



# ESSAY

FEBRUARY 2019



## INTERGENERATIONAL POVERTY IN MISSOURI: DESCRIBING AND ESTIMATING THE SCOPE OF CYCLICAL POVERTY

*By Emily Stahly*

### KEY FINDINGS

- Both overall poverty and child poverty in Missouri have been declining as the impact of the Great Recession has receded.
- However, there are still pockets of poverty in the state, and in 62 counties the child poverty rate grew between 2012 and 2016—including Hickory and Mississippi, where child poverty increased by almost 20 percentage points over those four years.
- Our major urban areas—Springfield, Kansas City, and St. Louis—have much higher rates of poverty than the counties in which they are located. Therefore, it is important to look deeper than the county level.
- In Kansas City and St. Louis, 30 percent of children who are born at the lowest quartile of family income are expected to remain in poverty as adults.

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## INTRODUCTION

The belief that those who are born into poverty can prosper has been an integral part of our national heritage. Upward economic mobility is at the heart of the American Dream. As economists Nathan Rosenberg and L.E. Birdzell, Jr. note in their book, *How the West Grew Rich*:

“The West’s achievement was not the abolition of poverty but the reduction of its incidence from 90 percent of the population to 30 percent, 20 percent, or less. . . . The continued expansion of Western economies through the twentieth century created an enormous gap between their wealth and the poverty from which they had escaped, but in which most of the world’s people still live.”<sup>1</sup>

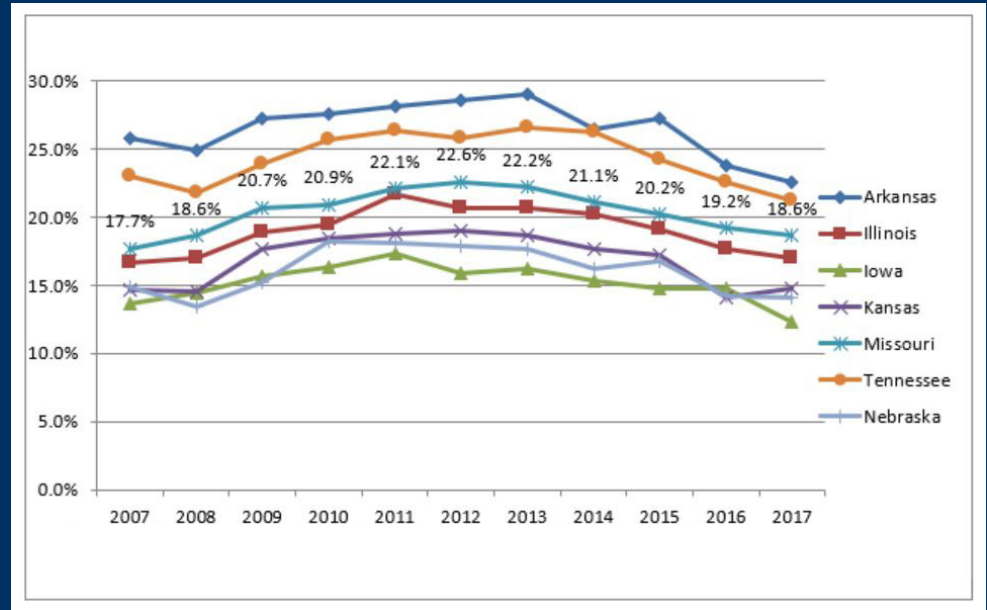
How did the United States along with the rest of the West achieve such growth? Through the free enterprise of individuals—meaning voluntary exchange for mutual benefit—on a foundation of pro-market institutions such as a common currency and enforced property rights. Under a system of political and economic freedom, people—regardless of nationality and ethnic background—are far more likely to succeed than they are under any form of government economic planning and coercion.

But even as our economy continues to grow and all Americans are becoming increasingly better-off materially, upward economic mobility seems to be a reality for some more than others. It is worth asking: Is the American Dream still within the reach of children born at the bottom of the economic ladder?

Figure 1

### Child Poverty Rates in Missouri and Selected States: 2007–2016

Child poverty peaked after the Great Recession but is now steadily declining in Missouri and most surrounding states.



Source: US Census Bureau, American Community Surveys, 1-year Estimates.

In this essay, I have sought to address this question in an objective and dispassionate way. Using the latest data available from the U.S. Census Bureau, along with research on upward mobility, I estimate the rate of systemic or intergenerational poverty for Missouri and the United States as a whole.

It is necessary to note the way in which different terms like “in poverty”, “poor”, and “low-income” are used in this essay. For present purposes, descriptions of people as “in poverty” or mentions of the “poverty rate” refer to the federal poverty line, which is based on household income and is adjusted every year for inflation. For reference, the federal poverty line for a family of four in 2016 was \$24,300.<sup>2</sup> On the other hand, more general terms like “low-income” or “poor” refer to people in either the lowest quintile or quartile of the income distribution, depending on which dataset is being discussed.

Both Missouri and the United States had poverty rates of 13.4 percent in 2017. Since peaking just after the Great Recession, poverty rates have trended downward in Missouri and around the country.<sup>3</sup> Figure 1 shows the child poverty rates of Missouri and selected states from 2007 to 2017. The child poverty rate in Missouri has dropped from 22.6 percent in 2012 to 18.6 percent, or just slightly above the national rate of 18.4 percent. A similar trend is seen in neighboring states. While the Census does not collect data on what percentage of children living in poverty will remain in poverty their entire lives, there is recent research exploring that question.

