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the economic case for literacy

Low literacy is costly to individuals, employers and societies. The COVID-19 crisis introduced many to the level of disruptions that are experienced by low-literate families daily. According to Anne Mosle, Executive Director – Ascend at the Aspen Institute, half of the hourly workers in the U.S. do not get enough notice to adequately coordinate school, childcare and taking care of a loved one. She eloquently states, “Uncertainty is the damaging byproduct of poverty.” It is also the byproduct of low literacy! It means higher hurdles and lower wealth for this generation of Cuyahoga County residents and generations to come, unless we sponsor and support powerful interventions to halt what has become an intergenerational problem in far too many places in this county. A highly literate population, on the other hand, will contribute to the economic growth of Cuyahoga County and regional prosperity by placing more parents and caregivers within reach of family-sustaining jobs. Perhaps, most importantly, such a population will help energize Cuyahoga County’s most important asset, human capital.

This brief will cover the definition of low literacy, the literacy gateway to improving the quality of life, how low literacy impacts adults, and what can be done to improve literacy. Let’s begin with what is low literacy, how do we know who is low-literate, and who it affects?

As UNESCO says, “At first glance, ‘literacy’ would seem to be a term that everyone understands. But at the same time, literacy as a concept has proved to be both complex and dynamic, continuing to be interpreted and defined in a multiplicity of ways.”⁵

For our purposes, the definition of low literacy that best applies is one used by the U.S. Department of Labor’s Employment and Training Administration:

Fast Facts

- There are 278,748 adults in Cuyahoga County with only a high school education.¹
- There are 101,226 persons who never earned a high school diploma.²
- A “living wage” for one adult and one child in Cuyahoga County is calculated at \$22.68/hr.³
- Minimum wage in Ohio is \$8.70/hr.
- 14% or 92,210 Cuyahoga County adults (25 to 64) are out of work. Yet, 41.2%, 37,990, are looking for work⁴

¹ US Census Bureau. (2017) *American Community Survey 1-year estimates, Educational Attainment in Cuyahoga County*.

<https://data.census.gov/cedsci/table?tid=ACSST1Y2017.S1501&hidePreview=true&t=Educational%20Attainment&vintage=2017&g=0500000US39035>

² US Census Bureau. (2017) *American Community Survey 1-year estimates, Educational Attainment in Cuyahoga County*.

<https://data.census.gov/cedsci/table?tid=ACSST1Y2017.S1501&hidePreview=true&t=Educational%20Attainment&vintage=2017&g=0500000US39035>

³ Glassmeier, A. K. (n.d.). Living Wage calculator. Retrieved July 31, 2019, from <http://livingwage.mit.edu/counties/39035>

⁴ Ross, M., & Holmes, N. (2017, June 22). *Meet the out-of-work: Local profiles of jobless adults and strategies to connect them to employment*. Retrieved <https://www.brookings.edu/research/meet-the-out-of-work/>

⁵ UNESCO (2006) Education for all Global Monitoring Report (p. 147). Retrieved <https://unesdoc.unesco.org/ark:/48223/pf0000141639>

“The individual who computes or solves problems, reads, writes, or speaks English at or below the eighth-grade level or is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual’s family, or in society.”⁶ These persons are referred to as “Basic Skills Deficient.” However, we would add one more factor: “...and is not able to earn a living wage.”

A low-literate individual:

- ***computes or solves problems, reads, writes, or speaks English at or below the eighth-grade level or***
- ***is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual’s family, or in society***

The Gateway: A High School Diploma

While some people question the value of only a high school diploma in today’s job market, one factor is certain, without a high school diploma, or its equivalent, good jobs and the opportunity for additional education or training is extremely limited. It becomes even more limited in an economic downturn when those with higher education are accepting jobs that are normally filled by those with lower education levels. Though the United States has participated in both national and international measurements of literacy in the past, there is no current measurement in use.⁷ Given this, educational attainment remains the greatest single proxy measurement for literacy and the high school diploma is the “gateway”. In looking at poverty in Ohio, the Developmental Services Agency found, “Getting a high school diploma or [equivalent, such as a] GED® reduces the risk of poverty more than subsequent educational attainment. Nevertheless, some college or an associate’s degree reduces the risk further, and a bachelor’s degree or post-graduate work reduces it even more.”⁸ Another factor to consider came from the recent events of COVID-19 – remote working access. The New York Times reported that nearly half of workers with a graduate degree do some of their work at home, as do a third of workers with a college degree. Only 12% of workers that didn’t attend college are able to work from home.⁹

