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YOUNG INVINCIBLES



CLOSING THE RACE GAP:

California



a policy brief by:
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About Young Invincibles

Young Invincibles is a non-partisan, non-profit organization that seeks to amplify the voices of young Americans and expand opportunity for our generation. Young Invincibles engages in education, policy analysis, and advocacy around the issues that matter most to this demographic. Young Invincibles primarily focuses on health care, education and economic opportunity for young adults, and works to ensure that the perspectives of young people are heard wherever decisions about our collective future are being made.



This report is part of our Closing the Race Gap series -- a collection of policy briefs highlighting the disparities in the young adult job market and providing solutions to alleviate them. In June 2014, Young Invincibles released its national analysis finding that black young adults must acquire significantly more education in order to have the same chance at landing a job as their white peers. Our national report focused mostly on federal policy designed to help Millennial minorities close the employment and wage gap. However, states and localities are arguably the most essential players in directing higher education policies and resources. This report highlights a number of policy solutions that California can use to improve access to higher education for everyone, but especially for Millennial minorities.

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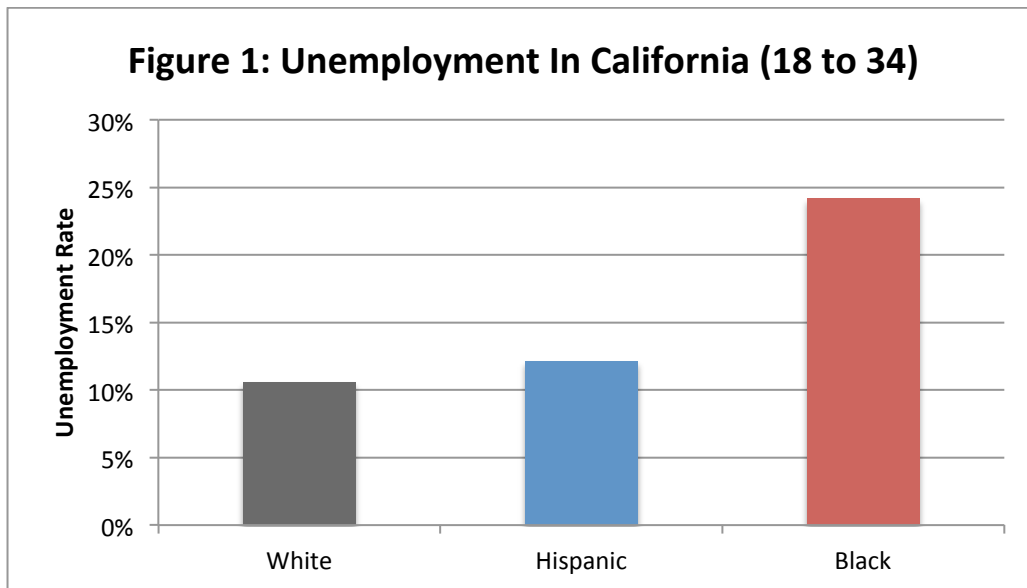
Table of Contents

Introduction	5
▶ Figure 1: Unemployment in California (18-34)	5
Closing the Gap Among Young Hispanics	7
▶ Table 1: Predicted Probability of Employment by Educational Attainment, Race, and Gender	7
▶ Figure 2: Educational Attainment in California (25-34)	8
▶ Reinvest in Student Academic Preparation and Educational Partnership Programs	8
▶ Strengthen the Cal Grant Program	10
<i>Background</i>	10
<i>Problems for the Lowest Income Students</i>	11
▶ Improve California Community Colleges and Associate Degree Completions	11
▶ Race-Sensitive Admissions	12
<i>Background</i>	13
<i>Strengthening Race-Sensitive Criteria in Admissions</i>	13
<i>Removing Standardized Testing From Admissions</i>	15
Conclusion	15
End Notes	16



Introduction

The United States continues to slowly recover from the Great Recession, but young adults in California – especially those of color – are still struggling. Unemployment rates among Californians ages 18 to 34 remain far higher (11.4 percent) than the rate among the rest of the working-age population of 7.9 percent.¹ Over 761,000 Millennials are still unemployed.² Worse, there are startling disparities within the young adult population. Black young adults are unemployed at a rate over twice that of white young adults in our state – 24 percent and 11 percent, respectively.³



Data: 2012 Current Population Survey, United States Census Bureau.

