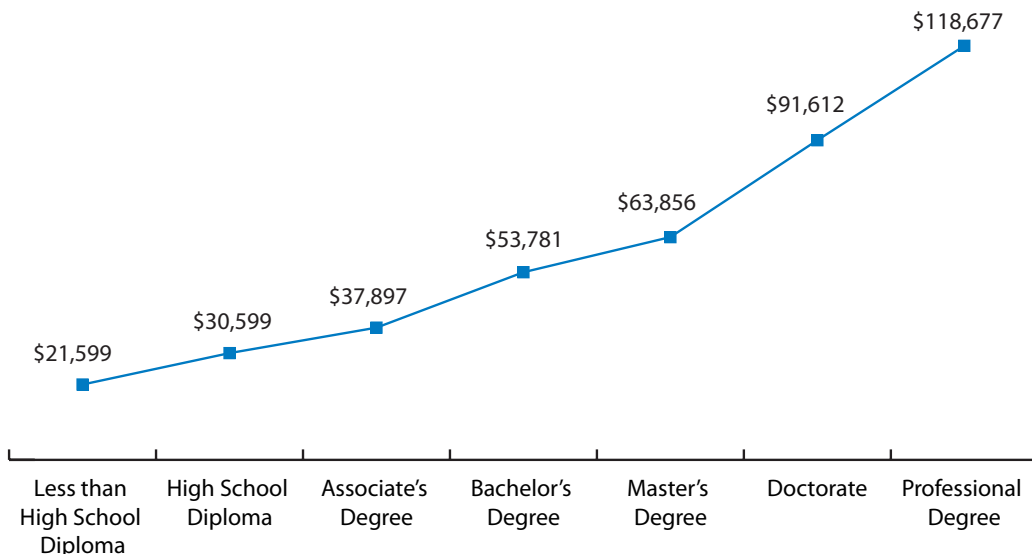


Section 7

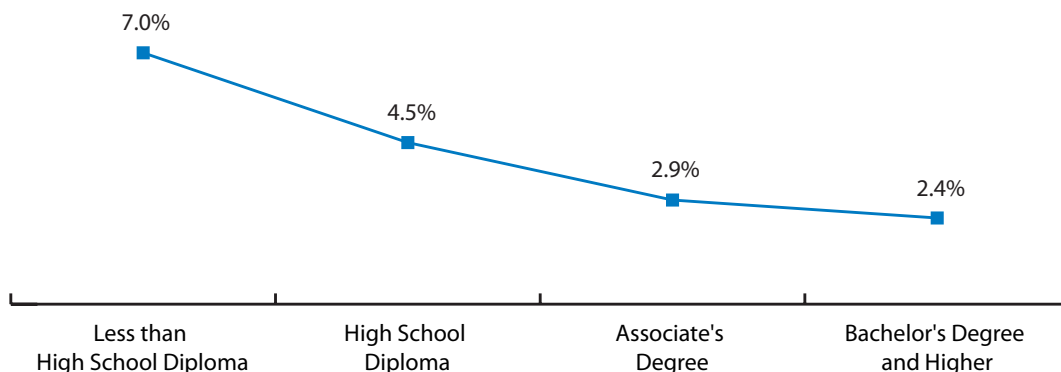
Texas College Attainment

College Graduates Earn Far More Than High School Graduates Earn and Have Substantially Less Unemployment

More Education Equals Higher Earnings: Average Earnings by Educational Attainment (2003)



Unemployment Rate by Educational Attainment (August 2005)



The U.S. Census Bureau reports that higher levels of education are closely associated with higher average earnings. Average 2003 earnings for workers age 25 to 64 with less than a high school diploma were \$21,599, \$9,000 less than for workers with a high school diploma. The gap in earnings between the two groups widened from \$8,100 the year before. The attainment of a college degree has an even greater impact on earnings. Graduates with a four-year degree averaged \$53,781 in earnings in 2003, and those with a professional degree earned over \$118,000.

