

California | Economic Impact and Benefits of University of Phoenix: Human Capital

University of Phoenix has educated tens of thousands of California students in undergraduate-and graduate-level courses. This investment in human capital helps create a combination of individual and collective benefits for an area or region, including increases in earnings levels.

Incremental Earnings by Education Level:

- Nearly 70,000 California residents have graduated from University of Phoenix degree programs since 2000, collectively earning a potential total incremental income of more than \$1.1 billion annually. About 60 percent of this potential total comes from those who have earned bachelor's degrees, with most of the remainder related to master's and doctoral graduates.

Direct, Indirect and Induced Impacts:

- The \$1.1 billion in potential annual incremental earnings is viewed as a direct economic impact of University of Phoenix programs in California.
- Statewide impacts related to the potential incremental earnings of University of Phoenix graduates include: indirect and induced spending that supports nearly 7,800 jobs in California; and incremental income of \$1.48 billion per year based on the direct increase in earnings for graduates and the related personal income growth of other residents not affiliated with the University.

Workforce Development

Another way of evaluating the University's impact is the extent to which its students are building the knowledge and skills they need to contribute to key sectors of the state's economy. The University's courses and degree programs at all levels support the development of students' problem solving and critical thinking skills, which are applicable across a range of critical occupations. The program schedules and formats are also oriented toward working students, including those who are receiving on-the-job training. Classes are offered in a mix of on-campus and online formats, and are often scheduled so that course participation can occur in the evenings or on weekends.

Moreover, University of Phoenix degree programs at the associate's, bachelor's, master's, and doctoral level in Business and Management, Education, Nursing and Healthcare, and Technology are especially aligned with future workforce needs. According to research from CSU Sacramento, by 2022 the California economy will generate demand for more than three million jobs in occupations that require an associate's degree or higher, the majority of which (58 percent) will be concentrated in just three industry sectors. Education will have the largest share of these jobs (23 percent), followed by Professional, Scientific, and Business Activities (22 percent) and Healthcare and Social Services

(13 percent). These sectors are each critical to California's future and are dependent on highly educated workers with the types of specialized skills that the University provides.

Graduates by Degree Programs:

- From 2000 to 2008, the majority of graduates – 69.9 percent – earned degrees within the Business and Management concentration. These degrees included majors in Accounting, Business Administration, Finance and Marketing, as well as emerging fields such as e-Business and Supply Chain Operations Management.
- During the same time period: 8.2 percent of University of Phoenix graduates in California earned degrees in Healthcare; 7.9 percent of graduates earned degrees in Technology; 5.6 percent of graduates earned degrees in Education; and 8.5 percent of graduates earned degrees in other areas.
- Over the past two years, 2007 and 2008: 61.3 percent of University of Phoenix graduates in California earned degrees in Business and Management; 9.3 percent of graduates earned degrees in Healthcare; 8.3 percent of graduates earned degrees in Education; 6.7 percent of graduates in degrees in Technology; and 14.4 percent of graduates earned degrees in other areas.
- These annual averages are indicators of how University of Phoenix is preparing its students to meet long-term workforce demands in key sectors of the California economy.

Employment Projections and Graduates:

Although the 2008-2009 recession has affected employment among skilled occupations in the near term, the longer term projections of workforce demand are still likely to be applicable as the economy recovers. For example, older workers in some professions are reportedly delaying retirements, or returning to work in part-time roles. This trend has reduced entry-level hiring in some regions of the state, particularly in the education, healthcare, and business/technology sectors. In addition, employment in related occupations has slowed or declined due to public sector budget pressures and reduced demand for private sector goods and services. However, as the national and statewide economy improves, a series of factors should support new hiring, similar to what has occurred when California rebounded from past recessions.

The following sections highlight the needs in the areas of healthcare, education, technology and business and management, and the extent to which University of Phoenix's degree programs contribute to the California economy by increasing the number of skilled graduates within these sectors.

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Healthcare – California’s long-term population growth and aging trends are creating additional demands on the state’s healthcare system. At the same time, large numbers of registered nurses in particular are reaching retirement age and leaving the workforce. According to the State of California Economic Development Department (EDD), registered nurses will be among the Top 10 fastest growing occupations in California through 2016. An average of 5,960 new job openings are projected annually in addition to another 3,940 positions per year related to the net replacement of current nursing staff.

- University of Phoenix currently offers a total of nine nursing programs at the undergraduate and graduate levels at campuses and learning centers throughout the state and via online courses available to California residents.
- During the past two years, 2007 and 2008, 785 students annually have graduated from these University of Phoenix programs.
- Moreover, the University’s other degree programs in healthcare specialties, such as healthcare administration and healthcare services, further support the critical needs of the state’s health system. Over the same time period, another 243 students per year have earned University of Phoenix degrees with a healthcare-oriented concentration.