Recently, Young Invincibles released a national report entitled Closing the Race Gap that explores the relationship between education and employment among young African Americans. We found that black young adults must garner two additional levels of education to have the same chance of landing a job as their white peers. However, the racial employment gap closes dramatically as black young adults increase educational attainment. Education is no panacea, as both our research and other studies show that racial discrimination continues to limit career opportunities.⁴ Nevertheless, increasing educational attainment is an important strategy for reducing employment disparities.

Our initial analysis invites two further avenues of inquiry. First, if we find such dramatic effects for black young adults, what about other racial and ethnic groups? And second, because states play a major role in education policy, what can they do to boost educational attainment among underrepresented racial and ethnic communities? We explore answers to these questions in the pages below.

CLOSING THE RACE GAP

Initially, we provide new data analysis applying our national model to Hispanic⁵ young adults. Holding outside factors constant, they have similar employment probabilities at each level of education as white young adults. In California specifically, Hispanic youth also have similar unemployment rates as white youth (Figure 1). However, the average earnings for Hispanic workers are much less than those for both black and white young adults in California.⁶ These findings demonstrate how critical it is that California take steps to increase educational attainment among Hispanic and black young adults.

Next, we offer specific actions that California policymakers can take to alleviate racial and ethnic employment disparities through increased educational attainment. We highlight four ideas that would make California a model for other states to employ similar solutions to increase economic equality:

- 1. Restore Student Academic Preparation and Educational Partnership Programs (SA-PEP) to 2004 levels, providing more community college students smoother transitions between two-year and four-year institutions.**
- 2. Strengthen the Cal Grant Program by increasing the Cal Grant B Access Award and expanding Cal Grant B to include tuition and fees in the first year of school, making college more affordable for minority students.**
- 3. Invest in universal degree tracking and retroactive degree awards at California Community Colleges, ensuring that students have clearer pathways to degree completion and receive credit for coursework they've already completed.**
- 4. Reform admissions policies to include race-based criteria in holistic admissions processes; in the short-term, improve current holistic approaches and address racial biases in standardized testing.**

Not only are there strong moral reasons to implement these policies, but we face economic imperatives as well. Every unemployed 25 to 34 year-old costs \$1,614 annually in lost state income taxes.⁷ Overall, California loses approximately \$219.2 million in revenue each year due to young adult unemployment.⁸ In a state where 50 percent of young adults are Hispanic or black, rampant employment disparities diminish long-term economic opportunity for everyone.⁹ We can, and must, do better.



Closing the Gap Among Young Hispanics

With unemployment rates that are double those facing young whites, black young adults in California must climb a steep hill to employment equality, but California's large Hispanic population faces challenges as well. There are nearly 700,000 more Hispanic Millennials in the state's labor force than white Millennials.¹⁰ How does education help their employment opportunities? We apply our national analysis to Hispanics here.