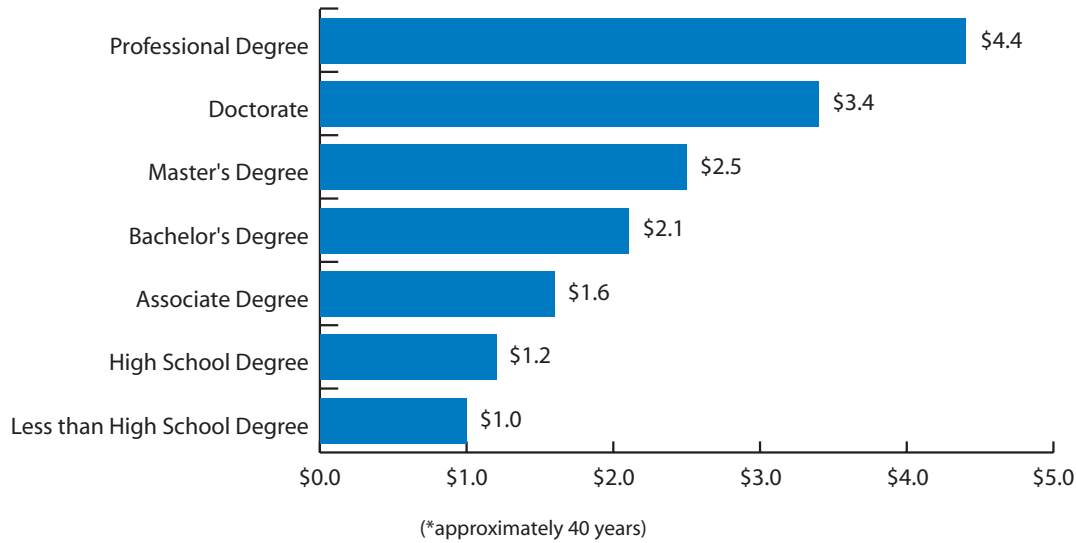
More evidence for the economic strength of education comes from the U.S. Bureau of Labor Statistics. For August 2005, the unemployment rate of workers age 25 and over who had not completed high school stood at 7.0 percent. Unemployment decreases with additional education. The unemployment rate for high school graduates was 4.5 percent, while the unemployment rate for those with a bachelor's degree and higher was 2.4 percent. Despite weaker economic conditions than in the late 1990s, today's labor market continues to reward workers with higher levels of education.

Sources: Unemployment: Bureau of Labor Statistics, "Employment State Population 25 Years and Over by Educational Attainment," August 2005. (<ftp://ftp.bls.gov/pub/suppl/empst.cps2004/education/cps2004/tab09-1.xls>); Earnings: U.S. Census Bureau, Current Population Survey 2004, "Educational Attainment in the United States 2004," website, Table 9. (<http://www.census.gov/population/socdemo/education/cps2004/tab09-1.xls>).



