THE IMPACT OF EDUCATION CASCADING THROUGH THE ECONOMY

Research confirms what common sense suggests: higher levels of education are associated with better economic outcomes like higher wages and lower unemployment. And by improving health, increasing technology use, expanding volunteerism, and reducing public assistance, higher education levels have long-lasting effects on the economy. Eighty years ago, Kentucky’s per capita personal income was just over 50% of the U.S. average; today it is just over 80%. Kentucky’s educational position has improved significantly over the last twenty-five years, but the state still lags the U.S. in college attainment (21% compared to 30%) and academic achievement gaps continue to mute overall educational progress. According to a 2014 paper by John Fernald at the Federal Reserve Bank of San Francisco and Charles Jones at Stanford, around three-fourths of U.S. economic growth since 1950 was fueled by just two factors—rising educational attainment and research intensity. In the global economy, Kentucky’s future economic prosperity will be determined largely by the pursuit of and investment in educational excellence.

Kentucky’s Per Capita Personal Income as a Percentage of the U.S. Average, 1929 to 2013

From 1929 to 1970 Kentucky’s per capita personal income increased from 51% to nearly 78% of the U.S. average. At the same time, the percentage of adults over 25 with a four-year college degree increased from 4.9% to 7.2%.

In 1950 the state’s population 25 years or older with a college degree increased to 3.3% and per capita income was 65% of the U.S. average.

By 1970 Kentucky’s per capita personal income reached 80% of the U.S. average.

In 1920, Kentucky’s per capita personal income was 56% of the U.S. average.

By 1950, Kentucky’s population over 25 had a college degree in 1940 compared to 4.6% nationally, per capita income was 54% of the U.S. average.

The Kentucky Postsecondary Education Act of 1997 is passed and Governor Patton begins his efforts to increase Kentucky’s per capita income to the U.S. average by 2020. UK economists Mark Berger and Glenn Blomquist would later determine that 92% would get the state to the national average because of Kentucky’s lower cost of living.

In 2013, Kentucky’s per capita personal income was 81% of the U.S. average. Around 23% of Kentucky adults over 25 have a four-year college degree while the U.S. average is nearly 50%.

The college degree percentage increases from 11.1% in 1980 to 13.6% in 1990. It then jumped to 17.1% in 2000. Meanwhile, Kentucky’s per capita income hovers around 80% of the U.S. average.

Higher levels of education are generally associated with...

Higher Income
Higher Earnings & Employment
Better Health
More Volunteerism
Increased Technology Use
Lower Public Assistance

Adapted from the KENTUCKY ECONOMIC REPORT 2015
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The Kentucky average was 56% of the U.S. average.

The U.S. average was 54% of the U.S. average.

The Kentucky income was 56% of the U.S. average.

The Kentucky income was 54% of the U.S. average.

The Kentucky income was 52% of the U.S. average.

The Kentucky income was 50% of the U.S. average.

The Kentucky income was 48% of the U.S. average.

The Kentucky income was 46% of the U.S. average.

The Kentucky income was 44% of the U.S. average.

The Kentucky income was 42% of the U.S. average.

The Kentucky income was 40% of the U.S. average.

The Kentucky income was 38% of the U.S. average.

The Kentucky income was 36% of the U.S. average.

The Kentucky income was 34% of the U.S. average.

The Kentucky income was 32% of the U.S. average.

The Kentucky income was 30% of the U.S. average.

The Kentucky income was 28% of the U.S. average.

The Kentucky income was 26% of the U.S. average.

The Kentucky income was 24% of the U.S. average.

The Kentucky income was 22% of the U.S. average.

The Kentucky income was 20% of the U.S. average.

The Kentucky income was 18% of the U.S. average.

The Kentucky income was 16% of the U.S. average.

The Kentucky income was 14% of the U.S. average.

The Kentucky income was 12% of the U.S. average.

The Kentucky income was 10% of the U.S. average.

The Kentucky income was 8% of the U.S. average.

The Kentucky income was 6% of the U.S. average.

The Kentucky income was 4% of the U.S. average.

The Kentucky income was 2% of the U.S. average.

The Kentucky income was 0% of the U.S. average.