Table 1: Predicted Probability of Employment by Education Attainment, Race, and Gender (Ages 18-34)

	Black		White		Hispanic	
	Men	Women	Men	Women	Men	Women
No HS Diploma	65.3% (62.6 - 67.9)	70.6% (68.0 - 73.1)	81.8% (80.6 - 83.0)	82.6% (81.2 - 83.8)	81.2% (79.9 - 82.4)	81.4% (79.9 - 82.8)
HS Diploma	74.5% (72.3 - 76.6)	79.1% (77.0 - 81.0)	88.0% (87.3 - 88.7)	88.5% (87.8 - 89.3)	87.5% (86.7 - 88.4)	87.7% (86.7 - 88.6)
Some College	82.3% (80.5 - 84.1)	85.9% (84.3 - 87.4)	92.5% (92.0 - 93.0)	92.9% (92.4 - 93.4)	92.2% (91.5 - 93.0)	92.3% (91.6 - 93.0)
Associate's	88.4% (86.9 - 89.8)	91.1% (89.8 - 92.2)	95.6% (95.2 - 96.0)	95.9% (95.5 - 96.2)	95.4% (94.8 - 96.0)	95.5% (94.9 - 96.0)
Bachelor's	92.8% (91.6 - 94.0)	94.7% (93.7 - 95.5)	97.6% (97.2 - 97.9)	97.7% (97.4 - 98.0)	97.5% (97.0 - 97.9)	97.5% (97.0 - 97.9)
Professional	96.0% (95.1 - 96.8)	97.1% (96.4 - 97.6)	98.9% (98.6 - 99.1)	99.0% (98.7 - 99.1)	98.8% (98.5 - 99.1)	98.8% (98.5 - 99.0)

Note: 95% confidence intervals in parentheses

Note: Holding school enrollment status, veteran status, work disability status, southern region, rural/urban status, city center/suburban status, marital status, and number of children at their observed values.

Note: Professional Degrees narrowed to 25-34-year-old subsample.

As shown in Table 1, the good news is that, holding other factors constant, young Hispanic adults at each education level have similar probabilities of employment as their white counterparts. The bad news is, in California, the jobs they hold simply do not pay as much as those held by both black and white young adults across the state. The median earnings for an employed Hispanic Millennial (18 to 34) are only \$20,000 a year, compared to \$29,000 for white, or \$23,400 for black Millennials.¹¹

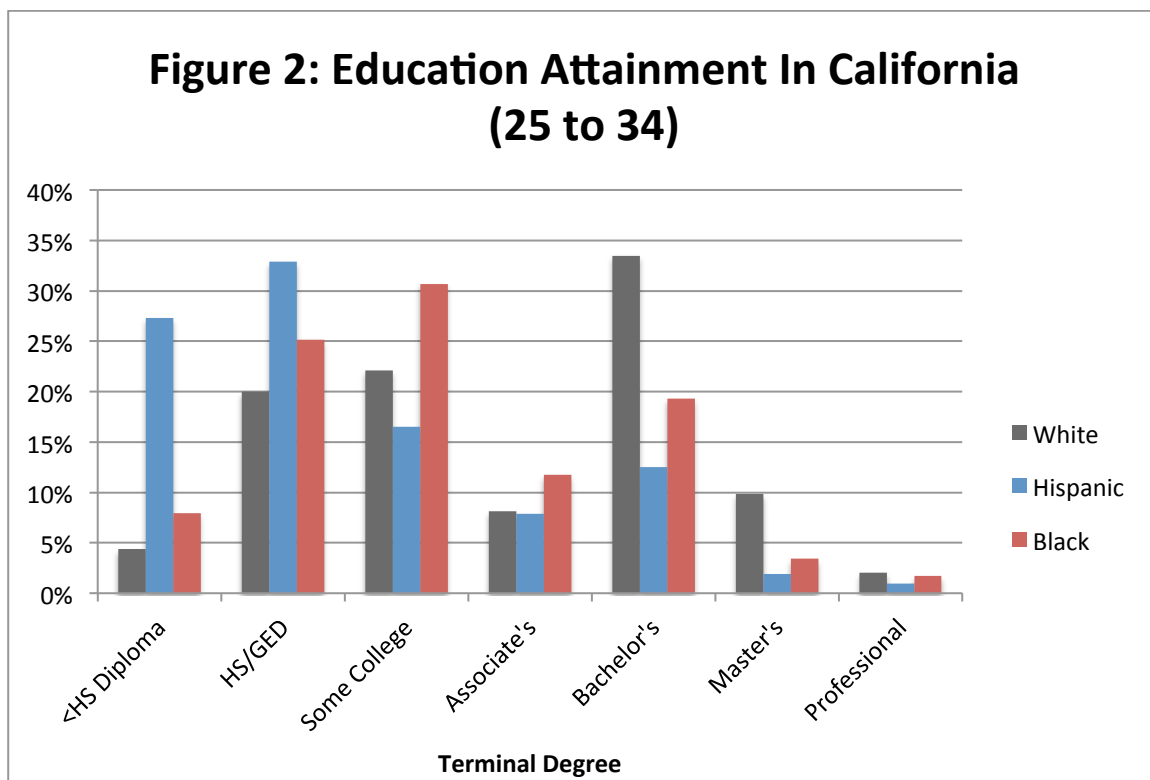
One reason for this wage disparity is an enormous educational attainment gap. Figure 2 of the national analysis shows that in California, young Hispanics are six times more likely to have dropped out of high school, and almost one third as likely to have a bachelor's degree as