Due to the recession, the hiring of entry-level nurses is down in some regions due to adjustments that hospitals and experienced nurses are making to adapt to the current environment. According to the California Institute for Nursing and Health Care (CINHC), experienced nurses are postponing retirement, converting from part-time to full-time and working longer hours in general as ways to earn extra income. Meanwhile, hospitals are also coping with declines in elective procedures and other budget challenges related to the recession that have led to cutbacks in hiring and in investments in training programs for recent nursing graduates. As a result, there are parts of the state where new graduates are having difficulty finding jobs. Still, CINHC finds that hospitals across California have a 7 percent vacancy rate for Registered Nurse (RN) positions, with a concentration in specialty areas such as critical care, labor and delivery, and the operating room. Moreover, the factors affecting the nursing workforce during the recession appear to be temporary as longer term demographic trends suggest that significant numbers of new and replacement positions will be created in California.

Education – Demographic changes in California are creating long-term challenges for the K-12 education system. Similar to the healthcare sector, population growth means that there are more children who need to be educated, yet a

large proportion of teachers at all grade levels are nearing retirement age. Within EDD projections, two categories of teachers – elementary and secondary school teachers – are among the Top 50 occupations with the most expected job openings through 2016. However, if all of the K-12 teaching positions were combined into one category (versus being broken into eight position groupings in the EDD data), 20,690 job openings are projected annually for the profession as a whole, representing 3.3 percent of the total job openings in California. About half of these positions (50.1 percent) are classified by the EDD as new jobs while the remaining group is estimated as net replacement positions for the large number of current California teachers.

- The education degree programs offered by University of Phoenix focus on areas such as Curriculum and Instruction, Educational Leadership and Elementary Teacher Education.
- In recent years, 942 California students annually have earned degrees in education from the University, with 98 percent of these students at the master’s level. As a result, these graduates have the core background required to fill the increasing demand for K-12 teachers in the state.

Due to the recession and uncertainty about the 2009-2010 state budget, many school districts are limiting hiring in the near term, and some have been forced to layoff experienced teachers. Still, based on the demographic trends in the state and within the existing education workforce, California will need significant numbers of new teachers and educational specialists to support its schools, colleges, and universities.

Technology – The future needs of technology-oriented professionals rival K-12 education in the number of expected job openings projected by the EDD. Although related employment is down in the near term, technology occupations such as Computer Software Engineers, Database Administrators, Network Systems and Data Communications Analysts, Information Systems Managers and Systems Analysts continue to play a vital role in the operations of most businesses and organizations. For example, employees with information technology (IT) skills are needed to support critical California industries such as software development, internet services, communications technology and financial services. Moreover, most state businesses rely on some level of technology support. As a result, significant numbers of new jobs are projected over the longer term to replace older workers and to support emerging technology services. Among ten job categories that require at least an associate’s degree, the EDD projects a total of 20,560 available positions per year through 2016, with 58.3 percent of these opportunities defined as new jobs.

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- University of Phoenix provides a broad range of technology courses and majors to address California's workforce needs, including degree programs in Computer Science, Networking, Information Systems and Software Engineering.
- More than 750 California students graduate from these programs every year, with most (70.3 percent) earning bachelor's degrees that provide the skills to serve in a range of IT-related jobs.

Business and Management – Business, Financial Operations and Management occupations analyzed by the EDD encompass nearly 80 job categories. By 2016, 83.7 percent of the nearly 2.2 million projected jobs in these professions will require at least a bachelor's degree. The EDD data also indicate that there will be 61,390 job openings per year across these fields and 41.7 percent of these opportunities will be newly created jobs. Specifically, four occupation categories are expected to have more than 5,000 employment openings annually through 2016, including: General and Operations Managers (6,630 average job openings per year); Operations Specialties Managers (6,390 average job openings per year); Business Operations Specialists (6,270 average job openings per year); and Accountants and Auditors (5,820 average job openings per year).

- University of Phoenix's strength in Business and Management education attracts thousands of California students to its programs.
- In recent years, nearly 7,000 California students annually have earned associate's, bachelor's, master's and doctoral degrees from the University in Business and Management majors such as Finance, Marketing and Business Administration. The broad set of skills offered through these programs prepares graduates for an array of general management positions.
- In addition, majors in Accounting, Supply Chain Operations Management and Technology Management help University of Phoenix graduates pursue careers in emerging job categories.

Summary:

- By educating nearly 70,000 California graduates between 2000 and 2008, University of Phoenix has made a significant contribution to the state's needs for skilled professionals.
- During the same period, the University has expanded its range of course offerings and degree programs to further address California's long-term workforce development challenges. As a result, the number of graduates within the state has increased steadily, and more students are earning degrees targeted at critical occupations in the nursing and healthcare, education and technology fields.
- Currently, University of Phoenix prepares more than 11,000 graduates every year to become part of the next generation of nurses, teachers, IT specialists, business managers and other skilled professionals within the state's economy.