⁶ “Attachment III – Key Terms and Definitions” [PDF]. Training & Employment Guidance Letter (n.d.). Department of Labor’s Employment and Training Administration. Retrieved 2020 https://wdr.doleta.gov/directives/attach/TEGL/TEGL_19-16_Attachment_III.pdf

⁷ Program for the International Assessment for Adult Competencies (PIAAC) - What is PIAAC? (2020). Retrieved July, 2020, from <https://nces.ed.gov/surveys/piaac/> And Beltekian, D. & Ortiz-Ospina, E. (2018, June 8). How is literacy measured? Retrieved August 10, 2020, from <https://ourworldindata.org/how-is-literacy-measured>

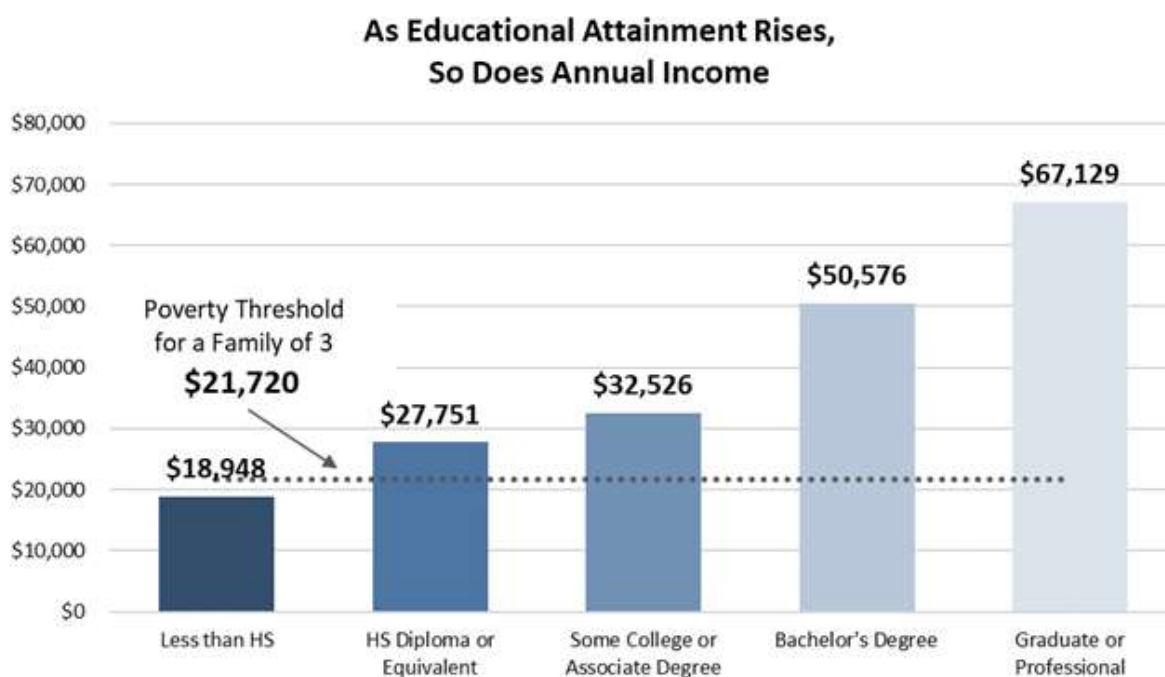
⁸ Larrick, D. (February 2019). “The Ohio Poverty Report” (p. 35). (p. 41) Ohio Development Services Agency. Retrieved <https://development.ohio.gov/files/research/P7005.pdf>

⁹ Miller, Claire Cain, et al. (March 1, 2020) “Avoiding Coronavirus May Be a Luxury Some Workers Can’t Afford.” The New York Times, Retrieved www.nytimes.com/2020/03/01/upshot/coronavirus-sick-days-service-workers.html.

Getting a high school diploma or equivalent, such as a GED®, reduces the risk of poverty.