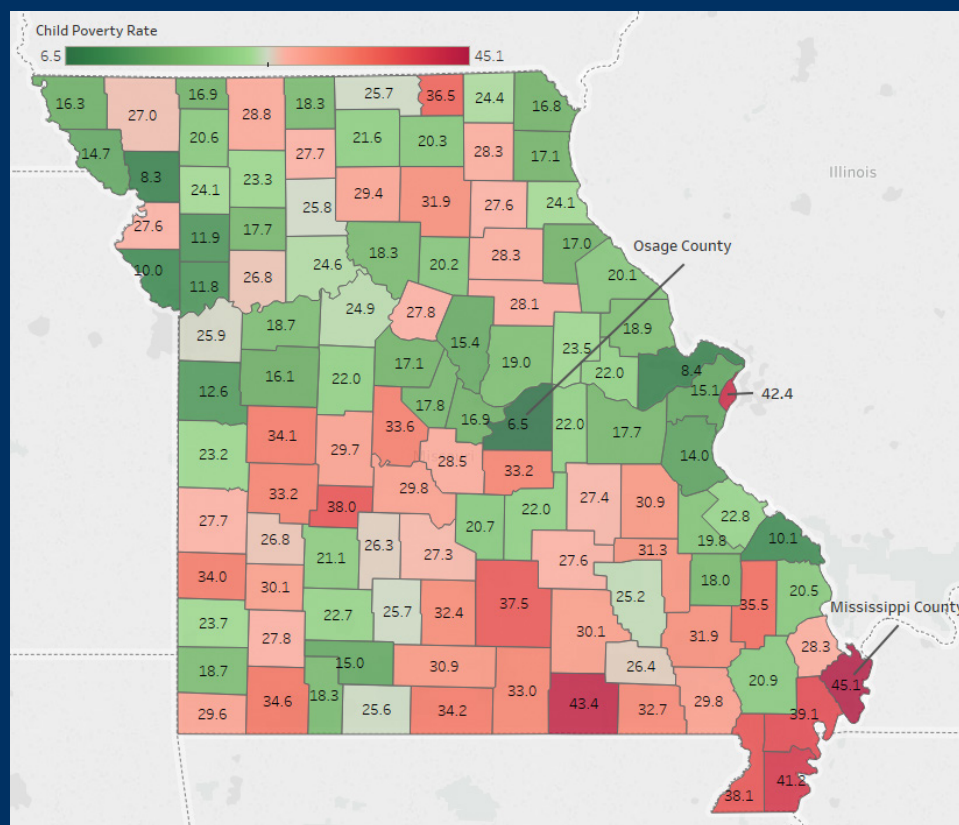
In a groundbreaking study on poverty in the United States,<sup>4</sup> the Equality of Opportunity Project, led by economists from Stanford, Harvard, and the University of California–Berkeley, found that the probability of poor children born in 1982 reaching the top income bracket, or moving all the way up the income ladder to the 80th percentile or higher, was just 7.5 percent. However, the study found that even if most did not rise to the top income bracket a large majority of children from low-income homes would escape poverty in adulthood.

Upward mobility, or the ability to move up the income ladder, is more of a reality for some low-income children than for others. Local conditions such as the incidence of crime, quality of schools, and family structure (the percentage of families headed by married couples) strongly correlate with upward mobility. The authors of the study noted:

Figure 2

## Missouri Child Poverty Rates by County: 2016

County-level child poverty rates vary widely in Missouri, from 6.5 percent in Osage County to 45.1 percent in Mississippi County.



Source: U.S. Census Bureau, 2016 American Community Survey, 5-Year Estimates.

Children who grow up a few miles apart in families with comparable incomes have very different life outcomes. To take one example, the map above shows incarceration rates for black men who grew up in very low-income families in central Los Angeles. Forty four percent of black men who grew up in Watts were incarcerated on April 1, 2010 – the day of the 2010 census. By contrast, 6.2 percent of black men who grew up in families with similar incomes in central Compton, 2.3 miles south of Watts, were incarcerated on that day.<sup>5</sup>

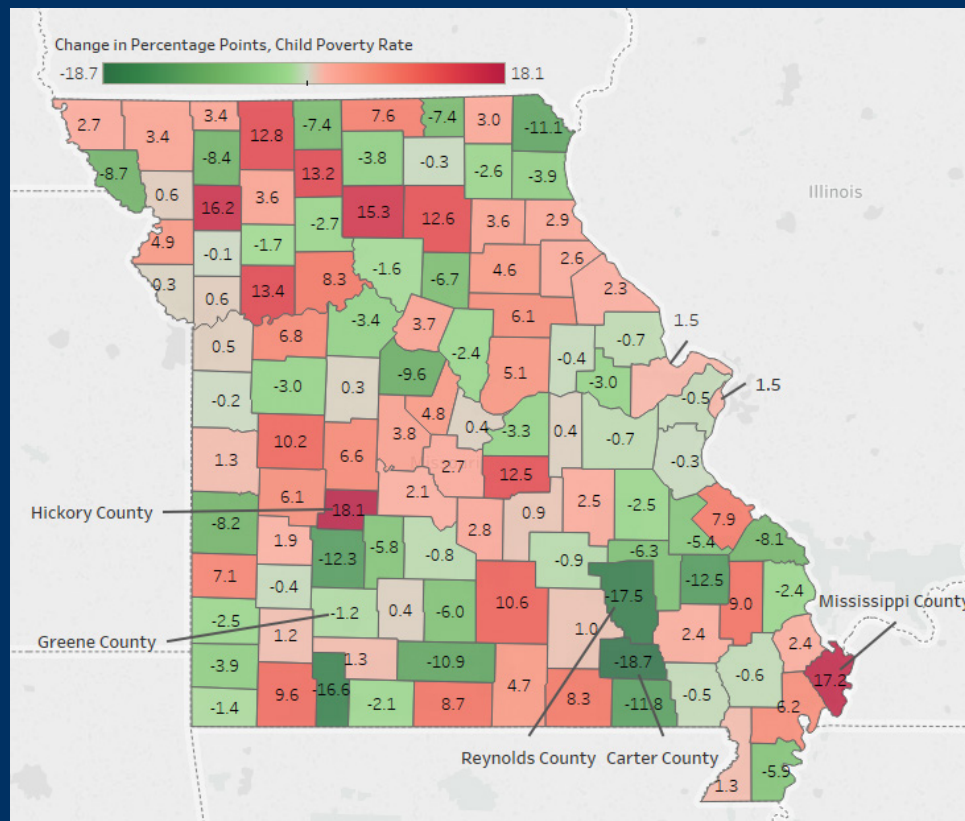
Results in Missouri under this study paralleled the national results. For poor children in the city of St. Louis, the



Figure 3

## Change in Missouri Child Poverty Rates by County: 2012–2016

Although the child poverty rate in Missouri is declining overall, 62 counties have seen increases in their child poverty rates since 2012.