Better Educated Workers Have Higher Worklife Earnings

**Worklife* Earnings for Full-time Year-round Workers by Educational Attainment
(in Millions of 1999 Dollars)**

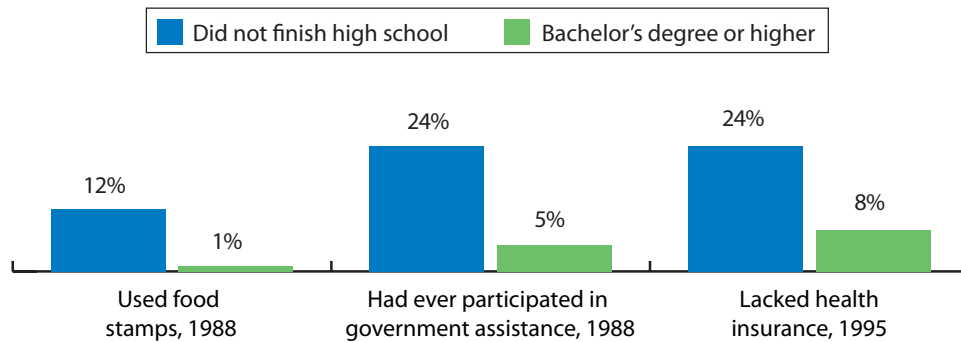


The difference in the salary earned by higher- and lower-educated workers compounds over a lifetime. The estimated earnings during the worklife (approximately 40 years) of a full-time worker who didn't complete high school are about \$1 million dollars. Completing high school increases earnings by about a quarter of a million dollars, and completing a bachelor's degree raises worklife earnings to over \$2 million. Post-graduate education pays off even more: workers with a professional degree, such as doctors and lawyers, can expect over the course of their worklives to earn over twice what workers with a bachelor's degree will earn.

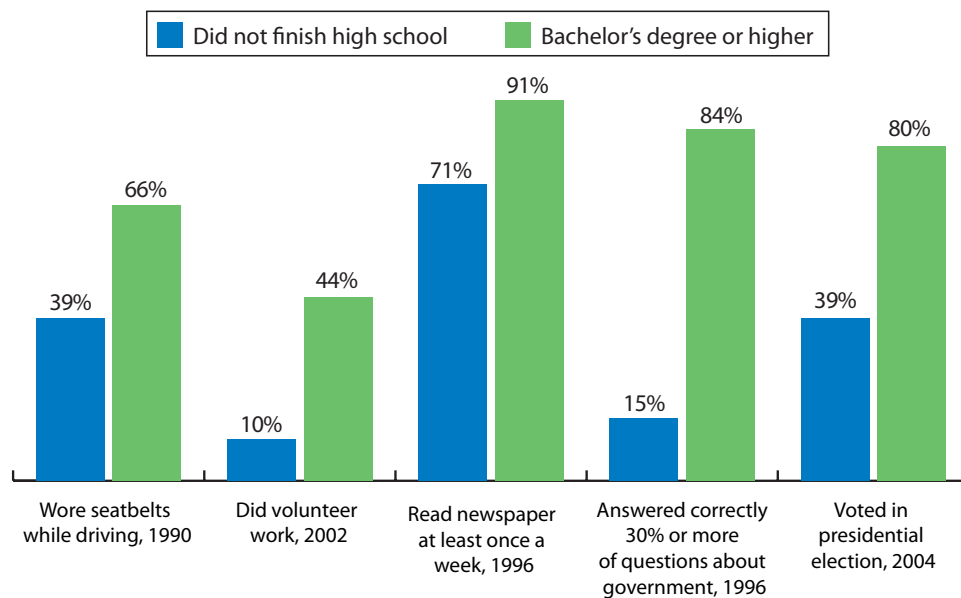
Source: U.S. Census Bureau. The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings. July 2002. (<http://www.census.gov/prod/2002pubs/p23-210.pdf>).

Higher Educational Attainment Levels Lead to Lower Economic Costs and More Civic Engagement

Education, Health, and Dependency: Percent Who Engaged in Activity, by Educational Attainment



Education and Civic Life: Percent Who Engaged in Activity, by Educational Attainment



People with less education often have fewer choices in life, and are more likely to depend on government services than the rest of the population: 7.0 percent of high school dropouts were unemployed in August 2005, versus 2.4 percent of college graduates, and average 2003 earnings for this group were \$21,599.

