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Slashing funds for higher education hurts economy

Guest columnist

R.W. HAFER

Missouri Gov. Mike Parson recently announced a coronavirus-induced freeze of more than $170 million in planned spending by the state. His decision to target higher education as a major source of savings, while not surprising, is shortsighted.

The governor proposes to freeze about $73 million in funds to higher education: $61.3 million coming from Missouri's four-year institutions and the community college system getting an $11.6 million reduction. These cuts to higher education alone account for more than 40 percent of the total planned freeze. Higher education must be low-hanging fruit.

These cuts will help offset current revenue losses. They also will have adverse consequences for the Missouri economy and its residents long after the current crisis has passed.

It is a well-documented fact that Missouri has one of the slowest growing economies in the nation. Since 2000, the growth in state output ranks Missouri among the worst in the nation. Sadly, one recent study reveals that this condition typifies the last 50 years.

What has contributed to this persistent economic malaise? There are several explanations, such as an industrial composition that does not promote overall economic growth. But among the most important reasons is the state's poor record on education.

An important element in any successful economy is a quality workforce. Missouri struggles in this area. One reason is the net out-migration of college-educated individuals. Missouri's workforce and its economy suffer when its brightest minds seek better economic opportunities elsewhere.

Missouri's historically poor record in educating its residents is another factor. In a study conducted for the Hammond Institute, Stanford economist Eric Hanushek's survey leads him to conclude that "past evidence shows that dramatic economic improvements can follow the increased skills of the population." Analyzing Missouri's educational track record, he ranks Missouri far behind the top states in terms of building important cognitive skills — what one learns, not how long one spends in school. Compared with most other states, Missouri gets a middle grade at best.

With many of our most skilled youth migrating to other states, Hanushek argues that "the strength of the Missouri economy will continue to rest mainly on those current students who will become the backbone of the future labor force."

So how do our policy leaders respond? They cut spending for the very institutions that could help build that backbone of the future labor force.

Cuts to community college budgets are likely to be even more damaging to the state's economic prospects. A study I recently co-authored looked at the relationship between educational attainment and several economic and social outcomes across Missouri counties. What the study found isn't shocking: Those Missouri counties in which a large proportion of the adult population had not completed high school in 1990 are today more likely to have lower household incomes, experience a higher incidence of obesity, have more single-parent households, and smoke.

As you might guess, these "bads" decrease as education increases. But the key finding was the fact that the educational level at which the "switch" occurs — the level of education at which we find a positive relationship — is for "high school plus two" years of education. That's right, a high school diploma plus a couple of years at the community college can make all the difference in attaining economic stability, or not.

Slashing the funding of higher education will impair Missouri's future economic growth. Cutting community college funding will have even more immediate effects. After all, where will all of those currently unemployed workers learn the new skills they'll need to succeed in the future economy?

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