



# Cyclical Poverty Is a Problem in Missouri—What Can Be Done About It?

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Imagine the Game of Life played under different rules—with everyone randomly assigned at birth to one of two paths. One begins with good schools, safe neighborhoods, and strong communities. It leads to well-paid jobs and rewarding careers. The other path offers under-performing schools, crime-infested neighborhoods, and a much higher likelihood of ending up in the poor house.

Would that be a fair game, or even fun? Of course not. But this version of Life is reality for many Americans. Where people grow up—their zip code or place on the game board—significantly affects their chances to succeed as adults.

Without a doubt Americans, rich and poor, are much better off now than they were a hundred years ago thanks to unprecedented economic growth made possible by the free enterprise of individuals and pro-market political institutions. Nevertheless, economic mobility, or the ability to move up the income ladder, varies for children depending on where they live, and these disparities have consequences—both for children growing up in low-income families and for the rest of the state.

A recent pair of essays from the Show-Me Institute digs deeper into the data on poverty and upward mobility in Missouri and asks what, if anything, can be done to break cycles of poverty. The solution is not simply to expand entitlement spending; America has been increasing welfare benefits for over 50 years, and it's time to change our approach.

While child poverty is decreasing in Missouri—the percentage of children in poverty dropped from 22.6 percent in 2012 to 18.6 percent in 2017—child poverty rates in Missouri range from single digits, as in St. Charles County, to over 40 percent in St. Louis City. Moreover, data on economic mobility suggest that about one-third of children born into low-income homes in the areas surrounding Cape Girardeau, Poplar Bluff, Kansas City, and St. Louis will remain in poverty as adults.

Searching for solutions to this problem is important primarily so children in poverty have more opportunities for a better future; but Missourians should also be aware of the economic impact of lifelong poverty on the state and taxpayers. Based on economic mobility data for Missouri, roughly 77,800 people who were poor as children in the late 1980s will remain poor throughout their adult lives and will collect a conservatively estimated \$15 billion in lifetime welfare benefits as a group.

Having a safety net is important, but could Missouri find a better way to invest these public dollars to help people move up and out of poverty? One promising possibility is the improvement of our education system through competition and innovation to better meet the needs of low-income students.

Data show significant gaps in test scores between low-income students and their peers on the National Assessment of Education Progress (NAEP) and the ACT college entrance exam in Missouri. While quality education cannot be measured by standardized test scores alone, these results do tell us that low-income students are less likely than their peers to have mastered the basic academic skills that will enable them to be successful in college or their chosen career.

Thankfully, Missourians can look to other states for examples of programs that help students from low-income families be successful, including specialized vocational high schools and emergency grants to help low-income college students stay enrolled. Whether by helping low-income kids to get a jump-start on a career of their choice or by better ensuring that they can get through college, Missouri should move toward an education system that meets the diverse needs and interests of these students through innovative schools and programs.

No single reform to education or any other policy area will end cyclical poverty. State leaders and policymakers do have the opportunity, however, to prioritize free-market solutions that enable people to provide for themselves and their families and help create surer pathways to prosperity.

## **About the Author**



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Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

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