CLOSING THE RACE GAP

their white peers.¹² This gap is especially troubling because research suggests that 65 percent of all jobs by 2020 will require some form of education above a high school diploma, and 60 percent of 25 to 34 year-old Hispanic Californians will not meet those requirements.¹³ Similarly, black young adults are 20 percent more likely to stop at a high school degree than whites, and are only about 60 percent as likely to attain a bachelor's degree.¹⁴

These trends show no signs of slowing down as Latino young adults ages 18 to 24 years-old make up 46.7 percent of the population in the 18 to 24-age range, yet only make up 20.4 percent of the University of California (UC) system and 32.8 percent of the California State University system (CSU).¹⁵ Black young adults ages 18 to 24 years-old make up 6.3 percent of the population in that age range yet only make up 3.7 percent of the total enrollment in the UC system and 4.8 percent of enrollment in the CSU system.¹⁶

Despite the scale of the challenges, these statistics also reveal clear opportunities. We can narrow the gaps in employment and education by taking steps today to increase opportunity for everyone.



Data: 2012 Current Population Survey, United States Census Bureau.

Reinvest in Student Academic Preparation and Educational Partnership Programs

One promising way to begin closing educational attainment disparities is through the University



of California’s Student Academic Preparation and Educational Partnership (“SAPEP”) programs — partnerships between K-12 school systems, community organizations, institutions of higher education, and the business sector developed to close achievement gaps and ensure that economically and educationally disadvantaged students can pursue graduate and professional degrees. Programs that engage young adults in all 112 California Community Colleges and some four-year universities have made great strides toward achieving this goal.¹⁷ However, SAPEP has suffered severe budget cuts since 2001.¹⁸ Unstable funding has resulted in enrollment caps and declines in transfer and enrollment outcomes from previous years.^{19, 20}

Through partnerships with institutions of higher education, SAPEP programs aim to:

- Maintain major-preparation articulation agreements with each university and all community colleges;
- Increase the number of participants who go to college or transfer to a degree-granting institution within three years of their start date at a community college;
- Increase the number of community college students in California that are ready to transfer to baccalaureate degree-granting institutions; and
- Increase the number of undergraduates who enter into professional and graduate schools.²¹

SAPEP programs demonstrate great promise in serving community college students, including underrepresented minorities who make up approximately 46 percent of total community college enrollment.²² For example, since 2004, the University of California has maintained articulation agreements with all 112 California Community Colleges.²³ And through the Community College Transfer Program (“CCTP”), guidance and support by academic advisors using the online Articulation System Stimulating Interinstitutional Student Transfer (“ASSIST”) tool are provided to students planning to transfer to the University of California or other four-year colleges.²⁴ To address the issue of low transfer rates of community college students to four-year institutions, the University of California implemented the ASSIST tool to provide counselors and students with accurate information about transferring between schools.²⁵ Only 700,000 visitors used the ASSIST tool in the 2004-05 academic year.²⁶ However, by 2011-12 that number rose to over 2.3 million,²⁷ demonstrating that CCTP is moving in the right direction toward helping many community college students achieve their transfer goals.

