

**Should States Implement Higher Education Public  
Policy to Decrease the Income Gap? A Look at the  
Rocky Mountain Region**

**By Wendy Miley**

**The University of Arizona**

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**In a country well governed, poverty is something to be ashamed of. In a country  
badly governed, wealth is something to be ashamed of. Confucius**

## Introduction

The United States has experienced a growth in the income gap between the poorest and the wealthiest and between the middle class and the wealthiest, especially in the past decade. Economists offer several different reasons why the income gap continues to increase, but the major one is that the U.S., along with the rest of the world, is now in an information-based economy. This transformation from an industrial to a knowledge-based economy requires a highly educated labor force to fuel that new economy.

Now, more than ever, investment in human capital is the key to success. As reported in a recent issue of *Postsecondary Opportunity*, the average annual earnings in 1998 for those with a high-school diploma was \$24,000 compared to those with a bachelor's degree, \$44,000, and those with an advanced degree \$63,000. (Mortenson, October 2000, p. 3). Education counts, and if the nation wants to be competitive in the global, information-based economy, its citizens will need to have access to postsecondary educational opportunities.

In its April 2000 issue, *Postsecondary Opportunity* was asked, "Should all children go to college?" Their answer was a resounding *Yes*. "Our analyses of labor market and lifestyle data make clear that those who do not continue their education after high school face grim and bleak prospects in life." (Mortenson, April 2000, p. 1).

This paper will examine states in the Rocky Mountain region with respect to the income gap and answer a number of questions regarding the gap, including does it exist, what is its magnitude, and what are some of the causes? Next, the paper will analyze current secondary and postsecondary educational attainment and educational opportunities in the Region, and then explore several policy initiatives to improve the economic welfare of states.

## The Income Gap

Over the last 10 years, the income gap has increased between the poorest and the wealthiest and also between the middle class and the wealthiest. A recent report published in January 2000 by the Center on Budget and Policy Priorities and the Economic Policy Institute examined income trends for families by state over the past 20 years using U.S. Census Bureau data. What was most striking about the report was that several Rocky Mountain States, including Arizona, Montana, Nevada, and New Mexico were among the top 10 ten states where income inequality was the greatest and or grew the most.

In the late 1990's, Arizona and New Mexico ranked among the top 10 states where average family income between the top quintile and bottom quintile and the top and middle quintiles were greatest. Between the 1980's and the 1990's, Arizona, New Mexico, and Montana were among the top 10 states where the income gap grew the most between the top and bottom quintiles, while Arizona and Nevada were among the top 10 states where the income gap grew the most between the top and middle quintiles. (Bernstein, McNicol, Mishel, & Zahradnik, 2000, p. xiv).

One measure of income inequality is calculated by dividing the average family income of the top quintile by the average family income of the bottom quintile. (See Table 1). In the late 1970's, Arizona's top quintile was at least 7 times as great as the average income of the bottom quintile. By the late 1990's, the ratio almost doubled to 13 times more resulting in a 6-percentage point increase in income inequality for Arizona families in the past 20 years. This rate was almost double the national average resulting in Arizona ranking 2<sup>nd</sup> out of 50 states as having the largest increase in income inequality. New Mexico, ranking 6<sup>th</sup> out of 50 states, fared only slightly better with the top quintile earning almost 9 times as much as the bottom quintile in the late 1970's and increasing to almost 13 times by the late 1990's. Of all the Rocky Mountain States, Utah, ranking 46<sup>th</sup> out of 50

in the late 1990's, had the least amount of growth in income inequality in the Rocky Mountain Region over the past 20 years. The rest of the Rocky Mountain States, Wyoming, Idaho, Nevada, Montana and Colorado, fared better than the U.S. overall average change in the top to bottom ratio with less than a 3-percentage point growth in the income gap.