Source: U.S. Census Bureau, 2016 American Community Survey, 5-Year Estimates.

probability of moving into the 80th percentile of incomes or higher was just 5.1 percent, compared to 12.1 percent for the lowest-income children who grew up around Bethany in northern Missouri. At the same time, the study showed that a substantial majority of low-income children in St. Louis (69 percent) would escape poverty in adulthood, while more than 80 percent of children from low-income families in Bethany would do so.

It is certainly something to celebrate when seven out of ten children born into low-income households are able to make a better life for themselves as adults. Nevertheless, three out of ten children do not make it out of poverty.

The cost of intergenerational poverty will be considered in a companion essay to this one.

Free enterprise does not offer a panacea to the social problems identified in the Equality of Opportunity Project. What it does offer—even in impoverished neighborhoods—is a continuing source of opportunity for those who are willing, able, and determined to succeed.

### POVERTY IN MISSOURI

Fortunately, both the child poverty rate and overall poverty rate are trending downward in Missouri and around the country since peaking just after the Great Recession. Figure 1 shows the child poverty rates for selected states from the 2007 to 2016 American Community Survey (ACS) 1-year estimates. The child poverty rate in Missouri peaked in 2012 at 22.6 percent, but since then has decreased by 4 percentage points, with a reduction of about 48,000 in

the number of children living in poverty.<sup>4</sup> A similar trend is seen in neighboring states.

### Child Poverty in Missouri by County

Although Missouri's overall child poverty rate is decreasing, some counties are faring better than others. County-level poverty rates in Missouri range from less than 7 percent in Osage County to over 45 percent in Mississippi County. Figure 2 shows the child poverty rate for each county, according to the 2016 ACS 5-year estimates.

While the statewide child poverty rate is decreasing, county-level changes varied widely, as shown in Figure 3. Overall, the child poverty rate increased in 62 counties and St. Louis City between 2012 and 2016. The child poverty rates in Mississippi and Hickory counties increased by 17.2 and 18.1 percentage points, respectively. Conversely, Reynolds and Carter counties have seen significant reductions in child poverty of 17.5 and 18.7 percentage points, respectively. It should be noted that the county-level data from the Census Bureau have large margins of error, so there is a potentially wide range of numbers for Figure 3.

### Child Poverty Rates within Missouri Counties

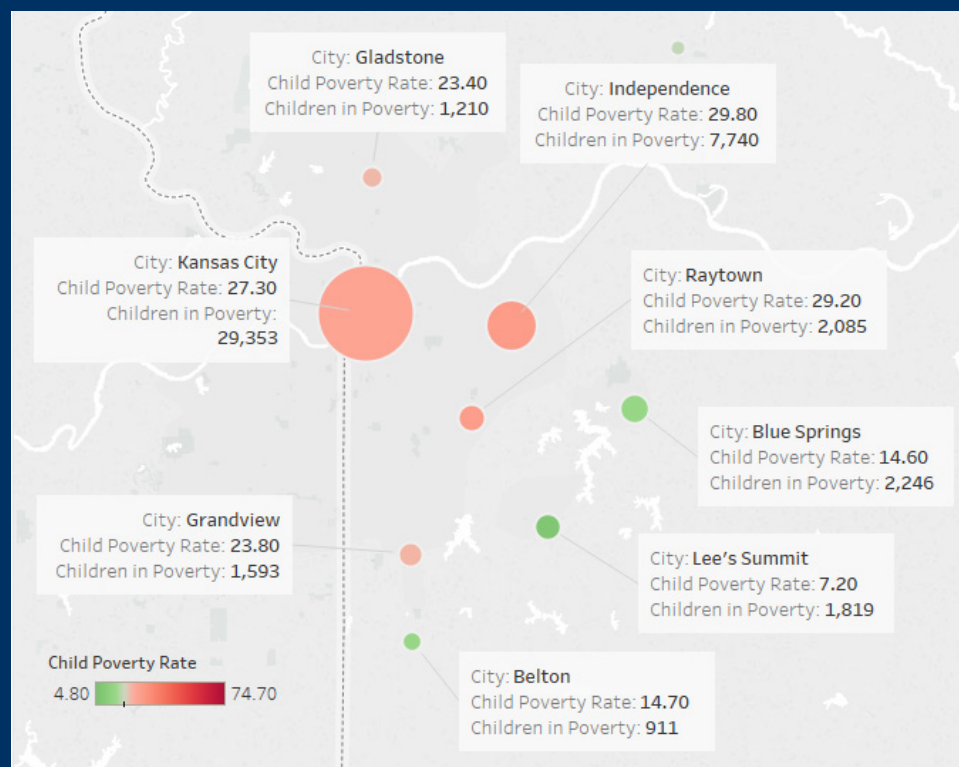
Even county-level data can obscure areas where child poverty is concentrated. Take for instance Greene County, where the city of Springfield is located. Greene County's child poverty rate was 22.7 percent in 2016, down 1.2 percentage points since 2012 (as shown in Figure 3). Meanwhile, Springfield's child poverty rate was almost 9 percentage points higher, at 31.2 percent, than it was four years prior, with an estimated 9,000 children living in poverty. Moreover, while Miller county's child poverty was 28.5 percent, the city of Eldon, within Miller county, had a child poverty rate over twice as high at 74.7 percent.

