

Lit Scan

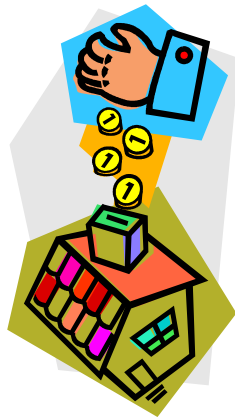
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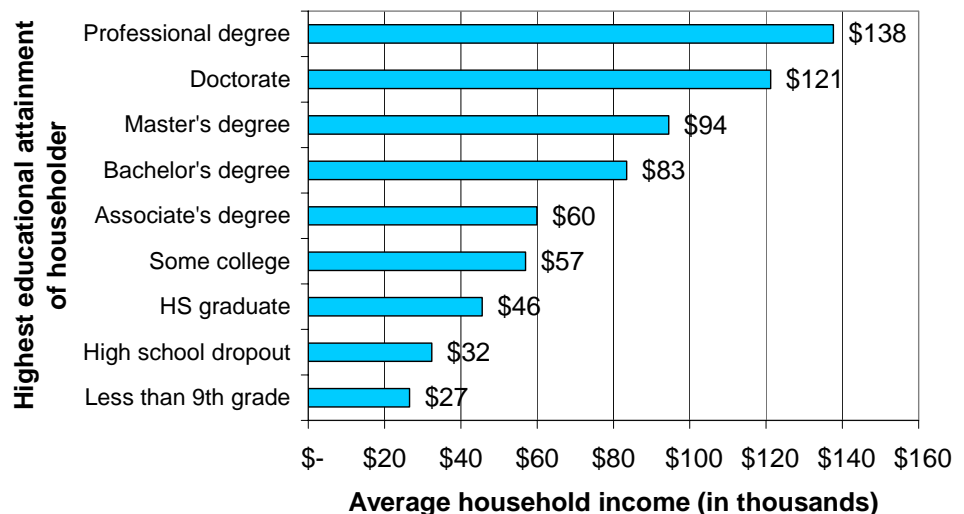
September 7, 2004

Lower Adult Educational Attainment Increases the Odds of Lower—and Declining—Household Income

According to 2002 data from the U.S. Census Bureau, educational attainment of householders continues to be a strong predictor of household income. Households led by those with less than a ninth grade education average less than half the income of households led by high school graduates (\$26,529 v. \$45,575).



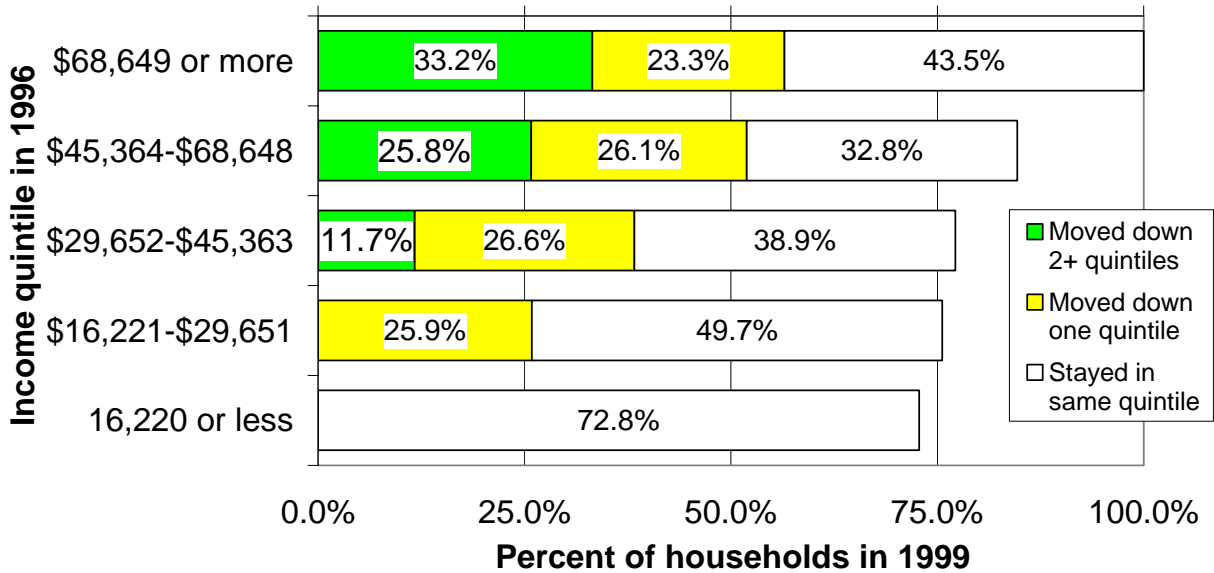
Average Household Income by Educational Attainment of Householder, 2002



Similarly, households led by high school dropouts average less than 40 percent of the income of households led by those with bachelor's degrees. (\$32,329 v. \$83,449)

But, what of those fortunate few who exceed the average to some degree? A July 2004 Census report indicates that households led by those with lower educational attainment had extreme difficulty maintaining above average incomes between 1996 and 1999. While adults with lower educational attainment sometimes beat the odds to find themselves and their families in higher income brackets, these data indicate that it is often impossible for them to maintain such an income level.

Household Income Change from 1996-99 for Householders with Less Than a High School Diploma in 1996



In the recent Census report, households were divided into five equal size groups based on their household income in 1996. A follow-up survey determined the income quintiles of the same households three years later, in 1999. Each of these quintiles contained 20 percent of the nation's households. Of households in the top quintile (\$68,649 or more) that were led by someone without a high school diploma, a third (33.2%) fell two quintiles and almost a quarter (23.3%) fell one quintile between 1996 and 1999. Only about two out of five (43.5%) stayed in the top quintile over that three-year period. Of the second highest income quintile (\$45,364-\$68,648), more than a quarter (25.8%) of households fell two quintiles between 1996 and 1999. More than another quarter (26.1%) of households fell one quintile over the three-year period.

Thus, it may be said, a high level of educational attainment is the best way to achieve—as well as maintain—a high household income.

SOURCES

- **Average Household Income by Educational Attainment of Householder, 2002.** U.S. Census Bureau. Available online at: <http://www.postsecondary.org/archives/Posters/AvgHshldIncbEd02.pdf>.
- *Dynamics of Economic Well-Being: Movements in the U.S. Income Distribution, 1996-1999, Household Economic Studies, Current Population Reports*, U.S. Census Bureau, issued July 2004. Available online at: <http://www.census.gov/prod/2004pubs/p70-95.pdf>.

CONTACT INFORMATION

For more information about this study or other projects of the Colorado Literacy Research Initiative, contact: Keith Curry Lance, Colorado Department of Education, 201 E. Colfax Ave., Suite 309, Denver, CO 80203-1799, (303) 866-6737, fax (303) 866-6940, e-mail lance_k@cde.state.co.us