**Table 1 – Changes in Income Inequality for Selected States between the Late 1970's and the Late 1990's**

State	Rank	Top-to-bottom ratio 1978-80	Top-to-bottom Ratio 1996-98	Change in top/bottom ratio
New York	1	7.8	14.1	6.3*
Arizona	2	7.3	13.1	5.8*
New Mexico	6	8.5	12.8	4.2*
Wyoming	23	5.6	8.2	2.6*
Idaho	28	6.3	8.5	2.2*
Nevada	34	6.5	8.5	2.0*
Montana	40	7.7	9.3	1.6*
Colorado	44	6.8	8.1	1.3*
Utah	46	6.0	6.9	0.9*
Alaska	50	9.3	8.1	-1.2*
Total U.S.		7.4	10.6	3.2*

\* Directions of top/bottom ratios are statistically significant at 95% level of confidence.  
(Source: Bernstein et al., 2000, p. 11.)

Another way to view income inequality is to look at the share of total family income held by quintiles. Each quintile represents 20% of the families; and the share of family income represents the proportion of the total before-tax family income in each quintile. (See Table 2). For example, in the U.S. in 1996-98, the bottom 20% of the families held only 5% of the total U.S. family income. In 1996-98, Arizona and New Mexico's top quintiles (top 20% of the families) held a larger proportion of income than the national average surpassing the U.S. by at least 5 percentage points, and Arizona and New Mexico's bottom quintiles held less income than the national average dipping below the U.S. by 1 percentage point. During that same time span of 1996-98, Utah again surpassed all the Rocky Mountain States with respect to income equality as measured by quintiles. Utah's

bottom quintile held 7% of the income compared to the U.S. average of 5% while the top quintile held 41% compared to the U.S. average of 45%. The rest of the Rocky Mountain states also fared better than the U.S. overall with Colorado, Idaho, Montana, Nevada, and Wyoming's bottom quintile holding at least 5% and the top quintiles holding between 42-45% of the state's income.

**Table 2 -  
Proportion of Income Held by Quintiles in the Late 1990's  
Quintiles**

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<b>United States</b>	<b>5%</b>	<b>11%</b>	<b>16%</b>	<b>23%</b>	<b>45%</b>
<i>Min*</i>	2%		14%		39%
<i>Max*</i>	7%		18%		62%
<b>Arizona</b>	<b>4%</b>	<b>9%</b>	<b>14%</b>	<b>22%</b>	<b>51%</b>
Colorado	6%	12%	16%	22%	44%
Idaho	6%	12%	17%	23%	42%
Montana	5%	12%	17%	23%	42%
Nevada	6%	12%	16%	22%	45%
<b>New Mexico</b>	<b>4%</b>	<b>9%</b>	<b>14%</b>	<b>23%</b>	<b>50%</b>
Utah	7%	13%	17%	21%	41%
Wyoming	6%	13%	17%	22%	42%

**Each quintile represents 20% of the families in the population. In the US, from 1996-98, the bottom 20% of families held 5% of the income while the top 20% held 45% of the income.**

