

LITERACY AND ECONOMICS

Limited literacy skills cost business and taxpayers \$20 billion in lost wages, profits and productivity annually.

50% of the chronically unemployed are not functionally literate.

SOURCE: *U.S. Department of Education, Office of Vocational and Adult Education. Presentation: Dr. Susan Sclafani, April 2005*

U.S. business and industry leaders estimate spending an average of \$600 million per year on remedial reading, writing, and math skills training for employees.

SOURCE: National Institute for Literacy, *Literacy Skills for 21st Century America :A blueprint for creating a more literate nation,2000*, Washington,D.C.

According to the American Management Association (AMA), about 60 percent of employers give job applicants some type of entry test, and 36 percent are found deficient in basic reading and math.

While the United States has the highest proportion of highly skilled workers of any society, it also has a very high proportion of low-skilled workers, and relatively few in the middle range of the skills ladder.

SOURCE:*Learning Partnerships: Strengthening American Jobs In the Global Economy*
The Albert Shanker Institute & The New Economy Information Service, 2004. Print Pub

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Eighty percent of manufacturers report a moderate to severe shortage of qualified job candidates.

SOURCE: *"Did you Know?"* Center for Workforce Preparation, 2001.

The US military spends an average of \$70 million annually on basic skills remediation.

SOURCE: *State of Adult Literacy 2005* , ProLiteracy Worldwide.

Better educated citizens pay more in taxes. In 2003, households headed by adults who never attended college equaled 47% of all US households, yet generated just 25% of all federal individual income taxes, In contrast individuals with bachelor's degrees made up 27% of all households and paid 51% of all federal income taxes.

SOURCE: *Investing Wisely in Adult Learning is Key to State Prosperity*, Southern Regional Education Board, 2005.

If literacy levels in the United States were the same as those in Sweden, the U.S. GDP would rise by approximately \$463 billion and tax revenues would increase by approximately \$162 billion

SOURCE: Alliance for Excellent Education (2003, November). *Fact Sheet: The impact of education on: The Economy*. Washington, DC

There are few jobs available for those with poor reading, writing, and math skills. The trend toward more highly skilled jobs is clear – a majority of firms report that the recent introduction of new technologies has increased the skill requirements for non-managerial employees. Whereas 60% of the workforce was unskilled in the 1950's, now less than 20% is unskilled. One study indicates that those with the skill levels of a typical high school dropout qualify for only 10% of all new jobs. Those with the skill levels of the typical high school graduate qualify for only 22% of new jobs.

An American Management Association survey of member and client companies found that 34.1% of job applicants lack the literacy skills they need for the job for which they are applying.

SOURCE: *U.S. Adult Literacy Programs: Making a Difference.* ProLiteracy America.

The National Employer Survey on the Educational Quality of the Workforce found that 1/3 of businesses surveyed said less than 75% of their workforce is fully proficient.

The 2002 American Manufacturer's study reported that: Improving workforce skills ranks at # 8 out of 25 in a list of key corporate concerns. American business is estimated to lose over \$60 billion in productivity each year due to employees' lack of basic skills.

SOURCE: *Literacy is Good Business.* The Volunteers and Literacy Committee, Practitioners' Task Force on Restructuring and Accountability, Florida DOE, Office of Workforce Education.

Only 5% of adults with less than a high school education participate in professional development training, as compared to 46% of those with a college degree or above.

Among adults who demonstrated skills in the lowest literacy level, 43% live in poverty and 17% receive food stamps. In contrast, among adults with skills in the highest level of literacy, less than 5% live in poverty and less than one percent receive food stamps.

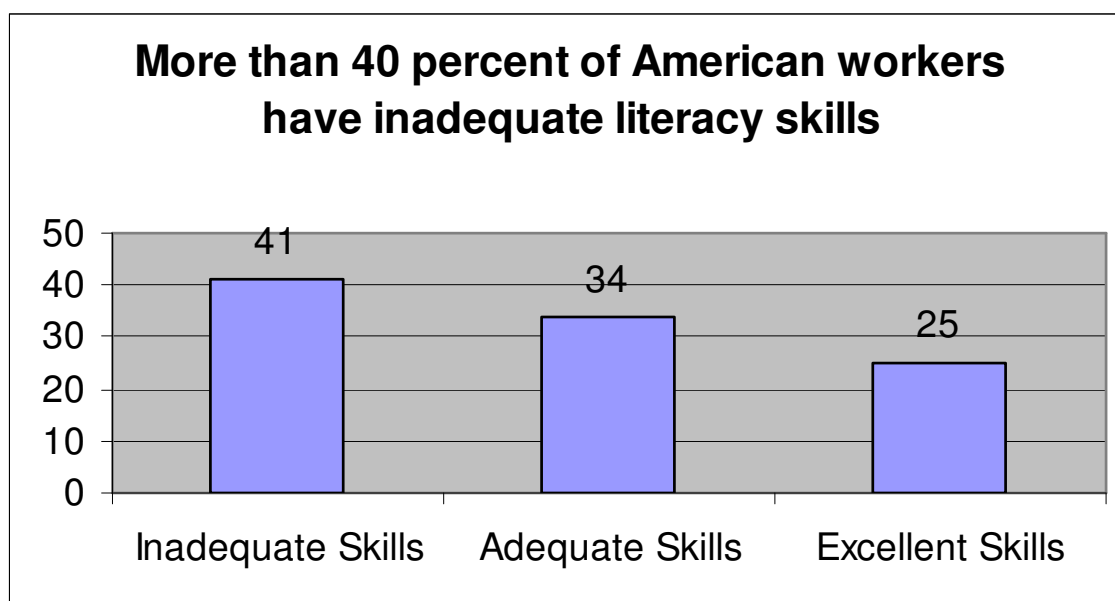
Nationwide, 70% of adults with the lowest literacy skills are unemployed or work in part-time jobs.

Unemployment is far more prevalent in the lowest literacy level. Individuals in the lowest literacy level who work, do so an average of 19 weeks a year, as compared to those in the highest level who work an average of 42 weeks a year. More than 40% of adults in the lowest literacy level live in poverty.

SOURCE: Kirsch, I.S., Jungblutt, A., Jenkins, L. & Kolstad, A., (1993) *Adult Literacy in America: A first look at the results of the National Adult Literacy Survey.* Department of Education.

Research indicates that illiteracy results in reduced productivity and profitability. Other consequences include: Increased difficulty in assigning workers new responsibilities. Increased difficulty with communication skills, including the ability to listen for the purpose of understanding and accurately relaying information. Barriers to successful participation in job training and the acquisition of job-specific skills. Decreases in safety practices leading to increases in accidents and injuries. Increased absenteeism due to poor work ethics and a lack of personal management skills.

SOURCE: *Blueprint for Change, A Literate Workforce for the 21st Century*



Source: U.S. Department of Education, Office of Vocational and Adult Education. Presentation: Dr. Susan Sclafani, April 2005