Educational attainment is also an important factor for returning citizens. A study by the University of Cincinnati Corrections Institute in the School of Criminal Justice supported the impact of educational and vocational courses in reducing recidivism.¹⁰ The key here is acquiring skills for better employment. All of this is important when one considers that with a recidivism rate of over 30%, nearly one in three returning citizens residing in Cuyahoga County, or more than 1,000, return to prison within three years of release.¹¹ Increased literacy as evidenced by a high school diploma and/or vocational skills would reduce this number and contribute to the economic and social well-being of Cuyahoga County, but this is only the "tip of the iceberg".

Indeed, the U.S. 2017 Census figures for Cuyahoga County show the increasing economic value of additional education as reflected in median annual wages:



SOURCE: MEDIAN EARNINGS IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS)
2013-2017 American Community Survey 5-Year Estimates

But that is not all. Wage-earners pay federal, state, and local taxes as well as Social Security and Medicare tax. SmartAsset estimates that a single working adult in the Cleveland area without a high school diploma pays about \$2,503 a year in various taxes. Those with a high school diploma or equivalent, \$4,454. Those with some college and no degree pay \$5,624, and

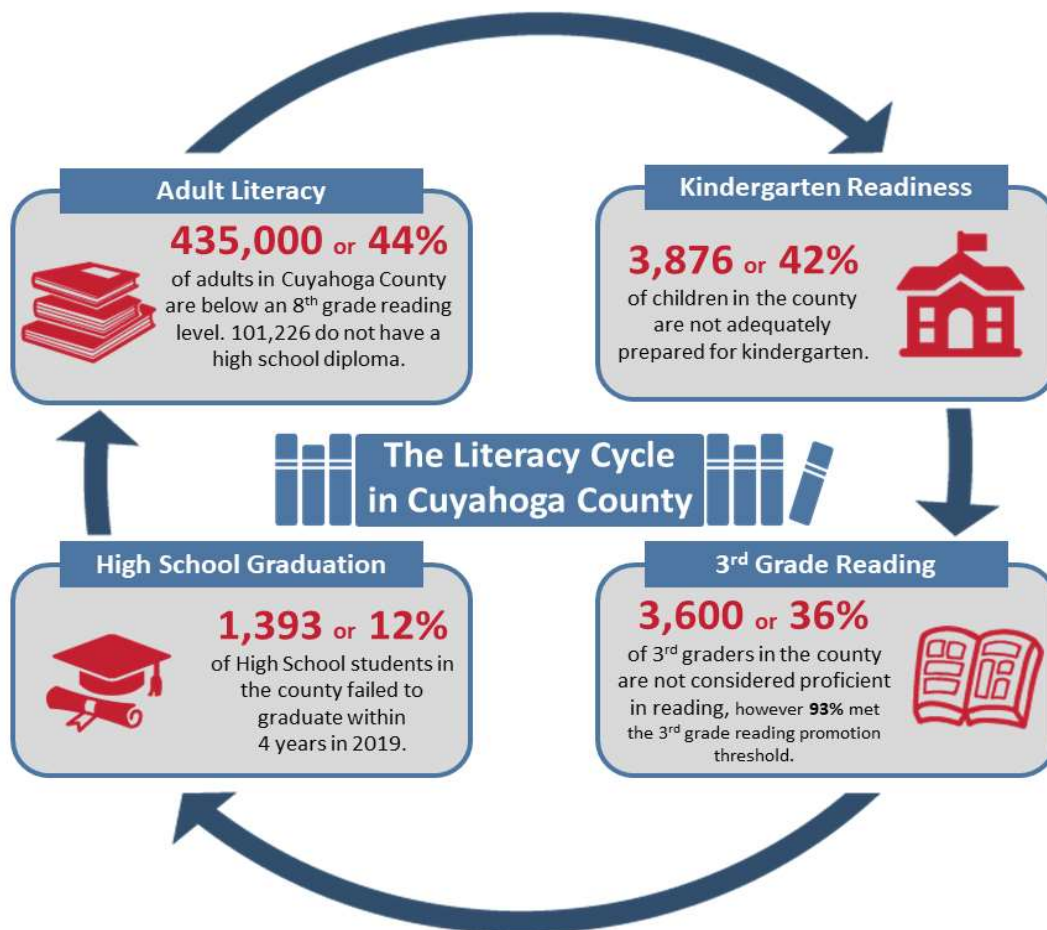
¹⁰ Latessa, E., Ph.D. (2015). Evaluation of Ohio's Prison Programs (p. 32) [PDF]. Cincinnati: University of Cincinnati Corrections Institute (UCCI) School of Criminal Justice. Retrieved <https://www.uc.edu/content/dam/uc/corrections/docs/InTheNews/Prison%20Study%20Final%20Report%2010-26-15.pdf>