SAPEP programs have also successfully supported undergraduate students interested in enrolling in graduate and professional schools. UC Links — which gives undergraduates the opportunity to tutor and mentor underserved K-12 students for course credit in after-school programs — has demonstrated a strong correlation between opportunities to mentor children and future enrollment in graduate school. In the 2011-12 academic year, UC Links reported that 76 percent of their volunteers apply, are admitted, or enroll in graduate school.²⁸ Graduate and Professional School Programs (“GPSPs”) prepare high achieving undergraduates for careers as specialists, researchers, practitioners, and leaders, with 71 percent of students enrolling annually in graduate or professional pro-

grams.²⁹ Large portions of participating students in GPSPs are from communities of color. During the 2011-12 academic year, 46 percent of participants in GPSPs were first-generation students, and 54 percent were underrepresented minorities (Native American, African American, and Chicano/Latino).³⁰

Moreover, SAPEP programs attract resources beyond the state budget, having leveraged the state's \$24.9 million investment by raising \$37.2 million in federal and private funds.³¹ Investing in SAPEP bolsters the state's economy by both bringing in federal dollars and improving the prospects that the state's students of color finish their educations and enter the workforce.

Despite this success, the state has slashed funding for SAPEP programs since 2001. The most recent budget allocation included \$24.6 million for the 2012-13 fiscal year, only a fraction of the \$82.2 million received during the peak funding level in 2000-01.³² As a result, programs geared toward increasing enrollment in graduate school have seen declines in outcomes. CCTP has implemented enrollment caps, and the number of students from the program who transfer to four-year institutions fell 17 percentage points since 2004.³³ There has been some movement to restore funding, but with little success thus far.³⁴ Increasing funding would be a positive step toward closing educational attainment disparities.

Strengthen the Cal Grant Program

Need-based grants are another important tool to make college more affordable and accessible for students of color. California's Cal Grant program provides need-based awards to low-income California students who attend in-state higher education institutions. Students of color are more likely to receive Cal Grant awards than white students. Almost 13 percent of Latino students and nearly seven percent of black students receive Cal Grants, compared to just under six percent of white students.³⁵ However, the current Cal Grant model disadvantages hardworking low-income students by limiting benefits during the first year of school and provides too little funding for non-tuition costs like books, supplies, and transportation. We should reform the program to 1) ensure all students who meet eligibility requirements can afford their first year of school, and 2) cover expenses necessary to achieve academic success.

Background

Cal Grants are critical to the success of California's students as studies show that need-based aid can increase student completion of bachelor's degrees.³⁶ Both the Cal Grant A and Cal Grant B awards provide need-based aid for students attending institutes of higher education in California.³⁷ To be eligible for these grants, students must meet minimum GPA requirements and fall below family income thresholds. Cal Grant B is specifically designed for the lowest-income students and allows for lower minimum GPA and has a lower cap on maximum family income compared to Cal Grant A.³⁸ Students from families with incomes less than \$36,000 receive 86 percent of Cal Grant B awards, compared with Cal Grant A, where only 30 percent of recipients come from families with incomes

less than \$36,000.³⁹ The majority of Cal Grant B beneficiaries are first-generation students who often have additional barriers to understanding the higher education and financial aid system.⁴⁰