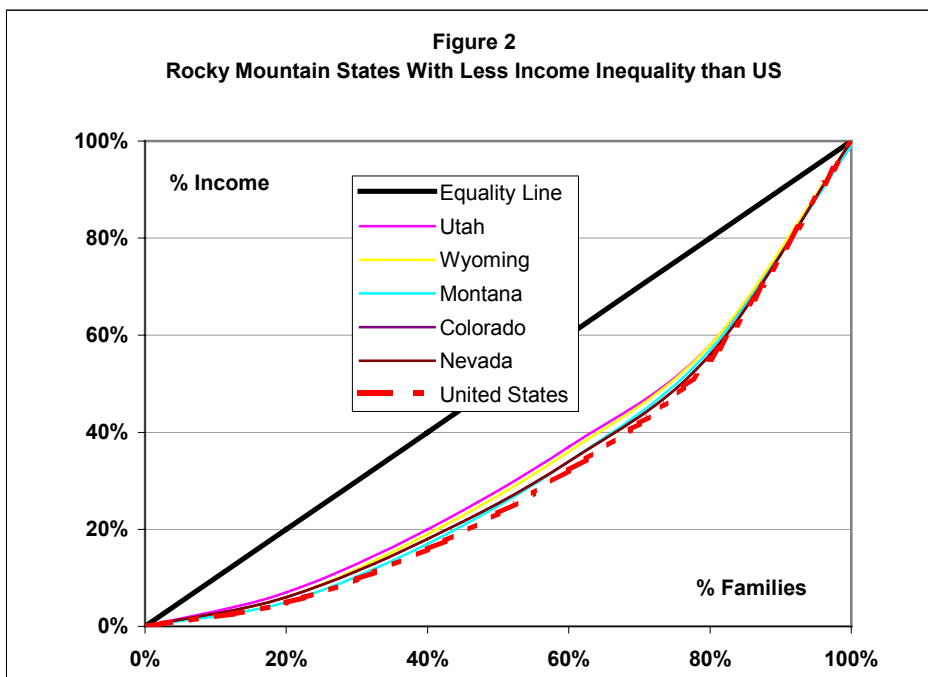
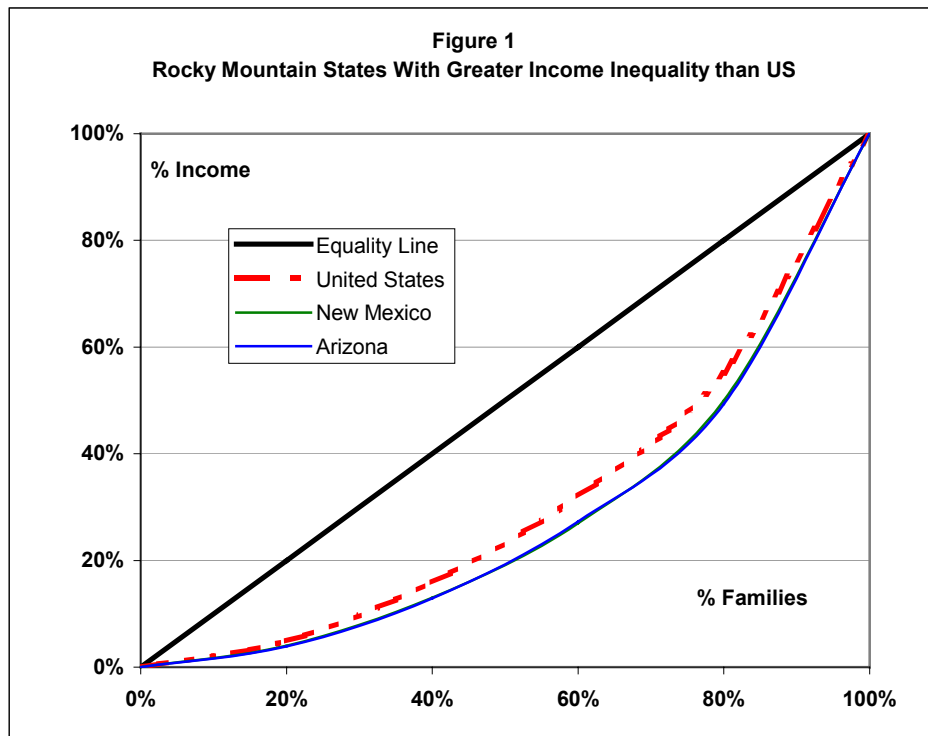
Source: Bernstein et al. 2000, Appendix

\*Minimum and maximum percentages are from all 50 states and the District of Columbia with individual min/max values not necessarily being from the same state.

Two sets of Lorenz curves showing which Rocky Mountain States had greater income inequality than the U.S. and which states had less income inequality than the U.S. follow on the next page. (See Figures 1 and 2). A Lorenz curve is a way to graphically represent the cumulative proportion of income held by quintiles detailed in Table 2. The vertical or “Y-axis” is the percent of income and the horizontal or “X-axis” is the percent of families. The 45° diagonal on the graph is called the “equality line”. The equality line represents theoretically perfect income equality; that is if each

**Lorenz Curve for 96-98**

(The further away the curve is from a theoretical equality line, the greater the income gap.)



Source: Bernstein et al. 2000, Appendix

family quintile (20% of the families) held 20% of the income. While perfect income equality would not be a policy goal in the U.S., neither would perfect income inequality.

