

Title: **Education and its economic impact in Missouri**
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Education and its economic impact in Missouri

By Dr. Rik Hafer

Recent forecasts predict reductions in the revenue flowing into state coffers. Gov. Eric Greitens, in his State of the State address, again called for reducing taxes. With reduced funding likely, will higher education, as it was last year, be on the chopping block? Let us all hope that this year those in Jefferson City make responsible choices.

Why? Two good reasons. First, additional cuts to higher education will further diminish the prospects of those who planned to advance their education at one of our community colleges or public, four-year universities. Attending our state educational institutions, not those in another state, is for many their most practical path to economic success.

Second, Missouri has one of the worst performing economies over the past 20 years. Last year's ill-advised cuts to higher education reduced the state's prospects for faster economic growth in the future. Another round of cuts will further diminish the standards of living for future generations of Missourians — at least those who do not migrate to better

opportunities in other states.

A recent study conducted by Gail Heyne Hafer and myself makes the point. We asked two questions. First, what is the relationship between education today and future income? Second, how does educational attainment today affect future health and social outcomes?

To answer these questions, we collected data for each county in Missouri. We then compared educational attainment by adults in 1990 to household incomes and several measures of social behavior in recent years. This gave us the ability to see how education now might influence future outcomes.

We found that counties in which a larger percentage of the adults in 1990 lacked a high school diploma or its equivalent have on average lower household incomes today. These counties also tend to have a greater prevalence of negative health and social outcomes, such as higher rates of smoking and obesity, and more childhood poverty. Not too surprisingly, completing high school has a critical effect on individuals' lives

and the future of the communities in which they live.

But there is much more to our story. The most striking result of our analysis is that a distinctive “switch” in these relationships occurs when we consider the effects of higher education. And by higher education we do not mean only a bachelor's degree.

We found that families in counties where a larger percentage of the adult population finishes high school and extends their education at a community college, vocational training or completes just a couple years of university coursework, are much more likely to be living financially comfortable and healthy lives today. A four-year college degree is not the only ticket to success.

Our results show that when a larger proportion of the adult population in 1990 met the condition “high school plus two” years of education, today those counties also had significantly higher levels of household income, a smaller incidence of smoking and obesity, and less childhood poverty.

Finding that the “switch” to better futures occurs

at “high school plus two” instead of at “bachelor's degree” is important. It means that reducing individuals' opportunity to advance their education and training beyond high school by budgetary decisions that severely restrict the role of community colleges and similar institutions is likely to harm many.

More cuts in state funding to community colleges and other institutions of higher education in the name of smaller government imperils the economic future of individual citizens and the state as a whole.

If policy makers continue down this misguided path, require them to explain why Missouri's economic growth continues to lag behind most other states in the nation.

Dr. Rik Hafer, professor of economics in the Plaster School of Business & Entrepreneurship, serves as director of the Center for Economics and the Environment, which is part of the Hammond Institute for Free Enterprise at Lindenwood University. The CEE is currently ranked among the top 10 percent of all economics research departments in the world.