Problems for the Lowest Income Students

Despite the benefits, there are two major problems that create significant barriers to college access for low-income students. First, while Cal Grant A offers full tuition costs for year one of college, Cal Grant B – targeted at the lowest income students – does not cover tuition expenses in that first year for 98 percent of recipients.^{41, 42} This presents a challenging proposition for any student trying to afford the first year of school, but especially for the first-generation low-income students that make up a majority of Cal Grant B recipients. First-generation students have lower awareness about financial aid, college costs, and other factors for success.⁴³ With so many barriers to success, first-generation students' four-year graduation rate is about half that of students with college-experienced parents.⁴⁴ Requiring first generation students to cover first year expenses with the promise of future funds is detrimental to the overall mission of increasing college access and education. **The Cal Grant B awards should include tuition and fees for the first year for all recipients.**

Second, awards for non-tuition expenses have fallen dramatically in value. Low-income students commonly struggle to afford critical necessities such as books, supplies, transportation, and rent. To address this shortfall, Cal Grant B offers an additional award, commonly referred to as the Access Award.⁴⁵ However, the purchasing power of the Cal Grant B Access Award has declined steadily. In 1969, Cal Grant B Access Awards were worth roughly \$5,800 in 2014 dollars after adjusting for inflation.⁴⁶ Today, due to both cuts and the fact that Access awards are funded at a flat level, rather than to keep up with inflation, they amount to just over a quarter of their original value: \$1,648 – just enough to cover books and supplies, but not the transportation, rent, and food they were intended to cover.⁴⁷ While the legislature increased the award by \$175 during the 2014 session, to the current \$1,648 award, this small increase was the first expansion in over a decade.⁴⁸ Two bills recently signed by the Governor increase the Access Award to a maximum of \$5,000, but only provide funding via a voluntary tax credit that expires in 2017.^{49, 50} **A robust proposal should increase the Cal Grant B access award permanently and adjust for inflation.**

Improve California Community Colleges and Associate Degree Completions

With nearly one-quarter of all community college students nationwide enrolled in California's 112 community colleges, California Community Colleges ("CCC") represents the largest higher education system in the country.⁵¹ However, less than half of all California community college students earn a certificate, associate degree, or transfer to a four-year institution within six years.⁵² The rates are much worse for African American and Hispanic students, at 37.5 percent and 39.1 percent respectively.⁵³ This is particularly troublesome considering African American and Hispanic students accounted for almost half of the entire student population at CCC in the 2012-13 academic year.⁵⁴

If nothing is done, thousands of young adults will continue to leave community colleges without any-

thing to show for the time and effort they have invested. This can be very costly. Associate degree holders earn nearly \$200,000 more over a lifetime than individuals with some college education but no degree.⁵⁵ Improving the completion and transfer rates of community colleges is critical for students of color and the long-term economic well being of the state.

Unfortunately, many of the students who do not complete their program leave community college without information on how many credits they need in order to finish.⁵⁶ A universal degree tracking system for all CCC campuses could alleviate some of these problems. Currently, only 21 of the 112 community colleges in California have degree audit systems established,⁵⁷ yet The Campaign for College Opportunity reports that a degree tracking system can reduce the number of unnecessary units taken by students before they transfer.⁵⁸ A degree tracking system would give students and counselors real-time information about degree progress and allow schools to contact and work to bring students close to completion (or those who have completed but lack basic paperwork to show their work) back to school. If a degree tracking system were to lower the average number of excess units by 10, CCC could save \$75 million per year.⁵⁹ A strong tracking system would enable more young adults, including those from communities of color, to earn degrees that may lead to higher paying jobs. Not only would individual students benefit, but the savings could be invested elsewhere in the CCC system.

There is currently a bill in the state legislature that would create a universal degree tracking system for all CCC campuses,⁶⁰ and there is also national work being done on this key issue. Citing the success of retroactive degree tracking systems in twelve other states, U.S. Senator Kay Hagan (D-NC) recently proposed the Correctly Recognizing Educational Achievements to Empower (“CREATE”) Graduates Act.⁶¹ CREATE would award competitive grants to states to encourage institutions to locate and award degrees to students who have accumulated enough credits to qualify for an associate degree but have not received one.⁶² According to the Institute for Higher Education Policy, if every student who qualified for a retroactive degree were awarded one, the number of associate degrees awarded in the US would increase by 16 percent.⁶³ California has the opportunity to propel national momentum on this issue by implementing a retroactive degree-tracking system locally.

