

# Athens State University Economic Updates



A Publication of the College of Business

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This publication is provided as a service by the Logistics, Technical, and Programmatic Institute (LTPI) at Athens State University and concentrates on providing access to the expertise and research capabilities of the University's College of Business to government and businesses. The University publishes an annual update to provide data and information on the economy of north Alabama and to assist the professional community to quickly respond to a growing global demand from a cross-section of businesses. Our faculty are leading efforts with both government and business agencies to provide economic impact assessments, marketing analysis, employee climate surveys, training, and personnel growth, and we stand ready to assist with your requirements.

## North Alabama Educational Attainment Report by Dr. Troy Adair



**Dr. Troy Adair**  
Dean of College of Business

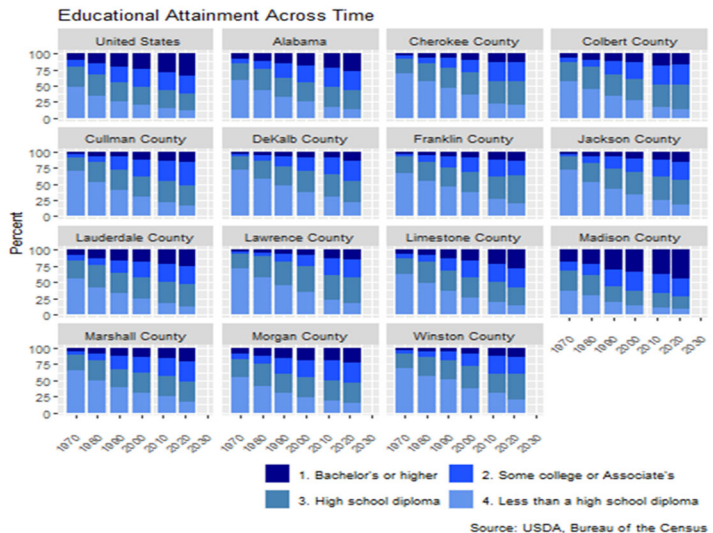
(The following is intended to be the first in a continuing series of economic updates concerning educational issues for the North Alabama region. This report will cover trends and patterns in educational attainment for the 13 counties in North Alabama: Cherokee, Colbert, Cullman, DeKalb, Franklin, Jackson, Lauderdale, Lawrence, Limestone, Madison, Marshall, Morgan, and Winston. With future reports (which are planned to begin publishing on a quarterly basis in the summer of 2024) we

hope to add coverage on the economic impact of education, skill set gap analyses for area industries, and education funding, updating such reports on a revolving basis as the underlying data is refreshed.

Please note that the analysis uses data from the USDA and Bureau of the Census. This data is nor-

mally reported with a 2-year lag, so that the latest information available in 2024 would theoretically be that for 2022. However, 2022 data was not available in time to meet the spring publication deadline, so this report references data up to 2021.)

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## Are Today's Interest Rates High? by Jeff Johnson

From 2009 to 2022, households, businesses, and governments enjoyed low interest rates and



**Jeff Johnson**  
Assistant Professor of Management

significantly increased the use of debt to fund everything from bigger houses and expensive automobiles to increased government spending and stimulus packages. Between the same time period, the total outstanding debt, both public and private, which includes companies, governments, and households, increased from \$54.26 trillion to \$93.50 trillion. Since late 2022, interest rates have risen dramatically as the Federal Reserve has been trying to control a surging inflation rate. The increase in interest rates has made the use of debt much more expensive for households, companies, and governments. Despite recent positive

trends with the inflation rate in 2023, interest rates have remained well above the rates of the past decade. Given the recent rise in interest rates, how do the current interest rates of today compare to historical rates?