Looking at Missouri's two major metropolitan areas provides similar examples. Figure 4 contains the poverty data for the largest communities in Jackson County, in which Kansas City is located. The child poverty rate for the county was 26 percent. However, this is largely driven

Figure 4

## Children in Poverty and Child Poverty Rates in the Kansas City Metropolitan Area: 2016

Rates of child poverty in the Kansas City metro area range from 7.2 percent in Lee's Summit to 29.8 percent in Independence.



Source: U.S. Census Bureau, 2016 American Community Survey, 5-Year Estimates.

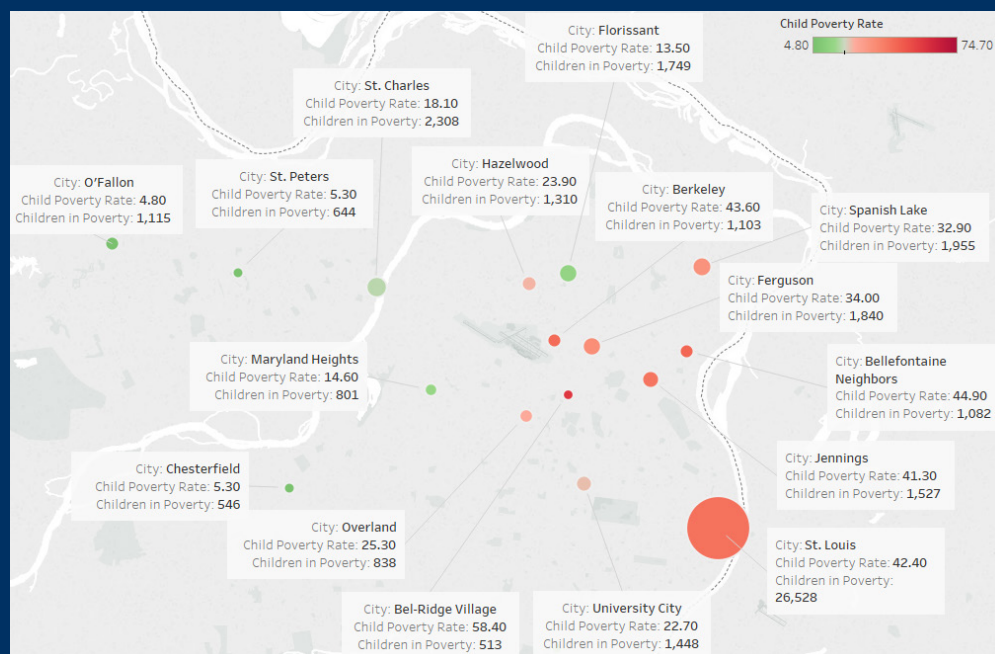
by the fact that nearly 30,000 children were living below the poverty rate in Kansas City in 2017, a rate of over 27 percent. Neighboring Independence and Raytown also had higher child poverty rates than the county. Towards the southeastern edge of the metro area, on the other hand, are Blue Springs, Lee's Summit, and Belton, all of which had estimated child poverty rates that were more than 10 percentage points lower than the county as a whole.

The St. Louis metropolitan area is similar to the Kansas City metropolitan area in that poverty is concentrated toward the urban center. Figure 5 shows the number of children in poverty and the child poverty rates of St. Louis City and surrounding cities. St. Louis City is considered its own county and, therefore, is represented in both the

Figure 5

## Children in Poverty and Child Poverty Rates in the St. Louis Metropolitan Area: 2016

St. Louis and several cities in St. Louis County have child poverty rates of over 40 percent. Meanwhile, cities like St. Peters and O'Fallon in St. Charles County have child poverty rates in the single digits.



Source: U.S. Census Bureau, 2016 American Community Survey, 5-Year Estimates.

- The percentage of the population 25 years and older that does not have a high school diploma or equivalent
- The percentage of habitable housing that is vacant excluding seasonal, recreational, or occasional use
- The percentage of the prime-age population (25–64 years old) not working or the employment/population ratio for 25- to 64-year-olds
- The poverty rate
- The median income ratio, or the area's median income as a percentage of the state median income
- The percent change in number of jobs from 2011 to 2015
- The percent change in the number of business establishments from 2011 to 2015

county- and city-level maps. There are also high-poverty cities within relatively low-poverty St. Louis County.

St. Louis County's child poverty rate was 15.1 percent, but some cities within the county had child poverty rates that were two to three times higher than the county rate. Besides St. Louis City, there were four cities with poverty rates above 40 percent, whereas some cities, like Chesterfield, had child poverty rates in the single digits.

### Distressed Communities in Missouri

One measure that looks beyond poverty rates to see what may be driving them is the Distressed Communities Index (DCI). This index, developed by the Economic Innovation Group, provides a score for ZIP Codes, counties, and congressional districts based on the following measures from the Census Bureau's ACS 5-year estimates for 2011 to 2015.<sup>7</sup>

Each component is weighted equally, and they are consolidated into an index by ranking communities on each component, taking the average of those ranks, and then converting the ranks to percentiles, with scores ranging from 0 to 100. The top 20 percent of communities are considered "prosperous," while the bottom 20 percent are considered "distressed." Looking at the DCI variables for Missouri and the United States in Table 1, Missouri had lower percentages of adults without high school diplomas and adults not working, it had higher poverty and vacancy rates and a lower median income than the nation as a whole. As for business and employment growth, Missouri had more growth in the number of business establishments, but it had a smaller percent change in the number of jobs.

