



Community and Economic Development in North Carolina and Beyond Blog: Higher Education, Employment, and Economic Development

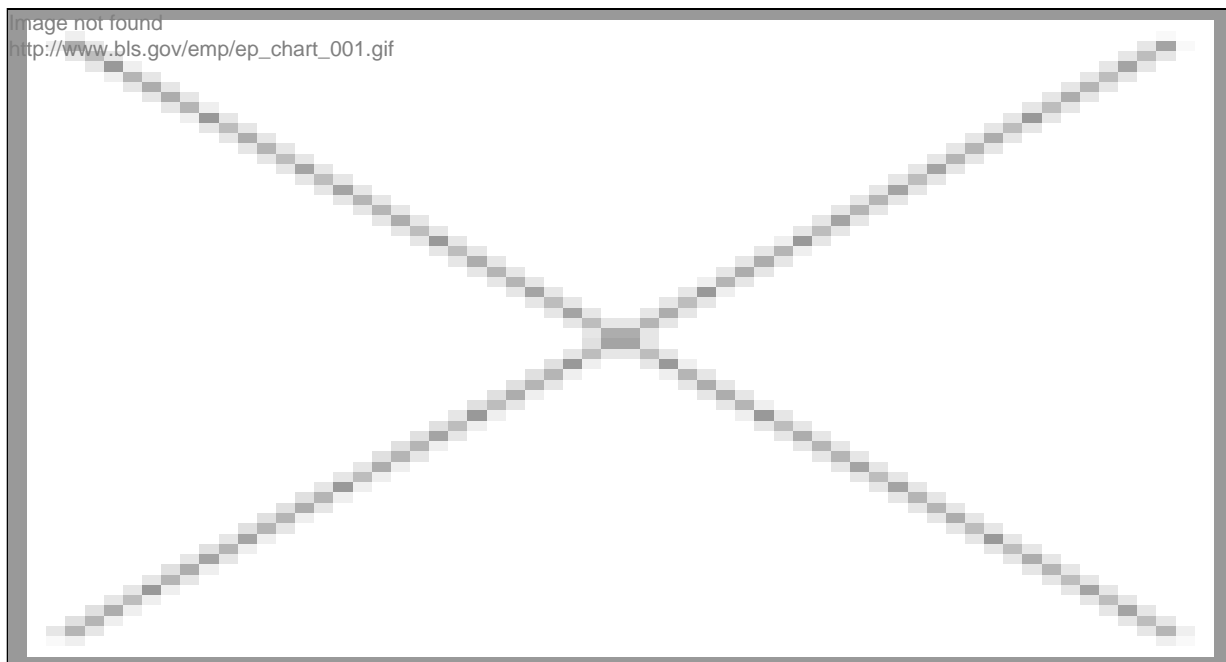
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Recent comments on a talk radio show by North Carolina's governor has spurred debate regarding the role of higher education in economic development (and, by extension, the role of public funding of higher education). There have been many op-eds and other statements in reaction to those comments, including from UNC President Tom Ross, as well as the UNC faculty. The purpose of this post is not to take sides in the debate, but rather, to review a few points about what we know about higher education as it relates to economic development.

The first important point is that higher education makes a huge difference in terms of income and employment. The following chart prepared by the Bureau of Labor Statistics makes this point dramatically clear:



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: Bureau of Labor Statistics, Current Population Survey.

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These data clearly support the economic value of higher education for individuals and households, and by extension, communities. When you look closer at differences across majors, people with STEM-related majors earn more than average, and also have higher rates of full-time, year round employment (according to research done by the U.S. Census Bureau). Other fields (like education, for example) are less lucrative, but that does not mean they are less important. Public support of those fields may be necessary to ensure that the state produces a sufficient number of graduates (such as teachers in the education field), given that the financial incentive to pursue degrees in those fields is not as strong.

Another study, from a private survey of 225 U.S. companies, finds that



34% of companies are recruiting engineering and computer information systems majors and 30% are recruiting liberal arts majors. Only 18% are recruiting finance and accounting majors combined. Of the companies that compete for STEM talent (Science, Technology, Engineering, and Mathematics), 75% said it's hard or very hard to compete against other big brands. (Millennial Branding Student Employment Gap Study, 2012)

So while this and other evidence suggest that producing more STEM majors is a very important policy priority for North Carolina and the country as a whole, we still must produce liberal arts majors given that *30% of companies said they are recruiting liberal arts majors*.

A related consideration here is the research summarized in Daniel Pink's book *A Whole New Mind*. Pink argues that we are moving from the information age that gives the advantage to "knowledge workers" to a "conceptual age" that gives the advantage to "right-brained" thinking, which emphasizes creativity, empathy, and other skills associated with what one might gain more from the arts and humanities than science and technology. Certainly the so-called hard skills are important, but what Pink's review of the research finds is that the technological know-how will be insufficient. Even our STEM majors need to develop their "right-brain" acumen, he would argue. The overall point then is that we should not be thinking about STEM *versus* liberal arts (either or), but rather be thinking in terms of both-and.

Of course any discussion of higher education and economic development should include looking at how institutions of higher education are engines on economic development in their regions. A 2010 report from the Rockefeller Institute of Government is a great place to start here. The authors make a strong case for putting "higher education at the center of states' efforts to succeed in the knowledge economy."

Higher education has historically received public support for reasons beyond just its impact on economic development. Thomas Jefferson, for example, favored state-sponsored higher education in order to produce well-informed citizens capable of self-governance. But this post has focused on the economic reasons, which include the impact higher education has on personal employment prospects and incomes, how the development of right-brain skills give individuals and communities a leg-up in the global economy, and also how institutions of higher education can be engines of growth in their regions. The economic value of higher education is pretty clear and there does not seem to be any question of whether it is worth public support. The questions of *how much* the public should subsidize higher education, and *how that support is structured*, however, are clearly going to be part of the public dialogue in North Carolina going forward.