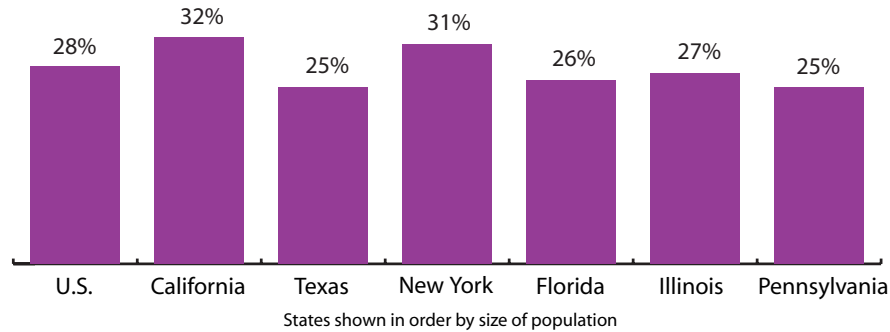
Raising educational levels of all groups will not only benefit individuals, but will benefit society as a whole through higher incomes, more tax revenue, and fewer people on public assistance. A well-educated citizenry also is more likely to play an active role in the civic life of the nation.

Sources: Unemployment: Bureau of Labor Statistics. "Employment Status Population 25 Years and Over by Educational Attainment," August 2005. (<ftp://ftp.bls.gov/pub/suppl/empsit.cpseea17.txt>); Voting: U.S. Census Bureau, Current Population Survey 2004, "Voting and Registration in the Election of November 2004", Table 5 (<http://www.census.gov/population/www/socdemo/voting/cps2004.html>); All other: Postsecondary Education Opportunity, Research Newsletters. "Volunteer Service by Educational Attainment," Number 127 (January 2003). "Voting Rates by Educational Attainment, 1964 to 2000," Number 120 (June 2002). "Why College? Private Correlates of Educational Attainment," Number 81 (March 1999). www.postsecondary.org. (Select "archives" under "newsletter").

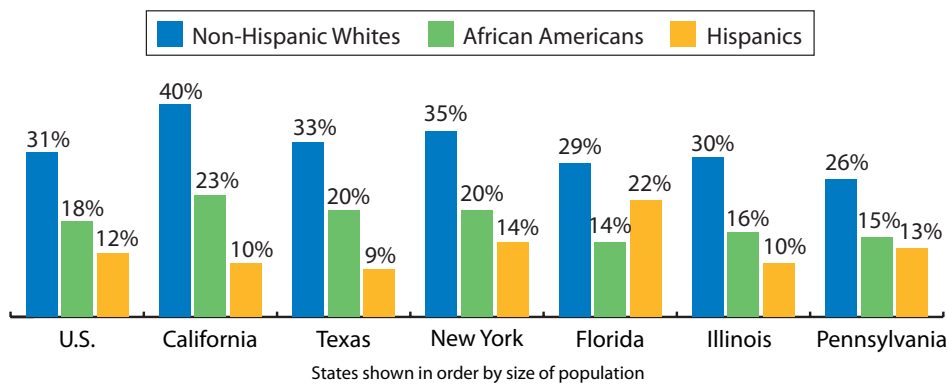


College Completion Rates in Texas Are Lower Than in the U.S., Though the Gap is Not as Wide as for High School Completion Rates

Population Age 25 and Over With a Bachelor's Degree or Higher (2004)



Population Age 25 and Over With a Bachelor's Degree or Higher (2004)



Texas scores lower than the nation in the percent of people who have completed a bachelor's degree or higher, although the gap between Texas and the U.S. is not as wide as the gap in the percent who have completed high school. U.S. Census Bureau data show that about 25 percent of Texans age 25 and older have obtained a bachelor's degree or higher, compared to 28 percent in the U.S. The percent of Texans with a bachelor's degree or higher fell slightly from 26 percent in 2002. Among the six largest states, Texas ties for last place (with Pennsylvania) in the percent with a bachelor's degree or higher.