¹¹ *Recidivism Update* (p. 6) [Docx]. (2018). Ohio Department of Corrections, Bureau of Research and Evaluation. Retrieved https://drc.ohio.gov/Portals/0/Recidivism%20Report%202018_final.docx Retrieved https://drc.ohio.gov/Portals/0/Recidivism%20Report%202018_final.docx

bachelor's degree holders pay \$10,069.¹² If every adult in Cuyahoga County had at least a high school diploma or equivalent, and worked, that would add –at an average local income tax of 2% – nearly \$18 million a year in local income taxes alone and over \$17 million at the state level, not counting savings in other areas.

Why is This Important and Why Add Skills?

Unless we address literacy for both adults and children, we will continue to see a cycle of low literacy. The Literacy Cycle in Cuyahoga County shows how literacy levels affect important stages in education.



¹² Free Income Tax Calculator - Estimate Your Taxes. (n.d.). Retrieved January 1, 2020, from <https://smartasset.com/taxes/income-taxes>. (Based on median income.)

A literacy crisis will persist for generations unless progress is accelerated in preparing young children for kindergarten and helping more adult residents secure at least a high school education. Put simply, children unprepared for kindergarten are less likely to read proficiently by the end of third grade – a predictor of later success in school. And adults without a high school diploma lack the basic literacy and other skills required to access in-demand jobs that offer paths to prosperity.

Our Labor Force Participation

There are over 3,143 counties, or county equivalents, in the United States. Initially, our rankings look very good. Cuyahoga is the 34th largest county in population and fields the 38th largest workforce in the nation. From here, numbers begin to slide. The county ranks 2,557th in the nation (1 being the best) on the percentage of adults with a high school diploma. We are also 1,556th among all counties on the percentage of adults with less than a high school diploma. While we ranked 829th in median household income in 2000, today we are 1,817th.¹³ Cuyahoga County's labor force participation for 25 and older is 78.2% but for adults with less than a high school diploma, participation is 50.6%.¹⁴ Those who are both out of work and lack a high school diploma or equivalent total 17,700 persons and it is estimated that over 7,000 are looking for work.¹⁵

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While the high school diploma or equivalent remains the “gateway”, additional skills are critical for earning a living or family-sustaining wage. Since Cuyahoga’s household income has dropped nearly 1,000 places among counties and we field a large workforce, something must be amiss.

In fact, two critical factors in this disparity are:

- Team NEO, in partnership with the Cleveland Foundation and the support of Sherwin-Williams, produced the report *Aligning Opportunities in Northeast Ohio: A Resource to Aid in Addressing the Demand and Supply Imbalance in the Region’s Workforce*. Team NEO identified 19 professional and technical occupations that showed substantial demand. Many were offering family-sustaining wages and held the promise for future

¹³ STATS America, US Economic Development Association. (2017) “USA Counties in Profile: Cuyahoga County.” Retrieved March 12, 2019

¹⁴ US Census Bureau. (2017) American Community Survey 1-year estimates, Employment Status in Cuyahoga County. Retrieved March 2019. <https://data.census.gov/cedsci/table?q=S2301&g=0500000US39035&tid=ACSS1Y2017.S2301&hidePreview=true>

¹⁵ Ross, M., & Holmes, N. (2017, June 22). *Meet the out-of-work: Local profiles of jobless adults and strategies to connect them to employment*. Retrieved <https://www.brookings.edu/research/meet-the-out-of-work/>

employment and income. Almost all, however, required some type of professional and technical training or postsecondary credential.¹⁶

- Robert Gleeson at Cleveland State's Maxine Goodman Levin College of Urban Affairs cites the second problem. He notes that "despite considerable success in traditional sectors, state and local initiatives have not yet achieved two critically important economic development goals for Cuyahoga County residents:
 - Restore Growth to U.S. Averages: the rates of job growth and population growth in Cuyahoga County continue to lag U.S. and regional averages.
 - Improve Social Equity: too many individuals and families in Cuyahoga County, especially African-Americans, struggle to escape poverty within City neighborhoods and inner-ring suburbs."¹⁷

What Does All of This Cost Us?