So why then is income inequality a problem? All have not equally shared the economic prosperity of the 1990's and the Rocky Mountain States are no exception. "It is not that the poor and middle class are simply getting a slightly smaller share of the growth; it is that virtually all of the growth is going to the top end." (Bernstein et al., 2000, p.2). With the recent welfare reform of the 1990's to get people "off the dole" and back to work, one questions whether the nation's poorest will be able to make a livable wage if their family income continually declines. (Bernstein et al., 2000, p.2) Looking at a decade of change in poverty rates and the proportion of income held by the poorest families, it shows that future economic equality in the Rocky Mountain region will vary unless there is public policy intervention.

Table 3 shows the dollar and percent change in average family income for the bottom, middle and top fifth of families from the late 1980's to the late 1990's. All family incomes were adjusted for inflation using 1997 dollars.

**Table 3 - Changes In Incomes from late 1980' – Late 1990's (Inflation Adjusted)**

	<u>Bottom 5<sup>th</sup></u>		<u>Middle 5<sup>th</sup></u>		<u>Top 5<sup>th</sup></u>	
	<u>Dollar</u>	<u>%</u>	<u>Dollar</u>	<u>%</u>	<u>Dollar</u>	<u>%</u>
<b>United States</b>	<b>\$ 100</b>	<b>1%</b>	<b>\$ 780</b>	<b>2%</b>	<b>\$ 17,870</b>	<b>15%</b>
<i>Min*</i>	\$ (6,160)	-26%			\$846	1%
<i>Max*</i>	\$5,660	44%			55,000	37%
<b>Arizona</b>	<b>\$ (1,910)</b>	<b>-15%</b>	<b>\$ (3,710)</b>	<b>-9%</b>	<b>\$ 24,510</b>	<b>21%</b>
Colorado	\$ 5,660	44%	\$ 9,010	20%	\$ 39,730	36%
Idaho	\$ 160	1%	\$ 1,970	5%	\$ 18,570	20%
<b>Montana</b>	<b>\$ (1,270)</b>	<b>-11%</b>	<b>\$ (660)</b>	<b>-2%</b>	<b>\$ 13,080</b>	<b>15%</b>
Nevada	\$ (260)	-2%	\$ 150	0%	\$ 21,990	20%
<b>New Mexico</b>	<b>\$ (1,130)</b>	<b>-12%</b>	<b>\$ (280)</b>	<b>-1%</b>	<b>\$ 7,450</b>	<b>7%</b>
Utah	\$ 1,360	8%	\$ 4,270	10%	\$ 24,870	25%
<b>Wyoming</b>	<b>\$ (1,760)</b>	<b>-12%</b>	<b>\$ (4,770)</b>	<b>-10%</b>	<b>\$ 5,000</b>	<b>5%</b>

Source: Bernstein et al., 2000, Appendix

\*Minimum and maximum percentages are from all 50 states and the District of Columbia with individual min/max values not necessarily being from the same state.

Arizona, Montana, Nevada, New Mexico, and Wyoming's poorest 5<sup>th</sup>'s income dropped over the last decade while Colorado, Idaho, and Utah's poorest 5<sup>th</sup> made some gains. In the case of Colorado there was a 44% increase in the poorest 5<sup>th</sup>'s income. It should be noted that while some of the Rocky Region fared better in increasing the lot of the poor, the richest 5<sup>th</sup> made significant strides in each and every Rocky Mountain State.

Not only have the wages of the poor and middle class declined in most of the Rocky Mountain Region, but the percent of the population living below the poverty level has increased or stayed the same as well. (See Table 4). Arizona, Montana, Nevada, Utah, and Wyoming saw no decrease in those living below the poverty level since 1990 while Colorado, Idaho, and New Mexico's did see some improvement. In the past 10 years, between the change in relative wealth of the poor and poverty rates, only Colorado, Idaho and Utah made significant strides in improving the lot of the poor. Even though Utah's poverty rate did not change significantly, once again, they as well as Colorado fared the best in the Region with the lowest poverty rates of 9% in 1998.