The data for the most distressed and most prosperous counties in Missouri (Table 2) shows how much local



economies can vary. The most prosperous counties are in the Kansas City and St. Louis metro areas, while the most distressed counties are in the southern and bootheel region of the state.

The prosperous counties have low poverty rates and higher rates of educational attainment. Importantly, they have also been experiencing strong growth in jobs and businesses. At the other end of the spectrum, Wayne County lost almost one fifth of its jobs and close to one tenth of its business establishments within five years. Mississippi County had the lowest median income ratio in the state, the second highest percentage of adults without a high school diploma, and the third highest rate of adults not working.

The next section examines the likelihood that kids who grow up in low-income households in Missouri will move up the economic ladder and how these rates of upward mobility relate to data on child poverty.

**Table 1: Distressed Communities Index (DCI) data for Missouri and the United States: 2017**

	No HS Diploma	Vacancy Rate	Adults not Working	Poverty Rate*	Change in Employment	Change in Businesses	Median Income
Missouri	11.6%	10.0%	27.9%	15.6%	6.3%	7.4%	\$48,170
U.S.	13.3%	8.3%	28.2%	15.5%	9.4%	4.2%	\$55,775

\*This poverty rate is from the ACS 5-year estimates, which surveys areas over a 5-year period, while the 13.4 percent poverty rate is from the ACS 1-year estimate.

Source: 2017 Distressed Communities Index, Economic Innovation Group.

**Table 2: Distressed Communities Index, Most Prosperous and Distressed Counties in Missouri**

Most Prosperous Counties							
County	No HS diploma	Vacancy Rate	Adults not working	Poverty Rate	Median Income Ratio*	Change in Employment	Change in business
#1 St. Charles	5.9%	4.0%	18.6%	6.3%	150.3%	11.8%	5.4%
#2 Clay	8.0%	6.7%	21.5%	8.8%	128.9%	19.2%	5.8%
#3 Cass	7.7%	5.3%	24.0%	9.9%	127.8%	17.0%	5.2%
#4 Platte	4.7%	5.4%	20.4%	7.7%	141.7%	1.0%	7.0%
#5 St. Louis Co	7.2%	7.8%	23.2%	10.9%	124.0%	6.1%	10.9%
Most Distressed Counties							
County	No HS diploma	Vacancy Rate	Adults not working	Poverty Rate	Median Income Ratio*	Change in Employment	Change in business
#115 Wayne	25.1%	11.4%	43.1%	22.5%	70.1%	-18.3%	-9.6%
#114 Iron	19.4%	12.5%	42.2%	23.4%	75.2%	-5.1%	-30.7%
#113 Douglas	20.8%	12.8%	39.2%	22.2%	63.3%	-5.7%	-2.9%
#112 Mississippi	26.9%	6.4%	50.3%	29.2%	58.8%	-10.4%	-2.4%
#111 Ripley	22.7%	10.9%	38.2%	22.8%	67.3%	0.5%	-7.5%

\*The median income ratio is the county's median income as a percentage of the state median income.

Source: 2017 Distressed Communities Index, Economic Innovation Group.

## INTERGENERATIONAL ECONOMIC MOBILITY

A recent study by Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez, economists from Stanford, Harvard, and University of California–Berkeley can shed light on this question. Their paper, “Where is the Land of Opportunity? The Geography of Intergenerational

**Table 3: Absolute Mobility and Likelihood of Low-Income Children Living Above Poverty as Adults by Missouri Commuting Zone: 2012**

Rank	Commuting Zone	Absolute Mobility	Percentage of low-income children expected not to be in poverty as adults*
1	Polk*	50.6	81.7
2	Brookfield	48.6	77.8
3	Bethany	48.5	81.4
4	Kirkville	47.2	78.2
5	Trenton	45.6	76.0
6	Moberly	45.1	76.1
7	Mexico	44.9	76.5
8	Marshall	44.8	74.5
9	Center	44.2	74.4
10	West Plains	44.0	76.0
11	St. Joseph	43.3	73.2
12	Sedalia	43.2	73.6
13	Joplin	43.1	74.0
14	Rolla	42.9	73.6
15	Columbia	42.8	73.8
16	Aurora	42.6	73.4
17	Eldon	42.3	73.3
18	Farmington	42.1	71.2
19	Springfield	41.9	73.5
20	Cape Girardeau	41.4	71.0
21	Poplar Bluff	41.1	71.1
22	Kansas City	40.1	70.4
23	St. Louis	38.4	69.0

\*Percentage of children with parents at the 25th percentile of income distribution who are expected to be above the poverty line as adults.

Source: *The Equality of Opportunity Project. "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States."* Online Data Table 5: *Intergenerational Mobility Estimates by Commuting Zone.* <http://www.equality-of-opportunity.org/data/index/html#ige>.

Mobility in the United States," offers insights into upward mobility throughout the nation by examining de-identified tax records from the Internal Revenue Service for people born between 1980 and 1982 and comparing their family income when they were children to their income as adults.<sup>8</sup>

The researchers used data from 40 million children born between 1980 and 1982 to compare their parents' income between 1996 and 2012 to their own in 2012 to see how they progressed financially between childhood and their early thirties.<sup>9</sup> Were those with parents in the lowest income ranks able to move up the income ladder? Or did they stay stuck of the bottom? Moving up—or down—in income ranks is referred to as economic mobility. Many Americans expect for children to be upwardly mobile and "do better" than their parents. Is this expectation justified in the United States and in Missouri? Is it truer in some places in Missouri than in others?

The data are broken out into both the county and commuting-zone levels. Unlike a county with set borders, a commuting zone is an alternate geographic unit that more accurately defines local economies and accounts for economic activity across county lines. Breaking down these data to smaller geographic areas is particularly helpful because Missouri, like other states, does not have uniform levels of upward mobility.