Race-Sensitive Admissions

As a majority-minority state with a world-class public university system, California has an unparalleled opportunity to provide economic advancement opportunities for students of color through higher education. However, race-based affirmative action policies – policies that provide opportunities for groups who have been denied past opportunities or experienced disenfranchisement or discrimination – have a complicated history in the state. Enrollment of students of color soared when affirmative action plans were adopted, plummeted when they were repealed, and subsequent alternative systems have failed to increase enrollment among black and Latino students. The removal of state-based legal barriers to race-based admissions policies through the ballot initiative process would address this comprehensively. However, until that is achieved, the state should implement race-sensitive policies that can help address inequities in minority enrollment.

Background

Forty years ago, in the wake of the Civil Rights Movement, California adopted affirmative action policies to help increase minority admissions, including a requirement that incoming student bodies include a defined percentage of minority students, matching the diversity of graduating high school classes.⁶⁴ However, in a 1978 challenge, *Regents of the University of California v. Bakke*, the Supreme Court ruled that quota-based affirmative action policies were unconstitutional, although the Court affirmed that policies that used race as a positive factor were allowed.⁶⁵ The UC system continued to use affirmative action policies consistent with the Bakke precedent for several years, and from 1980 to 1995, minority enrollment in the UC system doubled, increasing from 24 percent to 54 percent.⁶⁶

But mounting criticism grew after the Bakke decision, culminating in a 1995 decision of the UC Regents to end the consideration of race, religion, sex, and other factors in admissions.⁶⁷ This decision drastically cut enrollment of students of color in half (to 21 percent).⁶⁸ In 1996, California voters approved Proposition 209, banning all affirmative action in public employment and education.⁶⁹

Recently, the Supreme Court again ruled on race-sensitive admissions that could make it harder for California to reinstitute affirmative action enrollment policies. *Fisher v. University of Texas* upheld Bakke and again required strict scrutiny of race-based affirmative action.⁷⁰ However, Fisher did not overturn previous precedent and explicitly did not rule that the use of race as a factor in college admissions was unconstitutional, so long as the institution could prove that its use of race-based admissions was narrowly tailored.⁷¹

While judicial rulings do limit options to address severe disparities experienced by students of color and their subsequent economic ramifications in California, popular sentiment can turn the tide by overturning Prop 209 through the initiative process and allowing for California to pursue policies that could still meet the Fisher standard.⁷² A recent California initiative would have allowed voters to revisit the use of race in University of California admissions and amend the Prop 209 restrictions in the state constitution, attempting to capitalize on both recent attention to issues of diversity in the UC system and indications of increased public support.^{73, 74, 75} However, it failed to receive enough votes in the legislature to qualify for the ballot. A similar measure could still be introduced again in the legislature, or an initiative placed on the ballot through a signature collection process.

Strengthening Race-Sensitive Criteria in Admissions

California's UC system need not wait for a ballot initiative to improve the diversity of its student body, but current approaches are not working.

In the aftermath of Bakke, Fisher, and Prop 209, many UC campuses adopted “holistic” approaches to admissions, taking into account students’ “hardships or unusual circumstances”;⁷⁶ however, these approaches have fallen short, and have failed to create a student body reflective of the diversity

CLOSING THE RACE GAP

of the population.⁷⁷ UCLA, for example, considers factors such as linguistic background, parental education level, and other indicators of support available in the home as part of their criteria for admissions.⁷⁸ UCLA Law School implemented a complex plan to value socioeconomic criteria in admissions. Yet black enrollment at the school fell by a staggering number, nearly 50 percent from 1996 to 1997; Hispanic enrollment fell by about 15 percent.⁷⁹ UCLA Law competed with other elite schools around the country, without the restrictions on race-based criteria, compounding their problem of recruiting and attracting top-notch minority applicants. California must improve the implementations of those approaches and should also look to other university systems that have explored race proxies that avoid triggering legal challenges, but can substantially improve admissions among students of color.