Low literacy and skill deficiency costs not only the individual but also society and in more than lost wages and taxes. As low literacy and poverty are inexorably intertwined, the true cost must include health and human services as well as lost income. These costs are calculated over a lifetime and the results are staggering. Let's examine this impact on one segment of our society: our young adults.

A recent report by the Center for Community Solutions, Youth Opportunities Unlimited, and Towards Employment looks at Cuyahoga County's 21,000 disengaged youth between age 16 and 24. While many have graduated from high school, all remain unconnected to the workforce and further education; "...many disengaged youth grew up in impoverished neighborhoods, attended low-performing schools, faced challenging family circumstances and may have few positive experiences with education and social service systems."¹⁸ The study cites an estimate that for every year a disengaged youth stays unemployed there is a cost of \$44,158 from wages, tax revenue, increased public assistance and social services, as well as other societal costs. The economic loss from all disengaged youth is \$927 million a year. If all the disengaged youth in Cuyahoga County today were to stay disengaged from age 25 on, the cost would accelerate to a lifetime sum of \$20 billion. Though disengaged youth are found throughout the county, over 11,000 live in Cleveland, 60% of which live in poverty.¹⁹

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¹⁶ Team NEO. (2019) "Aligning Opportunities in Northeast Ohio: A Resource to Aid in Addressing the Demand and Supply Imbalance in the Region's Workforce." (p. 31) Retrieved <https://teamneo.org/wp-content/uploads/2019/10/aligning-opportunities-northeast-ohio-2019.pdf>

¹⁷ Gleeson, Robert. (2019) "Slow Job Growth and Economic Structure in Cuyahoga County, Ohio." Urban Publications. 0 1 2 3 1604. Retrieved https://engagedscholarship.csuohio.edu/cgi/viewcontent.cgi?article=2607&context=urban_facpub

¹⁸ Campbell, Emily. (2018) "The \$44,000 Question: Examining Disengaged Youth in Cuyahoga County." Retrieved <https://www.communitysolutions.com/research/44000-question-examining-disengaged-youth-cuyahoga-county/>.

¹⁹ Campbell, Emily. (2018) "The \$44,000 Question: Examining Disengaged Youth in Cuyahoga County." Retrieved <https://www.communitysolutions.com/research/44000-question-examining-disengaged-youth-cuyahoga-county/>.

What If?

What if we focused on the economic benefit of earning a high school diploma, or equivalent, for 100 “out of work” adults? Their combined salaries would be \$2,775,100 and they would pay \$445,400 in taxes every year for up to 40 years, plus inflation adjustments. That is not the full story though. Increased income could result in annual savings of between \$700,000 to \$900,000 in services and Medicaid.²⁰ For the adult, post-secondary completion has additional benefits beyond increased income including higher levels of civic engagement, self-esteem, and confidence.

But... What if we did nothing?

Using a landmark 2007 study by Mark A. Cohen at Vanderbilt University, each person who lacks a high school diploma will eventually cost the community between \$243,000 and \$388,000 dollars in external costs.²¹ That's not lost income on their part; it's a cost the community pays. Considering the over 101,000 persons in the county without a high school diploma, multiply the above figure by a hundred thousand. If they become involved in drugs or crime, the cost becomes astonishing. The external costs for lifetime offenders run well into the millions.²²

What Can Be Done?

