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Title: Think education and income in Missouri

Author: By Rik W. Hafer

Size : 95 Inches Sq Cuba,MO Circulation: 3250

Keywords: Dr. Rik W. Hafer ~ Hammond Institute ~ Lindenwood University

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## Guest Columnist

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# Think education and income in Missouri

By *Rik W. Hafer*

As we dig out from the social and economic calamity wrought by the coronavirus pandemic, policy makers in Jefferson City will face some important decisions. Educational policy going forward will be crucial for the economic future of the state and its residents.

Missouri has had one of the worst performing economies for decades. Growth in economic output perennially has been below the national average, as has growth in earnings per job, population, and income. Indeed, after a near decade-long economic expansion, in 2019 average household income in Missouri stood at \$57,375, below the national average of \$65,712.

Previous analyses have suggested several factors to explain Missouri's lackluster economic performance, including the state's tax system, government spending, and even its mix of industries. Of all the possibilities considered, education is the one that keeps cropping up.

Many studies have found that the level of education is a key component in explaining economic success, whether it is individuals or countries. Unfortunately, educational attainment in Missouri, measured various ways, is at best middling when compared to national averages.

If lack of educational attainment helps explain Missouri's uninspired economic record, what about the relationship between education-economic success on a more local level? How important are differences in education in explaining the disparity of household income across Missouri counties?

To answer this question I first collected median household income for every county in Missouri (including St. Louis City).

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Why focus only on household income? It is a good proxy for other social outcomes. That is, higher income is associated with lower poverty rates, better health outcomes, such as lower obesity rates and a lower prevalence of smoking, and other positive social outcomes.

Household income data are available from the U.S. Census Bureau. I used figures for 2019 in order to avoid the detrimental events of 2020. In 2019 household income ranges from an average of \$32,934 in Hickory County to \$89,236 in St. Charles County.

To assess educational attainment, I used the percent of the adult population in each county that has achieved a certain level of education. Four categories are possible: Less than a high school degree; high school only; high school plus; and a bachelor's degree or higher. The "high school plus" category means that someone graduated from high school and extended their education by taking classes at a community college, receiving vocational training, or completing a couple years of university coursework. Reams of economic research show that it is past educational attainment that explains current economic outcomes, so the education data I used is for 1990.

When I correlated educational attainment in 1990 to household income in 2019, what I found should not be too surprising. Counties with a high percentage of adults lacking a high school degree in 1990 also had, on average, lower average household income in 2019. Counties with higher percentages of adults having a B.A. had higher levels of income.

While these findings probably do not surprise you, another result may. I find that a distinct positive relationship between education and income occurs when I use not a high school degree but the "high school plus" education measure. Counties with higher levels of household income in 2019 are those in which a larger percentage of the adult population in 1990 acquired a high school degree plus some additional education.

A potentially troubling result is that I found educational attainment to endure over time. Most importantly, counties with a higher percentage of adults lacking a high school education in 1990 were still in that category in recent years. Given the education-income link, counties characterized by persistent under-education will find it difficult to break out of their low

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These results have important policy implications. First, policy should encourage individuals to acquire at least a high school education. Second, state funding should support programs that lower barriers to high school graduates who wish to continue their education, though not necessarily in a traditional four-year university setting.

Achieving these goals will enhance the economic prospects for individuals and the communities in which they live for years to come.

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