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Highlighting New
Poverty Research

by Bruce Weber,
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The Roles of Migration and
Labor Markets," Rural Studies
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Education's Effect on Poverty:
The Roles of Migration and Labor Markets

Background. Individuals with more education typically earn higher wages and reduce their risk of poverty. In a given geographical area, a more educated workforce can also stimulate growth in higher-wage, higher-skill industries. However, education may be a less effective tool for addressing poverty in rural communities if those seeking higher education must leave the area to obtain it, or if better educated individuals migrate out of rural areas to "sell" their skills in more urban labor markets that can provide a greater return on their investment in education.

Methods. Using longitudinal data from the nationally-representative Panel Survey of Income Dynamics (PSID), West Coast Poverty Center Advisory Board member Bruce Weber and his coauthors examine the possibility that education has a direct effect on the likelihood of being in poverty as well as an indirect effect on poverty status through its impact on rural residents' migration to urban areas. The researchers use a two-stage probit model to first examine how education influences migration from nonmetropolitan to metropolitan counties and then how predicted migration and education affect poverty status six years later. They used a national sample of 701 household heads of working age living in nonmetropolitan areas.

Findings. The researchers found that rural adults with higher education levels had higher migration rates to urban areas. Between 1993 and 1999, 19 percent of those with 12 years of education and 29 percent of those with 16 or more years of education migrated from a nonmetropolitan to a metropolitan area. Controlling for householder demographics and local labor market conditions, each additional year of schooling increased an individual's probability of moving to a metropolitan area by 10 percent over the study period.

As expected, there was a strong direct effect of education on the risk of poverty: in 1999, each additional year of education reduced individuals' poverty risk by 37 percent. A more surprising finding was that education had no indirect effect on poverty through the probability of migrating. After controlling for education, individuals who remained in a non-metropolitan area were no more likely to be poor than those who moved. In other words, individuals with more education were less likely to be poor than those with less education whether they migrated or not. Based on the lack of evidence for an indirect education effect on the risk of poverty through migration, the authors conclude that while there may be a "brain drain" from rural areas, policies to encourage migration among the less educated or to discourage migration among the more educated will have little effect on the risk of poverty for rural adults, all else equal. To shed more light on the interplay between education, migration, and rural poverty and the implications for policy, future studies could delve further into the economic and social context in origin or possible destination counties. In addition, given what ethnographic research tells us about the complex migration experiences of low-income rural people, future studies could take advantage of the panel nature of the data to analyze multiple moves over the life course.

Poverty Research Flash

The West Coast Poverty Center serves as a hub for research, education, and policy analysis leading to greater understanding of the causes and consequences of poverty and effective approaches to reducing it in the west coast states. The Center, located at the University of Washington, is one of three regional poverty centers funded by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE). More information about the West Coast Poverty Center is available from our website: www.wcpc.washington.edu

Poverty Research Flash 2008-07

Education's Effect on Poverty: The Roles of Migration and Labor Markets

New research from Bruce Weber, Alexander Marre, Monica Fisher, Robert Gibbs, and John Cromartie

Key Findings

- Migration rates from rural to metropolitan areas vary by level of education. Between 1993 and 1999, 19 percent of those with 12 years of education and 29 percent of those with 16 or more years of education migrated from a nonmetropolitan to a metropolitan area.
- Controlling for other characteristics, compared with those with less education, individuals with more education are more likely to migrate from nonmetro areas to metropolitan areas. For each additional year of schooling, individuals' probability of moving to a metropolitan area increased by 10 percent.
- Each additional year of education reduced the risk of poverty in 1999 by 37 percent.
- After controlling for education, individuals who remained in a nonmetropolitan area were no more likely to be poor than were those who moved. In other words, individuals with more education were less likely to be poor, whether they migrated to metropolitan areas or not.
- Based on the lack of evidence for an indirect effect of migration on the risk of poverty, the authors conclude that while there may be a "brain drain" from rural areas, policies to encourage migration among the less educated and to discourage migration among the more educated will have little effect on the risk of poverty for rural adults.