To measure upward mobility, Chetty et. al calculate both absolute mobility and relative mobility for each commuting zone and county. Absolute mobility measures the expected economic outcome of children born to families at the 25th percentile of the income distribution for each county and commuting zone, as determined by family income when these children were between 15 and 20 years old (between 1996 and 2000). Absolute mobility is expressed as the child's rank in the national income distribution when they are in their early thirties; thus, the higher the absolute mobility rate, the higher their income will be as adults.

Regressing the child rank on the parent rank (rank-rank comparison) yields a line with a slope that equals the change in expected income rank as an adult as the parents' percentile rank increases.<sup>10</sup> The slope of this line is the relative mobility rate and the steeper the slope, the greater disparity between children from high- and low-income families. Overall, the researchers found that a 10 percent



increase in rank of parent income (for example, comparing parents in the 30th percentile of income to those in the 40th percentile) leads to a 3.41 percent increase in the child's rank when they are in their 30s. In other words, absolute mobility estimates how much children from a given area will earn based on their parents' income while relative mobility compares the outcomes between higher- and lower-income children within the same area.

Because the researchers found that absolute mobility within commuting zones is almost perfectly linear, it is possible to use the slope of the line and the intercept of the line (the expected adult income rank for children born to parents of the lowest income rank) to predict the percentile rank of a child, based on the percentile rank of their parent.

The researchers defined the absolute mobility rate as the expected income rank of a thirty-year-old whose parents were at the 25th percentile. For example, imagine two children born in 1982 to two families whose annual household income placed them at the 25th percentile, but one family lived in Springfield and the other lived in St. Louis. Because the Springfield data yield a slightly steeper line than the St. Louis data, meaning that relative mobility is greater in Springfield, the child growing up in Springfield is expected to be almost at the 42nd percentile at age 30, while the child growing up in St. Louis is expected to be at about the 38th percentile.<sup>11</sup>

In addition to determining the relative mobility and absolute mobility for each county and commuting zone, the researchers calculated the probability that a child will have a family income above the poverty line as an adult if their parents' income was at the 25th percentile. The poverty line is in absolute dollar terms, as defined by the federal government, so this statistic measures the percentage of children who attain a certain annual income, not where they are in the income distribution.

### Absolute Mobility by Commuting Zone

Table 3 lists Missouri's commuting zones ranked by absolute mobility and the predicted percentage chance that children with parents at the 25th percentile of the income distribution will be above the poverty line at 30 years of age. The relative mobility measure is not included as it was found to closely follow each of these.

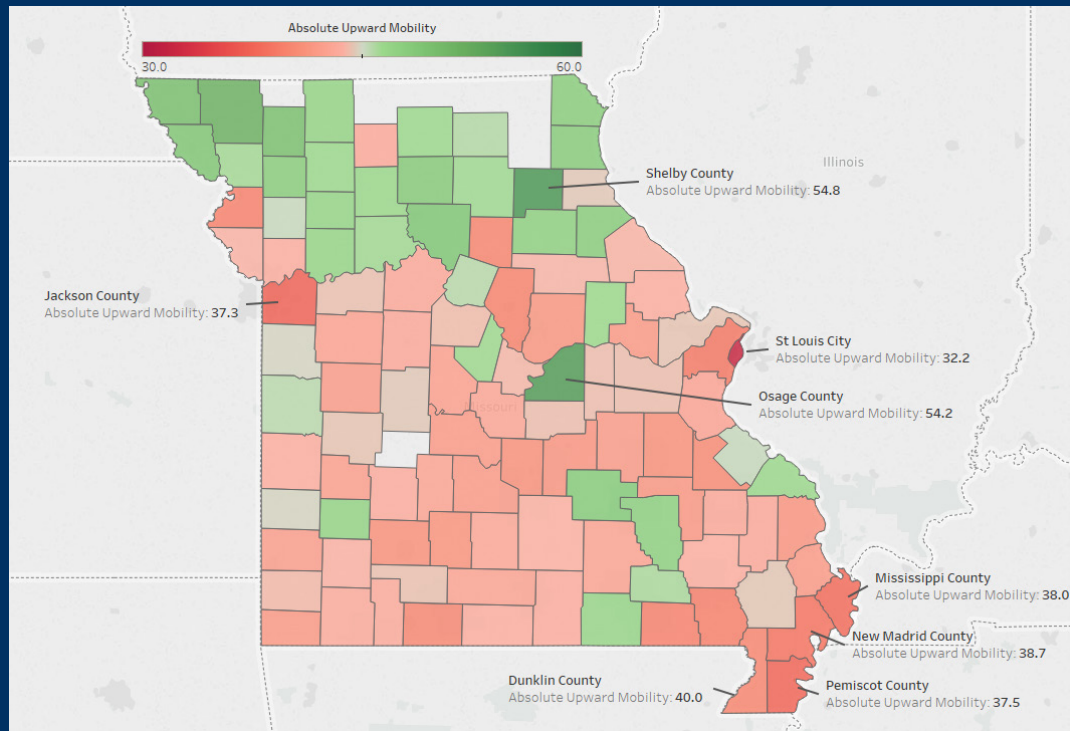
**Table 4: Top 25 Commuting Zones Based on Absolute Mobility for Arkansas, Illinois, Iowa, Kansas, Missouri, and Tennessee: 2012**

Rank	Commuting Zone	State	Absolute Mobility
1	Sioux Center	IA	58.3
2	Marysville	KS	57.6
3	Hiawatha	KS	56.6
4	Decorah	IA	56.6
5	Colby	KS	56.4
6	Beloit	KS	55.5
7	Carroll	IA	55.5
8	Oberlin	KS	54.8
9	Storm Lake	IA	54.8
10	Scott City	KS	53.9
11	Spencer	IA	53.9
12	Dubuque	IA	53.6
13	Phillipsburg	KS	53.4
14	Atlantic	IA	53.2
15	Hays	KS	53.2
16	Concordia	KS	52.8
17	Center	KS	52.8
18	Pratt	KS	52.1
19	Iowa Falls	IA	52.0
20	Norton	KS	51.3
21	Red Oak	IA	51.0
22	Goodland	KS	50.7
23	Polk	MO	50.6
24	Great Bend	KS	50.5
25	Township 11	KS	50.2

Source: The Equality of Opportunity Project. "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." Online Data Table 5: Intergenerational Mobility Estimates by Commuting Zone. <http://www.equality-of-opportunity.org/data/index/html#ige>.