**Table 4 – Changes in Percent Below Poverty, 1990 & 1998**

	<u>1990</u>	<u>1998</u>	<u>8-Year Difference</u>	<u>Increased</u>	<u>Decreased</u>	<u>Got Better/ Worse</u>
<b>United States</b>	<b>14%</b>	<b>13%</b>	<b>-1%</b>		<b>X</b>	<b>Better</b>
<i>Minimum</i>	6%	7%				
<i>Maximum</i>	26%	22%				
<b>Arizona</b>	<b>13%</b>	<b>17%</b>	<b>4%</b>	<b>x</b>		<b>Worse</b>
Colorado	14%	9%	-5%		x	Better
Idaho	15%	13%	-2%		x	Better
<b>Montana</b>	<b>16%</b>	<b>17%</b>	<b>0%</b>	<b>x</b>		<b>Little Change</b>
<b>Nevada</b>	<b>6%</b>	<b>10%</b>	<b>4%</b>	<b>x</b>		<b>Worse</b>
New Mexico	21%	20%	-1%		x	<b>Better</b>
<b>Utah</b>	<b>8%</b>	<b>9%</b>	<b>1%</b>	<b>x</b>		<b>Worse</b>
<b>Wyoming</b>	<b>11%</b>	<b>11%</b>	<b>0%</b>	<b>x</b>		<b>Little Change</b>

Source: US Census Bureau, Statistical Abstract of the United States: 2000, Income, Expenditures, and Wealth, p. 477.  
\*Minimum and maximum percentages are from all 50 states with individual min/max rates not necessarily being from the same state.

## Causal Structures Underlying the Problem

What caused the income disparity? Bernstein et al. (2000, p. xi) state that the primary reason for the national growth in the income gap is due to wage inequality; not what one would of thought to be intuitively obvious, capital gains. Wages for the poor and lower middle class have stagnated while wages for those in the highest bracket have grown. In the 21<sup>st</sup> century, investment in human capital, education, is the single most significant variable in the wage gap.

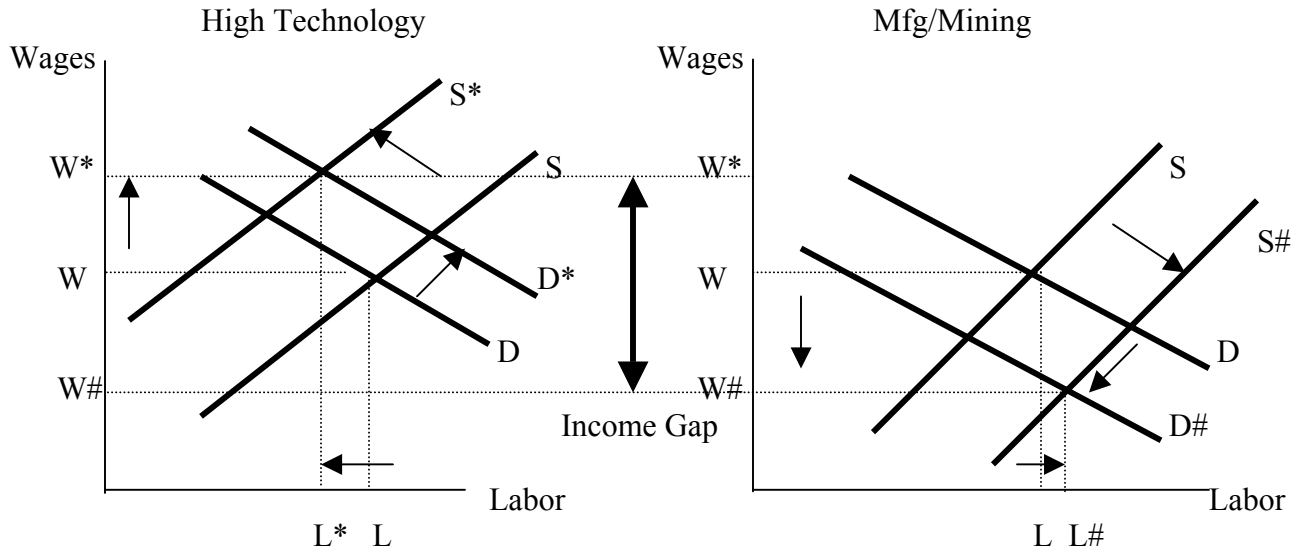
The Organization for Economic Co-operation and Development, OECD, considers “technology as the most important driver of the wage differential and education as the most important explanation of why wage differentials increased over the last 20 years. Technology has caused changes in the relative demand and supply of different types of workers.” (*The Economist*, 1993, p. 71) To support a high-technology economy, you need an educated workforce. “In the U.S., the supply-growth of college educated workforce has decreased over the last 10 years.” (*The Economist*, 1993, p. 71).

