. (2018). *American Community Survey 1 Year, Washington State*

<sup>9</sup> *Spring 2020 Current Term Enrollment Estimates*. (2020). National Student Clearinghouse Research Center.

<sup>10</sup> *Higher Ed and COVID-19 National Student Survey*. (2020). Simpson Scarborough.