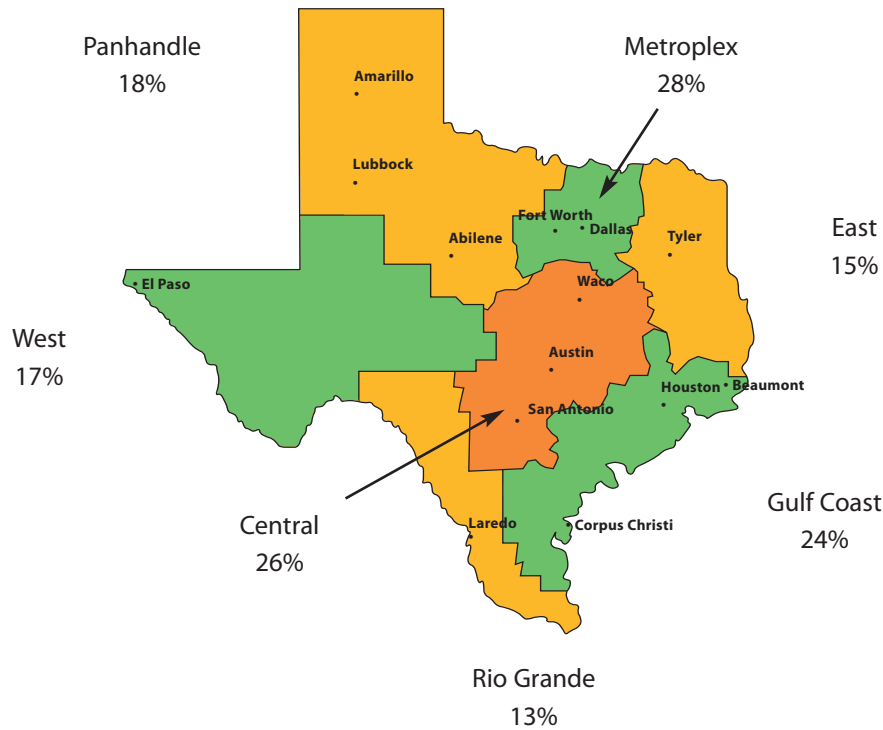
By ethnicity, U.S. Census Bureau data also show that:

- Just as Hispanics in Texas are the least likely to complete high school, they are also the least likely to complete a bachelor's degree. Fewer than one in ten Hispanics age 25 and older has a bachelor's degree or higher, compared with over one in three Whites.
- Although the percent of African Americans who have completed high school is 6 percentage points lower than for Whites, the percent who have completed college is 13 percentage points lower. However, the gap in college completion rates between Whites and African Americans has fallen from 19 percentage points in 2003.
- Among the six largest states, Texas ranks third in the percent of Whites with a degree, ties for second (with New York) for African Americans, and ranks last for Hispanics.

Source: U.S. Census Bureau, "Educational Attainment in the United States: 2004", Tables 10, 13, and 14 (<http://www.census.gov/population/www/socdemo/education/cps2004.html>).

Texas Educational Attainment Levels Vary by Region

People Age 25 and Older With a Bachelor's Degree or Higher (2000)