The 2017 Local Workforce Plan for OhioMeansJobs Cleveland/Cuyahoga County has prioritized services to residents and businesses where workforce participation rates are below the desired goal of 64.1%, not surprisingly in the areas where low literacy and high poverty persist, with an aspirational goal to increase the labor force by 24,000 people.²³

Recently, researchers from the U.S. Census and Harvard and Brown Universities created *The Opportunity Atlas* of all census tracts capable of predicting future outcomes for children by virtue of where they live. The Atlas covers every census tract in the nation.²⁴ What does it show? There is a very real risk that low literacy in Cuyahoga County will remain generational among our most impoverished and low-literate citizens unless progress is made at both ends of the spectrum. We need to both accelerate the preparation of young children for kindergarten and help adult residents secure at least a high school education, additional skills and meaningful employment.

²⁰ Kaiser Foundation. (2019, May 22) Medicaid Spending per Enrollee (Full or Partial Benefit). Retrieved 2020 <https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22ohio%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

²¹ Cohen, Mark A. and Piquero, Alex R. (December 2007) New Evidence on the Monetary Value of Saving a High-Risk Youth (p. 4). Vanderbilt Law and Economics Research Paper No. 08-07, Available at SSRN: <https://ssrn.com/abstract=1077214> or <http://dx.doi.org/10.2139/ssrn.1077214>

²² Cohen, Mark A. and Piquero, Alex R. (December 2007) New Evidence on the Monetary Value of Saving a High-Risk Youth (p. 4). Vanderbilt Law and Economics Research Paper No. 08-07, Available at

²³ “Local Workforce Plan for OhioMeansJobs Cleveland/Cuyahoga County” (2017) (p. 14). Retrieved <http://bc.cuyahogacounty.us/pdf/bc/en-US/WDB/NOWAddendum2.pdf>.

²⁴ Chetty, R., Friedman, J., Hendren, N., Jones, M., & Porter, S. (2020). The Opportunity Atlas Mapping the Childhood Roots of Social Mobility [PDF]. U.S. Census Bureau. Retrieved https://opportunityinsights.org/wp-content/uploads/2018/10/atlas_summary.pdf

An assessment of the state of literacy in Cuyahoga County done by The Literacy Cooperative (TLC) found:

- 42% of all children enrolling in kindergarten in the 2018-19 school year were not adequately prepared to succeed
- 10% of all adults didn't have a high school diploma as of 2017
- Nearly 40% of those without a high school diploma are ages 18-44²⁵

TLC and its partners are working with programs such as Dolly Parton's Imagination Library, a monthly book-gifting initiative that mails books to young children from birth to age five, and Aspire for adults, the state of Ohio's adult education programs. Efforts such as contextualized curriculum that blend academics and job-related skills are becoming increasingly effective.²⁶

Most promising of all are new two-generational (2Gen) projects and programs, involving both children and adults in a family, that are being developed by a TLC-led committee of over 20 educational and human service agencies. Most significantly, the committee has issued *2Gen Cuyahoga: A Community Call to Action to Address Our Economic and Social Gaps*²⁷ on how this collaboration will work to improve social inequities on a whole family basis.

Together, efforts such as these will continue to confront low literacy, open new economic opportunities for Cuyahoga County, and lead to a bright future. Let's say that we effectively reach the 7,000 adults without a high school diploma, who are out of the workforce but looking for work. What immediate and long-term impact might that have for the community?

How Can You Help? Contact Us!

You can help increase the economic outcome of literacy in our community.

1. Donate to [The Literacy Cooperative](http://www.literacycooperative.org) to assist us in continuing to work to advance literacy. Donations bring books to the homes of children, introduce promising practices to educators for use in their classrooms, and publish curriculum to assist adults to advance in career pathways.
2. Contact [The Literacy Cooperative](http://www.literacycooperative.org) to inquire about workplace programs that can assist employees advance their skills. The success of any business depends upon the skills of its employees. Low literacy can affect safety, productivity, customer service and even employee morale. Employers investing in advancing the skills of their employees can reduce loss and increase profit.

²⁵ Staff. (December 16, 2019) "Cuyahoga County's Literacy Crisis." The Literacy Cooperative. Retrieved. www.literacycooperative.org/cuyahoga-countys-literacy-crisis/.

²⁶ For these and other current programs see: <http://www.literacycooperative.org/>.

²⁷ Atkins, Laurie and Paponetti, Robert. (2019) "2Gen Call to Action." The Literacy Cooperative. Retrieved <https://www.literacycooperative.org/2gen/>

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