

California | Economic Impact and Benefits of University of Phoenix: Executive Summary

University of Phoenix has a tremendous positive impact on the State of California. While some of these impacts are qualitative, many can be quantified. The following highlights major findings from an economic impact and benefits study of University of Phoenix on the California economy, as conducted by CBRE Consulting, Inc. and completed in August 2009.

Graduate Trends and Performance

Trends in Total Graduates

The highly skilled graduates of University of Phoenix are perhaps the institution's most significant contribution to the California economy. Each year, University of Phoenix graduates add to the pool of skilled labor throughout the state.

- As new campus locations opened and the number of online students grew, the total number of University of Phoenix graduates in California increased from 4,476 students in 2000 to 11,581 students in 2008, comprising an overall annual growth rate of 12.6 percent.

Online Students

A University of Phoenix education is convenient not only because of the myriad of campus locations, but also because 100 percent of the coursework may be completed online. Although online students are in the minority, their rate of growth has far outpaced growth in physical campus attendees. This trend highlights the growing demand for an online education in California and University of Phoenix's success in serving that demand.

- Online students represented only 4.2 percent of all University of Phoenix California graduates in 2000, whereas in 2008, online students represented 25.8 percent of the institution's California graduates.
- The number of online student graduates grew at an average annual rate of 41.1 percent between 2000 and 2008, whereas graduates of physical University of Phoenix campus locations increased at an average annual rate of 9.1 percent.

Degrees

University of Phoenix degree programs are designed to be highly transferable to on-the-job skills. One manifestation of this characteristic is the rapidly increasing number of associate's degrees awarded in recent years.

- From 2000 to 2008, University of Phoenix awarded 69,306 degrees in California. Of these, 63.2 percent were bachelor's degrees, 32.8 percent were master's degrees, 3.8 percent were associate's degrees, and less than 1 percent were doctoral degrees.

- During this time period, the institution's master's degrees grew at an average rate of 11.8 percent annually and bachelor's degrees grew at 9.4 percent annually statewide. Associate's degrees, which historically trailed bachelor and master's degrees awarded, grew over the same time period at the much faster rate of 100.4 percent per year. Moreover, the annual growth rate in the most recent three-year period was 160.5 percent for associate's degrees in California.
- In 2008, associate's degrees represented 15.7 percent of all University of Phoenix degrees awarded in California, whereas in 2000, they represented only 0.2 percent of all degrees awarded.

Race and Ethnicity

Consistent with the University of Phoenix objective to serve a unique demographic, the historical trend shows that minority groups comprise a growing share of graduates over time.

- Approximately 34.1 percent of all University of Phoenix degrees awarded statewide between 2000 and 2008 were awarded to minority students. In the most recent year, 2008, approximately 37.0 percent of California degrees awarded were to minority students.
- Statewide, the annual growth rate in University of Phoenix degrees awarded to minority ethnic groups over the same period was 12.9 percent, compared to 8.0 percent for white or Caucasian students.
- The specific major ethnic groups with the fastest rate of growth over the nine-year period from 2000 to 2008 were Hispanic, Latino or other Spanish origin at 18.7 percent annually, followed by black or African-American at 11.6 percent annually.

Academic Performance

The academic performance of University of Phoenix's California students may be measured against national norms utilizing the Measure of Academic Proficiency and Progress (MAPP), an assessment developed by the Educational Testing Service (ETS).

- In 2008, 4,967 University of Phoenix students voluntarily completed the MAPP, 430 of whom resided in California.
- The mean MAPP score for the University's 430 California students was 440.79, out of a maximum possible score of 500 points.
- The scores for the comparison groups ranged from 441.4 to 443.8, exhibiting no meaningful differences between University of Phoenix students in California and students in the institutional peer groups.

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Payroll and Purchasing

University Payroll and Purchasing

University of Phoenix contributes greatly to the California economy through its payroll and expenditures.

- In 2008, University of Phoenix spent \$82.9 million on payroll and \$95.0 million on other expenditures in California for a total direct impact of \$177.9 million.
- There were 2,980 total lecturers, staff, and administrative jobs supported by University of Phoenix in California in 2008. About 61 percent of employees work full time with 39 percent working part time.

Economic Impacts of Payroll and Purchasing

The impact of University of Phoenix on the economy is greater than the total of the University's direct spending on payroll and expenditures because funds spent by the University are spent again by the recipient employees and local businesses. A chain reaction of indirect and induced spending results, with subsequent rounds of additional spending gradually diminished through savings, taxes, and expenditures made outside the state.

- In all, University of Phoenix's total economic impact in California was \$277.7 million in total spending, 3,434 full-time jobs, and \$165.5 million in personal income in 2008.

Human Capital and Workforce Development

The Benefits of Higher Education

There are both quantitative and qualitative benefits to getting a higher education.

- On average, Californians with an associate's degree earned \$7,759 more in 2007 than Californians with only a high school degree. A bachelor's degree was associated with \$15,412 more in annual earnings as compared to those with only an associate's degree. Californians with a graduate or professional degree earned an average of \$19,568 more than Californians with a bachelor's degree.
- In addition to increased earnings, individuals with postsecondary education on average have lower rates of unemployment, a higher likelihood of being offered employer-provided pension plans and a higher likelihood of receiving employer-sponsored health insurance.
- Benefits also accrue to the entire community, not just the individual. Regions with higher percentages of college graduates have higher average per capita incomes and higher average wages across all levels of educational attainment.

Graduates' Increased Earnings

- Given the average increase in earnings that come from postsecondary education, California graduates of University of Phoenix in the last nine years had the potential to earn an estimated \$1.1 billion more annually than they would have without the education.
- The projected increase in annual state tax revenue related to this potential incremental income is \$101.2 million.

Indirect and Induced Impacts of Increased Earnings

- The potential increase in earnings from graduates of University of Phoenix has indirect and induced impacts on the State of California. Overall, graduates' increased earnings potential can lead to \$428.9 million in new spending, 7,785 jobs, and \$337.2 million in indirect and induced personal income.

Workforce Development

University of Phoenix has made significant contributions to California's increasing needs for skilled professionals by educating 69,306 graduates at the associate's, bachelor's, master's, and doctoral level since September 1999. In addition, the University has expanded its courses and degree programs, particularly in the areas of nursing and healthcare, education, and technology, to better address the state's long-term workforce development challenges in critical occupations. Based on data from 2007 and 2008, about 11,000 California students annually currently earn degrees from University of Phoenix, including:

- An average of 4,017 bachelor's degree graduates with Business and Management concentrations and another 2,174 master's degree graduates with this focus. Within the Business and Management concentration, 589 graduates per year major in Accounting.
- 1,052 graduates in Nursing and Healthcare, including 785 per year who have majored in Nursing.
- 942 graduates in Education with 98.0 percent of this group receiving master's degrees in areas such as Elementary Education, and Curriculum and Instruction as preparation for the teaching profession.
- 750 graduates with majors within Technology concentrations that provide skills for jobs in software engineering, database administration, information systems management and other specialties.