Before addressing the question of current interest rates, let's address how interest rates relate to inflation and the economy. The Federal Reserve has a dual mandate of pursuing the economic goals of maximum employment and maintaining stable prices (i.e. low inflation). For the past decade or so, inflation remained

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## Today's Interest Rates... (continued from p. 1)

**“Coming out of the COVID shutdown, inflation started to increase and peaked at 9.1% in June of 2022.**

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close to 2% and prices were relatively stable. Coming out of the COVID shutdown, inflation started to increase and peaked at 9.1% in June of 2022. This was the highest inflation rate the U.S. had experienced since the inflation rate peaked at more than 14% in 1981. A primary method the Federal Reserve uses to accomplish its dual mandate is by adjusting the federal funds rate, which is the interest rate banks charge each other for overnight lending. The federal funds rate is a major influence on all interest rates such as the prime rate, car loans, credit cards, and mortgages. The federal funds rate affects all interest rates, but has a more direct influence on short-term rates such as car loans, and less influence on longer-term rates such as mortgages.

How does changing the target range on the federal fund rate help the Federal Reserve lower the inflation rate? It all starts with the Federal Reserve Open Market Committee setting a target range for the federal funds rate, which is currently at 5.25% - 5.50%. After the range for the federal funds rate is determined, the Federal Reserve Bank of New York will buy or sell Federal government treasury securities on the open bond market to maintain the target range. If the target range is increased, the Federal Reserve Bank of New York will sell government treasury securities, resulting in the lowering of the money supply. As the money supply decreases, the federal funds rate will increase. As the federal funds rate increases, so do

other market rates such as credit card rates, car loans, and commercial loans. When market interest rates increase, the cost of debt becomes more expensive. Usually, the higher cost of using debt results in a decrease in spending for both households and businesses. The decrease in spending usually lowers the inflation rate, but can threaten the strength of the economy and economic growth.

The opposite is true when inflation rates are low and unemployment is high due to a weakened economy. In an attempt to boost the economy, the Federal Reserve will lower the target range for the federal funds rate. This was the case during the recession

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## Educational Attainment... (continued from p. 1)

### Educational Attainment in North Alabama

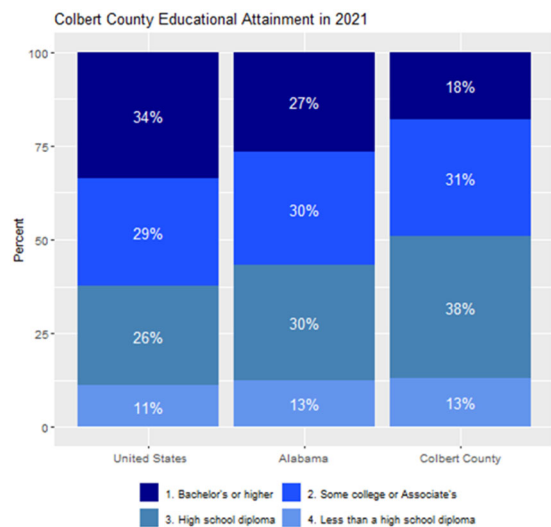
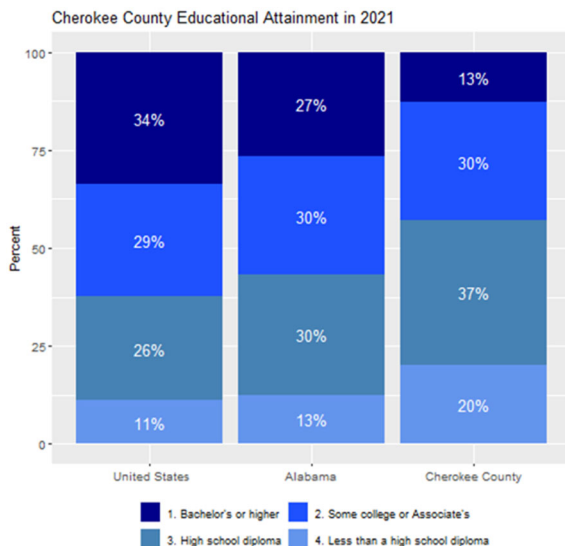
In today's increasingly complex economy, an educated workforce is key to driving prosperity for both our citizens and for the businesses operating in our area. As shown in the charts provided, each North Alabama county has shown growth in educational attainment between the 1970s and today that mirrors the growth seen across the nation and in Alabama as a whole. On average, each county has a much more educated workforce today than 50 years ago, with across-the-board increases in the percentages of (1) adults with a Bachelor's or higher degree and (2) adults with some college or an Associate's degree.

