Lit Scan

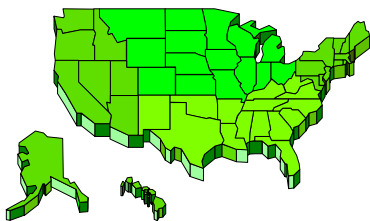## Facts & Figures from the Colorado Literacy Research Initiative

Educational Attainment
Tops Age, Sex, and Race/Ethnicity as
Predictor of 1998 Income

Persuading children—or, for that matter, adults—of the economic self-interest value of education can be difficult in a time when undereducated rock stars and athletes and randomly selected lotto winners reap millions overnight. For most of us, however, income is a fairly predictable consequence of a few basic demographic facts. According to newly released data from the U.S. Census Bureau, educational attainment is more strongly associated with income than age, sex, or race/ethnicity.

Household Income for Colorado and the Nation

In 1998, income inequality in the U.S.—the shares of household income for the lowest and highest fifths of households—was greater than at any time since 1970. Last year, the richest fifth of the nation's households received 49.2 percent of all income, while the poorest fifth received only 3.6 percent. In 1970, those shares were 39.4 percent and 4.1 percent, respectively.

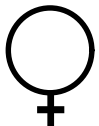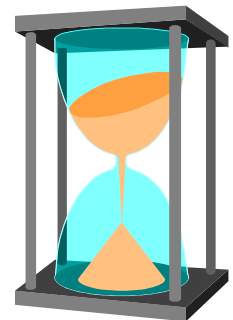CARE
Center for At-Risk Education cde

Colorado is a relatively wealthy state, ranking fifth in the nation on median household income. For 1996-98, the national three-year average for median household income was $37,779; for Colorado, it was $44,349. (States outranking Colorado on household income were Alaska, New Jersey, Maryland, Connecticut, and Minnesota.)

Still, within Colorado, as in every state, great disparities of income exist between different groups. What explains these differences in income? The first causes of income inequality that occur to some people are the major demographic factors: age, sex, and race.

Income Differences by Age

In 1998, women ages 25 to 34 who worked full-time and year-round typically earned $25,556—or **89.9 percent** of the typical income for their counterparts ages 45 to 54, $28,424.

That year, men ages 25 to 34 who worked full-time and year-round typically earned $31,262—or **75.2 percent** of the typical income for their counterparts ages 45 to 54, $41,583.

Income Differences by Sex

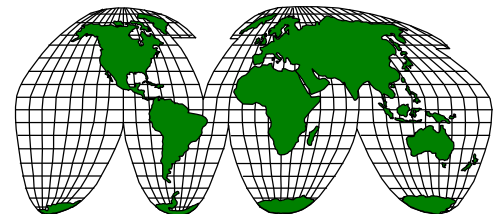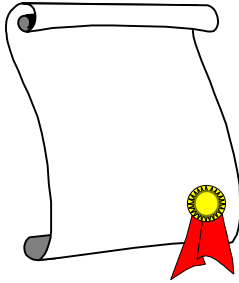In 1998, women who worked full-time and year-round typically earned $25,862—or **73.2 percent** of the income of their typical male counterpart, $35,345.

Income Differences by Race/Ethnicity

Nationally, in 1998, the largest income discrepancy related to race or ethnicity was between Hispanics and non-Hispanic Whites. That year, median per capita income for Hispanics was $11,434—or **49.8 percent** of that figure for non-Hispanic Whites, $22,952. While the discrepancies in income between men and women, non-Hispanic Whites and Hispanics, and young and middle-aged adults are often substantial, they pale next to the income differences attributable to educational attainment.

Income Differences by Educational Attainment

Also, last year, full-time year-round men workers who dropped out of high school and never earned a GED diploma typically earned $23,438—or **46.9 percent** of the typical income of their counterparts with bachelor's degrees.

In 1998, full-time, year-round women workers who dropped out of high school and never earned a GED diploma typically earned $15,847—or **44.7 percent** of the typical income of their counterparts with bachelor's degrees.

Clearly, the impact of educational attainment on income can outweigh that of age, sex, or race/ethnicity alone. And, it is a lot surer investment than a lotto ticket.

SOURCES

U.S. Bureau of the Census, **Money Income in the United States: 1998** (P60-206) Available at: http://www.census.gov/hhes/www/income98.html

CONTACT INFORMATION

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