## Figure 6 Absolute Upward Mobility by County: 2012

Shelby and Osage counties have high rates of absolute upward mobility, while counties in the bootheel have some of the lowest rates of absolute mobility in the state.



Counties with no data: Worth, Mercer, Putnam, Schuyler, Scotland, Knox, Hickory.

Source: *The Equality of Opportunity Project, "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Online Data Table 3: Intergenerational Mobility Statistics and Selected Covariates by County*, <http://www.equality-of-opportunity.org/data/index.html#ige>.

As the table demonstrates, there is once again wide variation across the state. Looking at the Joplin commuting zone, the absolute mobility is 43.1, which means that children who grew up in families at the 25th percentile will likely be at the 43rd percentile when they are about 30 years old. For Joplin children whose parents were at the 25th percentile of the national income distribution, 74 percent will not be in poverty as adults, while 26 percent still may be.

In Missouri, the Polk commuting zone ranks highest for absolute mobility; children there who are born to families at the 25th percentile will, on average, make over the national median (above the 50th percentile) income by

the time they are 30. Similarly, fewer than 20 percent of children are expected to experience intergenerational poverty.

The St. Louis commuting zone, on the other hand, ranks last, and the Springfield and Kansas City commuting zones are not far behind. Missouri's bootheel, represented by Popular Bluff and Cape Girardeau here, is also near the bottom for economic mobility. Low economic mobility for these areas means that children who are born to low-income families are likely to also have low incomes when they grow up.

How do commuting zones in Missouri stack up to those of other states in our region? As shown in Table 4, of the top 25 commuting

zones in terms of absolute mobility for Arkansas, Illinois, Iowa, Kansas, Tennessee, and Missouri, 24 were in Iowa and Kansas. Missouri's Polk County barely made the list, ranked at 23rd. Of the 131 total commuting zones for these states, Illinois' highest-ranked zone came in at 43rd, Arkansas' at 61st, and Tennessee's at 99th. As Chetty and colleagues observed, and as is evident in Table 4, upward economic mobility is higher in the Great Plains region.<sup>12</sup>

### Absolute Mobility by County

Turning next to county-level data, Figure 6 demonstrates similar disparities across the state. At one end of the spectrum, low-income children from St. Louis City with

parents at the 25th percentile only move up to about the 32nd percentile of income distribution by the time they are 30 years old. On the other end, children in families at the 25th percentile in Shelby County, on average, end up at almost the 55th percentile by the time they are about 30 years old. Not far behind Shelby County is Osage, with an absolute upward mobility expectation of 54.2.<sup>13</sup> Missouri's northern counties tend to have higher rates of absolute mobility, while the southern half of the state is mostly comprised of counties with lower rates. Similar to the results from the commuting zones, which are larger than counties, St. Louis City, Kansas City, and the counties that make up the bootheel have the lowest levels of upward mobility in the state.

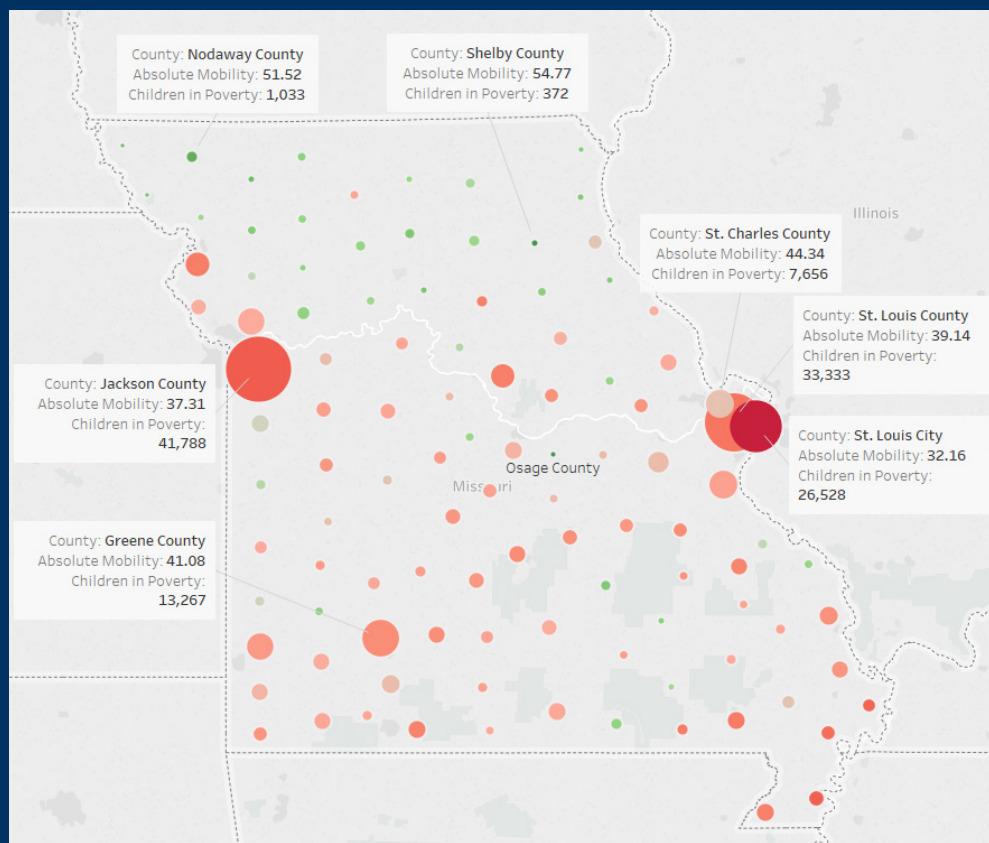
Although Mississippi, New Madrid, Dunklin, and Pemiscot counties have some of the lowest levels of absolute mobility for children in poverty in the state, relatively few children in poverty live there. According to the ACS 5-year estimate, the most accurate source for county-level data, only about 8,000 children were living at or below the poverty rate in these counties in 2016—which is less than three percent of all children in poverty in Missouri.<sup>14</sup>