Figure 3 is a theoretical wage and labor equilibrium model that illustrates why the gap in wages between the poor and wealthy had grown, especially in the last decade. The degree of shift in the supply and demand curves in both graphs are illustrative and do not represent actual amounts of change in labor supply or wages. As well, even though wages in high technology were not equal to wages in manufacturing and mining originally (point W), they were set equal to illustrate the growth in the income gap due to changing supply and demand.

The shift in supply and demand for labor in the high-technology industries were in opposite directions from the shift in supply and demand for labor in the manufacturing and mining industries.

There would have been an increase in the income gap if just one industry in the market changed. However with two industries diverging, moving in opposite directions, the income gap intensified.

**Figure 3 – Wage and Labor Equilibrium**



In the U.S., the supply of highly educated labor was insufficient to meet hi-technology industry's demand (the high-technology graph). A decrease in supply results in the supply curve moving upward or to the left from S to S\*. At the same time the demand for highly educated labor increased. An increase in demand results in the demand curve moving upward or to the right from D to D\*. Before the change, the equilibrium for high technology was at L and W. With the change, the new equilibrium was at L\* and W\*. The supply of labor (on the X-axis) decreased and wages (on the Y-axis) increased.

During the same time period, the supply for the low-tech labor in the manufacturing and mining industries increased while the demand had decreased. An increase in supply results in the supply curve moving to the right from S to S#. A decrease in demand results in the demand curve moving downward or to the left from D to D#. Before the change, the equilibrium for

manufacturing and mining was at L and W. With the change, the new equilibrium was at L# and W#.

As a result, wages for hi-tech labor increased while at the same time wages for low-tech labor decreased causing an ever-widening gap in income.

There are additional causes of the income gap. States with a right-to-work environment, such as Arizona, further weaken low-technology workers ability to use collective bargaining to garner higher wages. Another factor that may contribute to the wage-gap, especially in Arizona and New Mexico is location. Both are Border States with higher than average immigration. Immigrants coming in from Mexico and Central America, while seeking to raise their standard of living, take the lowest paying jobs that in turn lower the poorest fifths wages even further.

Yet another cause for the income gap is that Arizona, New Mexico, Utah, and Colorado are among the top 14 states in the continental U.S. where the number of technology jobs has increased the most. As of 1998, those states had 5.5 to 10.4 percent of their total employment in hi-technology industry. (Vest, page 10). It is apparent that the change in hi-technology employment opportunities in the Rocky Mountain region has met with differing results. Arizona and New Mexico have not fared well in the human capital economy, while Utah and Colorado's citizens have fared much better. While there are several factors that contribute to the wage-gap, if investment in human capital is the most influential, then how do the states vary in their education policy?

## **Educational Attainment and Educational Opportunities**

Data in Table 5 shows educational attainment of persons 25 years and older by state. The data were reported in *Opportunity*, October 2000, and were from the U.S. Census Bureau. With

respect to the percentage of high school graduates, The Rocky Mountain region on average has a higher percentage of high school graduates for those 25 years and older than the U.S. overall. Only New Mexico's rate of 81% is below the U.S. average of 83%.

**Table 5 - Educational Attainment - 25 Years & Older**

	<i>High School</i>	<i>4-Year</i>	
	<i>Graduates</i>	<i>College Graduates</i>	
	<u>1999</u>	<u>1999</u>	<u>Chg 1989 to 1999</u>
<b>United States</b>	<b>83%</b>	<b>25%</b>	<b>4%</b>
<i>Min*</i>	75%	17%	
<i>Max*</i>	93%	42%	
Arizona	83%	24%	2%
Colorado	90%	39%	12%
Idaho	85%	21%	4%
Montana	89%	24%	3%
Nevada	86%	20%	3%
New Mexico	81%	25%	4%
Utah	91%	28%	4%
Wyoming	91%	22%	0%

Source: Mortenson, October 2000, pp. 9, 11-12.