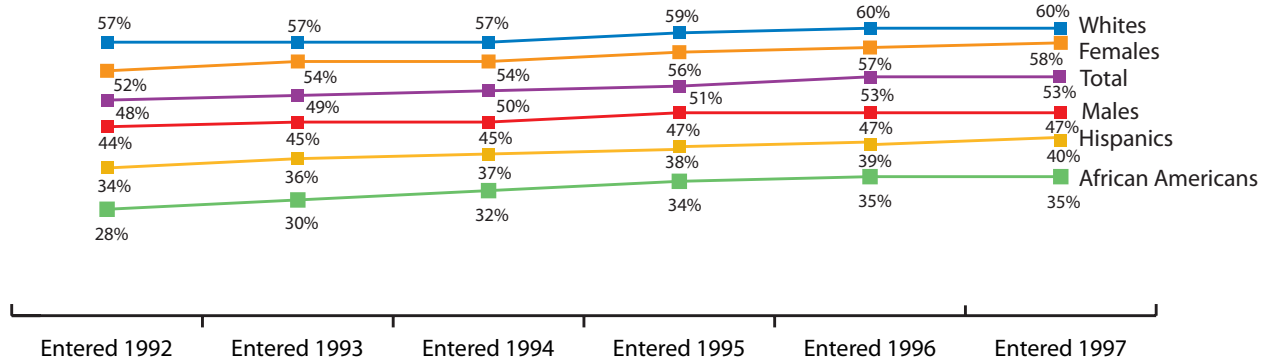


Educational attainment levels in the different regions of Texas vary dramatically. In the Metroplex, 28 percent of people age 25 and older have a bachelor's degree or higher. Educational attainment levels in Central Texas and the Gulf Coast region are only slightly lower. In Central Texas, home to the state's two flagship universities, 26 percent of adults have a bachelor's degree or higher, and in the Gulf Coast region 24 percent of people have a bachelor's degree or higher. But educational attainment levels drop off in other areas of the state. East Texas, West Texas, and the Panhandle all record lower levels of educational attainment, and in the Rio Grande Valley the percentage of college graduates is less than half that in the Metroplex.

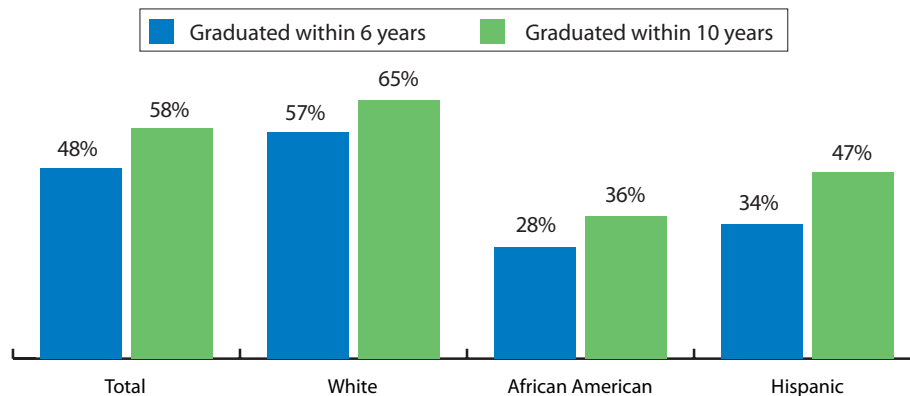
Source: Texas State Data Center and Office of the State Demographer. "Table 3: Number and Percent of Persons Age 25 and Older who are High School Graduates and Higher or College Graduates and Higher for the State of Texas and Counties in Texas, 1990 and 2000" (http://www.txsd.c.tamu.edu/data/census/2000/dp2_4/county/tab-003.txt).

Graduation Rates in Texas Are Rising but Remain Stratified by Ethnicity and Gender

First-time, Full-time Freshmen Who Entered a Texas Public University and Who Received a Bachelor's Degree Within Six Years, by Ethnicity and Gender



First-time, Full-time Freshmen Who Entered a Texas Public University in 1992 and Who Received a Bachelor's Degree Within Six and Ten Years, by Ethnicity



College graduation rates in Texas are rising, but remain stratified by ethnicity. About 53 percent of first-time, full-time freshmen who entered a Texas public university in 1997 obtained a bachelor's degree from that or another Texas public university within six years*, up from 48 percent who entered in 1992. But the rate varied from 60 percent of Whites to 40 percent of Hispanics and 35 percent of African Americans. Nevertheless, the gaps have narrowed from five years earlier. Graduation rates are also stratified by gender, with females graduating at a higher rate than males, and this gap is widening: the gap between men and women entering college in 1997 was 11 percentage points, versus 8 percentage points five years earlier. Some students take more than six years to graduate, perhaps due to work or family obligations: the ten-year graduation rate for both Whites and African Americans entering in 1992 is 8 percentage points higher than their six-year graduation rates, and the ten-year graduation rate for Hispanics is 13 percentage points higher. Only 23 percent of all first-time, full-time freshmen in Texas graduate within four years.

