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Counting Colorado is a new series exploring poverty in Colorado. This series will examine who is struggling to make ends meet, opportunities to reduce poverty and the consequences for families and the overall economy for failing to act.

Highlights

- Coloradans with less education have higher rates of unemployment and poverty.
- Labor force participation is lower for Coloradans with less education.
- Investing in education can improve the state's economy.

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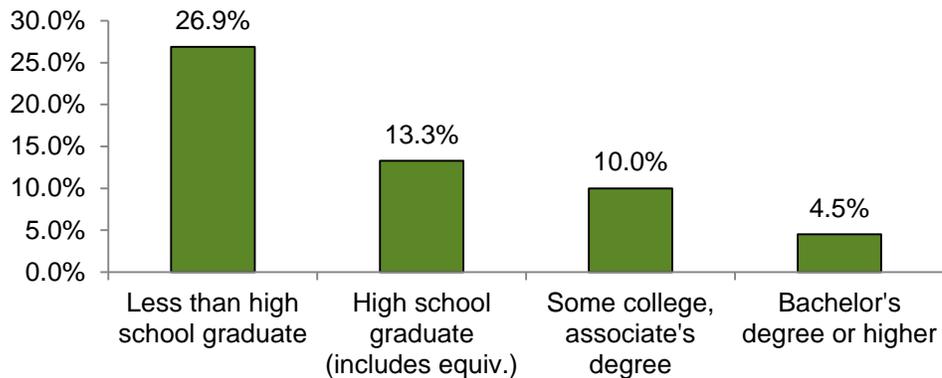
Counting Colorado: Education is key to breaking the cycle of poverty

One clear and proven path out of poverty is education. Recent data from the Census Bureau show, unequivocally, that Coloradans with higher levels of education have lower unemployment and poverty rates and earn more than people with less schooling. Investing in and improving Colorado's system of public education can enable Coloradans to gain better paying, full-time employment leading to lower poverty rates and a more robust economy.

Poverty burdens the less educated

The likelihood of living in poverty is strongly associated with educational attainment. In 2012, 4.5 percent of Coloradans with a bachelor's degree or higher lived in poverty. Meanwhile, more than one in four Coloradans who did not graduate from high school lived in poverty. (See Figure 1.)

Figure 1: One in four high school dropouts live in poverty

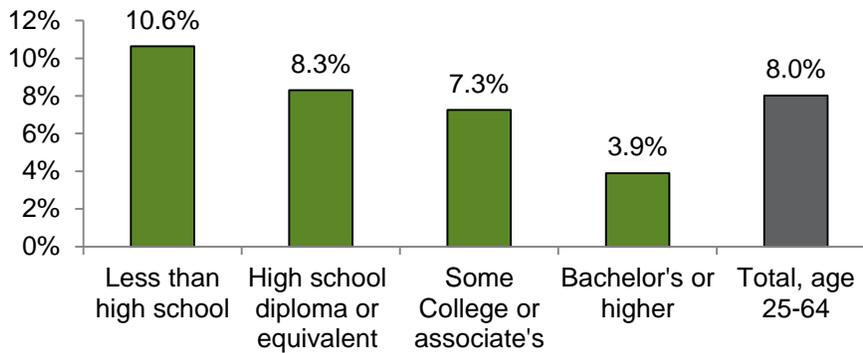


Source: 2012 American Community Survey. Population includes Coloradans age 25-64.

Education equals lower unemployment and higher wages

Education is the most effective means for lifting a family out of poverty and moving toward economic self-sufficiency. In 2012, the unemployment rate for Coloradans with a bachelor's degree or more was 3.9 percent—well below the statewide unemployment rate of 8.0 percent.¹ The highest unemployment rates in the state were among people who only completed high school (8.3 percent) or less (10.6 percent). (See Figure 2.) Education is also associated with higher earnings. Individuals with a bachelor's degree had a median income of \$47,782, nearly \$20,000 more than those with only a high school diploma whose median income was \$28,486 in 2012.

Figure 2: Unemployment rate highest among least educated



Source: 2012 American Community Survey. Population includes Coloradans age 25-64.

An educated population benefits the entire economy

Education delivers long-term benefits for both individuals and the economy as a whole. One measure of a population’s ability or willingness to actively participate in the labor market is the labor force participation rate. The labor force participation rate is the percentage of a population that is either employed or looking for work and is therefore considered to be in the labor force. A low labor force participation rate indicates that a particular population is either unable to participate in and foster a robust labor market or that they are being disenfranchised from the dominant labor market. In Colorado, the less educated a person is, the less likely they are to participate in the labor market. (See Table 1.)

Table 1: Labor force participation highest among well-educated Coloradans

	Labor force participation rate
Less than a high school diploma	65.3%
High school diploma or equivalent	75.5%
Some College or associate's degree	80.7%
Bachelor's degree or higher	86.3%

Source: 2012 American Community Survey. Population includes Coloradans ages 25-64.

Differences in labor force participation matter. When a large portion of the population is not engaged in the labor force the entire economy suffers. Those who participate in the labor force are more likely to gain employment and to actively contribute to a growing economy.

Education is key to a economic self-sufficiency

Coloradans at each progressively higher rung of the education ladder improve their earnings, decrease the likelihood of living in poverty and ensure participation in the labor force that benefits the overall economy. Investments in k-12 education help prepare children to become productive adults. An effective and accessible system of adult basic education and literacy training is also critical for helping low-skilled, low-income Coloradans acquire the tools to engage in the labor force and lift their families out of poverty.

¹ In this case, the population includes Coloradans age 25-64.