Figure 7 has the same absolute mobility data from the map in Figure 7 for each county, but the size of the circles indicates the number of children in poverty in those counties according to the 2016 ACS 5-year estimates.

Figure 7

## Children in Poverty (2016) and Absolute Mobility Rates by County (2012)

Most children living in poverty in Missouri live in counties with low absolute mobility.



Source: The Equality of Opportunity Project, "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Online Data Table 3: Intergenerational Mobility Statistics and Selected Covariates by County, <http://www.equality-of-opportunity.org/data/index.html#ige>. U.S. Census Bureau, 2016 American Community Survey, 5-Year Estimates.

Although counties in northern Missouri have higher absolute mobility rates, these counties also have small populations of low-income children relative to other counties. The county with the highest absolute mobility, Osage County, only has about 200 children living in poverty. Meanwhile, a total of about 115,000 impoverished children live in Jackson, Greene, and St. Louis counties and in St. Louis City—all which have lower economic mobility than most of the rest of the state. In



fact, nearly 43 percent of the over 287,000 children living in poverty in Missouri live in counties with low rates of absolute mobility.

## CONCLUSION

In Missouri and much of the United States, the hope that low-income children will reach the middle class seems to depend on the community into which they were born. There are some areas in Missouri with high absolute mobility for children who grow up in poverty, but the majority of children living at or below the poverty level in the state live in low-mobility counties.

At the state level, Missouri may not appear to have a poverty problem, but digging into the data makes it clear that parts of the state have pockets of systemic poverty. In one of the most troubling areas of the state, the bootheel, the data reveal higher than average rates of poverty and lower than average rates of absolute mobility at the city, county and commuting zone levels. The data for St. Louis and Jefferson county may mask what is happening in their urban areas. Therefore, it is imperative to look at the data in detail.

Counties and commuting zones with high rates of child poverty and low rates of expected upward mobility present unique challenges. If the chances that these children will escape poverty as adults are improved, the cost savings from fewer people being on welfare over the long term could be significant. While providing a safety net for those in need is important, perpetually growing welfare spending crowds out other priorities like infrastructure and education or requires the state to collect more taxes, both of which are destructive to economic growth.

Although there is no panacea for poverty, there are some policies Missouri should consider that could create surer paths to self-sufficiency for children in our state, regardless of the economic class they into which they were born. An essay to follow will explore one path out of poverty—access to a high-quality education—that could more effectively use public dollars and remove obstacles between low-income children and success.

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*Emily Stahly is an analyst at the Show-Me Institute.*

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## NOTES

1. Rosenberg N, Birdzell LE. How the West Grew Rich. Basic Books, Inc., 1987. p. 6.
2. U.S. Department of Health and Human Services. “Computations for the 2016 Poverty Guidelines.” Available at: <https://aspe.hhs.gov/computations-2016-poverty-guidelines>. Accessed February 4, 2019.
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5. Ibid.
6. U.S. Census Bureau, American Community Survey 1-year estimates.
7. “The 2017 Distressed Communities Index.” Economic Innovation Group. Available at: <http://eig.org/wp-content/uploads/2017/09/2017-Distressed-Communities-Index.pdf>. Accessed September 28, 2018. Methodology notes available at <https://eig.org/dci/methodology>.
8. Chetty et al. “Where Is the Land of Opportunity?”
9. Chetty et al. “Where Is the Land of Opportunity?” For this study, they ranked “parents of these children based on their incomes relative to other parents with children in these birth cohorts” when the children were between the ages

of 15 and 20. Then they ranked “children based on their incomes relative to other children in the same birth cohort” (page 1) when they were in their early thirties. Comparing the parent’s percentile rank in the national income distribution to the child’s, they found a “10 percentile point increase in parent rank is associated with a 3.41 percentile increase in the child’s income rank on average.” (page 2).

10. Chetty et al. “Executive Summary: Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the U.S.” The Equality of Opportunity Project. Available at: <http://www.equality-of-opportunity.org/assets/documents/Geography%20Executive%20Summary%20and%20Memo%20January%202014.pdf>. Accessed September 28, 2018.
11. In the parent income distribution, the 25th percentile is a household annual income of \$29,900 (converted to 2012 dollars) and could place families above the federal poverty line based on the 2012 federal poverty guidelines. A family of six would be in poverty at the 25th percentile, while smaller families would not. In the child family income distribution, however, income at the 25th percentile is about \$14,600, which means if a child grew up to have a family of two or more they would be in poverty at that income level. All incomes are indexed to 2012 dollars and reported as household income.
12. Chetty et al. “Where Is the Land of Opportunity?” p. 25.
13. Shelby and Osage Counties have a rank-rank slope of .101 and .233, respectively.
14. U.S. Census Bureau, 2016 American Community Survey, 5-year estimates.

NOTES



**NOTES**



**5297 Washington Place | Saint Louis, MO 63108 | 314-454-0647**  
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