\*Minimum and maximum percentages are from all 50 states with individual min/max rates not necessarily being from the same state.

With respect to the percentage of 4-year college graduates, the story is a little different. Colorado and Utah are the only two states that have a higher percentage of 4-year college graduates than the nation. It is not surprising that these are also the two states that fared better with respect to the income gap and lower poverty rates than the rest of the Rocky Mountain Region.

Educational attainment is an important factor and determinant in lifetime earnings gained from employment. In the human capital economy, on average, the higher one's level of educational attainment, the higher one's wage. While educational attainment levels are useful in looking at the earning capacity of society, educational opportunity is useful in looking at the ability of future wage-earning citizens to succeed in the human-capital economy. How do the educational opportunities differ in the Rocky Mountain region?

Educational opportunity percentages for the Rocky Mountain Region in Table 6 were obtained from *Opportunity*, August 2000 and below is an outline showing the interpretation, calculation, and data source for the three rates.

Rates In Table 6	Interpretation	Rate Calculation	<i>Opportunity</i> Sources of Data:
Public High School Graduation Rates	What percentage of students graduate public high school?	# public H.S. graduates in 1997-98 # fall 1994 9 <sup>th</sup> graders in public H.S	<i>Digest of Education Statistics</i> , National Center for Education Statistics (NCES)
College Continuation Rates	What percentage of recent H.S. graduates enroll in college in the fall?	Fall 1998 first-time freshman who graduated <u>H.S. in past year by state of residency</u> Public & Private H.S. Graduates	Fall IPEDS Enrollment Survey <i>Digest of Education Statistics</i> , NCES
Chance for College by Age 19	What percentage of all 19-year olds enroll in college?	Public H.S. Graduation Rate * College Continuation Rate	All of the Above

**Table 6 - Educational Opportunity**

	<b>Public HS Graduation Rates</b>	<b>College Continuation Rates</b>	<b>Chance for College By Age 19</b>	
	<b>1998</b>	<b>1998</b>	<b>1998</b>	<b>Chg 1988-1998</b>
<b>United States</b>	<b>68%</b>	<b>57%</b>	<b>39%</b>	<b>4%</b>
<i>Min*</i>	51%	37%	24%	
<i>Max*</i>	89%	72%	59%	
Arizona	62%	45%	28%	-9%
Colorado	72%	54%	39%	5%
Idaho	79%	47%	37%	12%
Montana	80%	58%	46%	18%
Nevada	70%	37%	26%	-5%
New Mexico	58%	65%	37%	7%
Utah	82%	42%	34%	12%
Wyoming	77%	54%	42%	6%

Source: Mortenson, August 2000, pp. 1-9.

\*Minimum and maximum percentages are from all 50 states with individual min/max rates not necessarily being from the same state.

The public high school graduation rates are the percentage of junior high school students that continue on and become public high school graduates. The college continuation rates are the percentage of public and private high school students who graduated in 1997-98 and then enrolled in

college in the fall of 1998. The numerator is the number of fall 1998 first-time freshman who graduated from high school in the past year by state of residency, not by the state that they were attending college in. The denominator of the ratio is the number of public and private high school graduates. The counts of private high school graduates, from NCES 1996-97 estimates by state, were added to the public high school graduate counts. The chance for college estimates what percentage of all 19-year olds enrolled in college and is the product of the public high school graduation rate times the college continuation rate.

In 1998, Utah had an 82% public high school graduation rate compared to New Mexico with a low of 58%. All states have high school equivalency degree programs available. Given 81% of New Mexico's population 25 and older had a high school degree and only a 58% public high school graduation rate; considerable time, effort, and resources have to be devoted to high school equivalency programs.

The U.S. average for percent of high school graduates who continue on to college is 57%. In the Rocky Mountain region, the high is New Mexico at 65% and the low is Utah at 42%. However these college continuation rates are the percentage of recently graduated public or private high school students that continued on to college. States with low high school graduation rates may have high college continuation rates because most of those that did graduate were college bound. Those states that put significant resources into graduating large number of teens regardless of intent to continue on to college will generally have lower college continuation rates.