In addition to benefiting individuals and society through higher incomes and more tax revenue, college graduation is associated with lower costs to the taxpayer: about 6.1 percent of borrowers at Texas four-year public universities who took out federal loans through Texas Guaranteed (TG) and who entered repayment in Fiscal Year (FY) 2002 defaulted on their loans before the end of FY 2003, but this ranged from 1.6 percent of students who graduated, to 10.8 percent of those who did not graduate.

* Most students in the U.S. take more than four years to graduate. Bachelor's degree recipients in AY 1999-2000 averaged 55 months from first enrollment to degree completion.

Sources: Defaults: TG internal database; Time to degree completion: U.S. Department of Education, Condition of Education: Student Effort and Educational Progress (<http://nces.ed.gov/programs/coe/2003/section3/indicator21.asp>); Graduation rates: Six-year and ten-year: THECB, Baccalaureate Graduation Rates (<http://www.thecb.state.tx.us/DataAndStatistics/GradRates.htm>); Four-year: THECB, Higher Education Accountability System (http://www.thecb.state.tx.us/Accountability/UHRI_Success.cfm?FICE=445566).



THECB Reports Texas Meeting Overall Higher Education Targets, but Not Meeting Targets for Hispanic Enrollment

Although the number of students enrolled in college in Texas has been increasing, the 2000 U.S. Census revealed that a smaller percentage of the population participates in higher education than in other large states and the U.S. as a whole. About 8 percent of the Texas population age 18 and over was enrolled in higher education in 2000, versus 8.4 percent for the U.S. and 10.4 percent for California. Faced with lagging enrollments, and a shortfall in the number of degrees and certificates awarded, in 2000 Texas set the goal of "closing the gaps" in participation and success in higher education by 2015. The state aims to achieve this goal by increasing the number of students enrolled by 500,000 (due to projected population increases, this goal has since been revised upward), and increasing the number of degrees and certificates awarded by 50 percent.

In July 2005, the Texas Higher Education Coordinating Board (THECB) reported that the state has met its 2005 intermediate target for overall enrollment, but has not met its target for Hispanic enrollment. Hispanic enrollment is increasing, but below the rate needed to meet the 2005 target. Although the large number of White students has significantly increased total enrollment, the percent enrollment increase for Whites was only 10.7 percent between fall 2000 and fall 2004. African American enrollment rose by 27.5 percent during the same period. Hispanic enrollment rose by 30.3 percent, but, because of the magnitude of growth needed to reach Hispanic enrollment targets, the impressive increase for Hispanic students is not sufficient to reach the interim 2005 enrollment target. Texas is averaging an additional 18,000 Hispanic college students annually and needs to average an additional 23,500. The THECB also reported that the state has achieved its 2005 target for the total number of degrees and certificates awarded, and is on track to reach the target set for bachelor's degrees.

Progress Toward Texas Success Targets for 2005

	Percent of Targeted Increase for 2005 Achieved
Total enrollment	126%
African American enrollment	127%
Hispanic enrollment	70%
White enrollment	290%

Progress Toward Texas Success Targets for 2005

	Percent of Targeted Increase for 2005 Achieved
Total certificates and degrees	131%
Bachelor's degrees	77%
Associate's degrees	325%

Sources: Percent enrolled in higher education: U.S. Census Bureau, Census 2000, General Demographic Characteristics - DP-1 (population age 18 and over) and General Social Characteristics (population enrolled in higher education) (<http://www.census.gov/main/www/cen2000.html>); "Closing the Gaps" goals: Texas Higher Education Coordinating Board (THECB) Closing the Gaps, October 2000 (<http://www.thecb.state.tx.us/AdvisoryCommittees/HEP/0096.htm>); "Closing the Gaps" progress: THECB, Closing the Gaps by 2015: 2005 Progress Report, July 2005 (<http://www.thecb.state.tx.us/reports/pdf/0870.pdf>).