The UC's system-wide top nine percent plan also does not move the ball as it should: its implementation has led to inequitable access to high quality public education, with high enrollment of black and Latino students at less established and less prestigious campuses, and low and decreasing admissions of black and Latino students to elite UC campuses. This is because the nine percent plan only guarantees admission to any school in the UC system, when the elite institutions are the ones most in need of diversification. In 2010, the admittance rate for black students at the newest and most remote campus, UC Merced, was 76.4 percent, compared to 15.4 percent at UC Berkeley and 13.5 percent at UCLA.^{80, 81} Reforming the top nine percent plan so that it is campus-specific is another strategy that would likely create increases in racial diversity in the UC system in the short term while we pursue broader changes.

While race-neutral admissions policies can increase diversity, the UC system must implement these policies more effectively and should also look elsewhere for effective approaches. Around the country, states and institutions have developed admissions criteria focused on socioeconomic status and other proxies for race; created access partnerships with disadvantaged high schools; and dropped criteria that disproportionately favored white students, like legacy admissions and standardized test scores.⁸² Many of these alternatives move the needle by increasing diversity in student populations without inviting the opportunity for legal challenge.

For instance, the University of Colorado, fearing a state referendum would ban race-based criteria in admissions, developed proxy criteria giving low socioeconomic status applicants a “boost” in admissions.⁸³ In a series of experiments on a nationally representative sample, the University found that their model of considering socioeconomic disadvantage outperformed race-based criteria in increasing not only socioeconomic diversity, but racial diversity as well.⁸⁴ While Colorado never implemented the model criteria used in this experiment, it may be useful to states like California where state law restricts an institution's ability to use race-based criteria. In looking at the nation's most selective schools, Georgetown University researchers estimate that race-neutral alternatives like economic affirmative action combined with percentage plans increase diversity at elite institutions. The 193 institutions analyzed use various criteria including race, but produce student bodies with only four percent African American representation and seven percent Hispanic representation.



However, using admissions criteria that combine top ten percent plans (guaranteed admission for high school graduates ranked in the top 10 percent of their class) and socioeconomic considerations would double Hispanic enrollment and more than double African American enrollment.⁸⁵

California should learn from others to implement more effective models that have been shown to significantly increase socioeconomic and racial diversity. Nevertheless, racial proxies based on socioeconomic factors are important, but imperfect solutions in a key respect. Because they do not explicitly rely on race, they also risk further institutionalizing racial bias by avoiding an open discussion of the problem. But until California voters overturn the existing prohibition on race-sensitive admissions, it is a risk worth taking, particularly when alternative “proxy” models suggest the UC system can do far more to ensure greater enrollments amongst African American and Latino students.

Removing Standardized Testing from Admissions

Institutions must also address race and class biases built into standardized testing.^{86,87} Studies have shown a clear correlation between higher SAT scores and higher income⁸⁸ and higher scores and white students. Even schools most committed to using holistic admissions policies will fall short if they rely on standardized testing as a key admissions factor because doing so institutionalizes the racial and socioeconomic bias of the test. Schools that have stopped requiring the SAT have reported dramatic increases in diversity without impacting academic integrity.⁸⁹ The UC system should follow the lead of these schools, including the Cal State system, until it can implement a better test.

Conclusion

Racial disparities in employment exist due to a variety of factors, including systematic discrimination and existing policies that serve to hold back young adults of color. And while there’s no single solution to completely ending the employment gap, increasing educational attainment among young adults of color in California would greatly narrow the gap and increase wages for young black and Latino adults.

End Notes

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