As a result, *Postsecondary Education Opportunity* calculates a "chance for college by age 19" statistic. In 1998, 39% of 19 year-old recent high school graduates in the U.S. were enrolled in college. In the Rocky Mountain region, Montana and Wyoming had higher percentages of 19-year

olds enrolling in college (chance for college), than the U.S. Colorado was at the national average and the rest of the region was below the national average.

### **Plausible Policy Approaches for Effectively Solving the Problem**

The new economy has created unequal opportunity for those with different education levels. Even those with a high school diploma will find it increasing difficult to maintain a decent standard of living.

According to Vest (2000) in a recent issue of *Arizona's Economy* "Closing the income gap (and ensuring that all Arizona residents share in the rewards of the new economy) requires a two-pronged approach. First, we must continue to create opportunities for better-paying jobs by developing high/skill/knowledge-based jobs. Second, we must ensure that existing residents have the ability to hold those jobs." (Vest, 2000 p. 10). Strengthening residents ability to hold high-tech jobs includes improving high-school students preparedness levels, providing job-training especially for low-income families, and improving post-secondary education opportunities and accessibility for residents. According to Vest, Arizona has a choice, to continue widening the income gap by importing highly educated labor to meet the demand of hi-technology industries, or educate the states residents so that they can move into the high-paying jobs and close the gap. (Vest, 2000, p. 10).

A recent study from the Mortenson Research Seminar on Public Policy came to a similar conclusion about the relationship between low-level incomes and low educational attainment. "States faced with unsatisfactorily high poverty rates, or unsatisfactorily low per capita personal income have only two remedies available to them. States may either: a) grow their own human capital, or b) import human capital produced elsewhere." (Mortenson, October, 2000, p. 14).

The same *OPPORTUNITY* study provides quantitative evidence that enhanced educational opportunities will help states decrease their income gaps while increasing their opportunities to compete in the hi-technology information age. The study found that state poverty rates are highly correlated with the state's proportion of high school graduates.

States can reduce their poverty rates by increasing their high school graduation rates. Using 1999 state poverty rates and percentage of persons 25 and over with high school degree, the results of a simple regression analysis yielded that on average a state's poverty rate =  $-.5$  (hsgrad rate) +  $.53$  (correlation measured at  $-.656$ ) (Mortenson, October 2000, p. 13). A state can reduce its poverty rate by half a percent for each percentage gain in high school graduation rate.

The *OPPORTUNITY* study also found that states per capita personal income is influenced by the percentage of citizens 25 and over that have at least a bachelor's degree. The correlation measured  $.735$ ). (Mortenson, October 2000, p. 14). States can improve their affluence by increasing the numbers of citizens who have a college degree.

## **Conclusion**

The hi-tech information age is here to stay. If states want to see increased economic growth they will have to work with and in this new hi-tech global world. To enhance state welfare and economic stability, states should take a leadership role in helping its citizens to compete and the way to do that is through enhanced and increased educational opportunities. If not, states will continue to see their income gap grow by leaving the low-paying jobs for its existing citizenry and importing human capital from elsewhere to supply labor for hi-tech jobs.

The eight states in the Rocky Mountain region varied in their levels of educational attainment and educational opportunities. Based on each state's strengths and weaknesses, public policy can be addressed to improve the welfare of its citizens.

The crux of the income-gap problem is under investment in human capital especially at the lower income levels. By assessing current educational attainment, educational opportunities, population demographics, poverty levels, and the latest income gap measures, education policy can be customized at the state level. Because the states in the Rocky Mountain Region differ, as do all the states, in the various economic and educational measures, education goals should be directed to each state's own profile, so that it can help its citizenry compete in the knowledge-based economy.

Education will play a key role in economic development as states vie for new hi-technology industries. An educated citizenry will help decrease poverty rates and close the wage gap between the poor and the wealthy and the middle class and the wealthy. While the Mortenson models (Mortenson, October 2000, pp. 9-16) were simplistic, there was a correlation between poverty levels and high school attainment and state affluence and 4-year college attainment. If states want to reduce their poverty rates, direct education policy toward K-12, if states want to increase their affluence and increase their tax roles direct policy toward postsecondary education.

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