However, the growth in such educational attainment has obviously not been shared equally across the regions, with Madison County's growth in Bachelor's and higher degrees being a notable outlier. The particulars of each county's

attainment situation will be discussed, but it is worth noting that, though the percentages of adults with Bachelor's and higher degrees may be trailing both the national and Alabama-wide averages, the numbers concerning educational attainment at the next lower level, for those adults with some college or an Associate's degree, are much more encouraging, with 8 of the 13 counties in our region exceeding the national average for that level of attainment.

### Cherokee County

Cherokee County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate's degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor's degree or higher.



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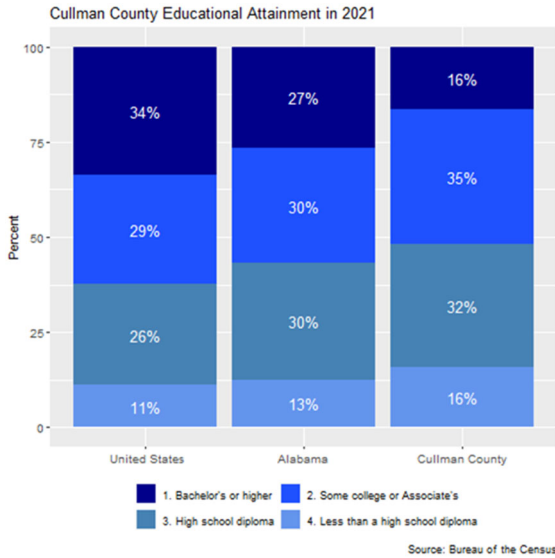
**Educational Attainment... (continued from p. 2)**

**Colbert County**

Colbert County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate’s degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor’s degree or higher.

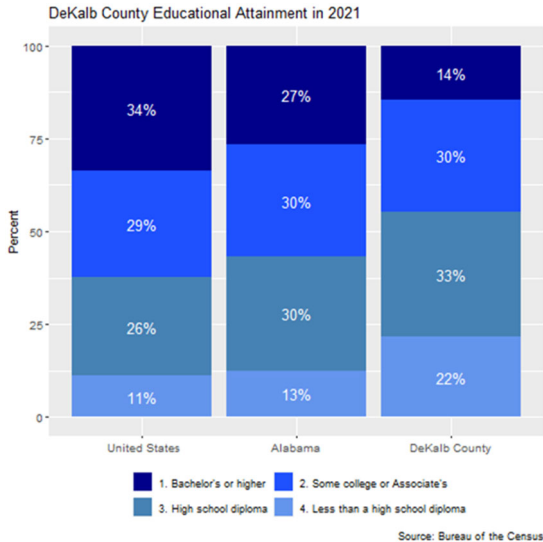
**Cullman County**

Cullman County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate’s degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor’s degree or higher.



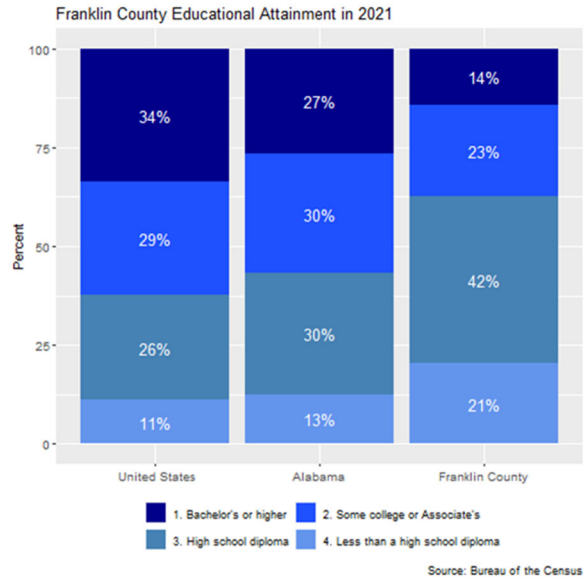
**DeKalb County**

DeKalb County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate’s degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor’s degree or higher.



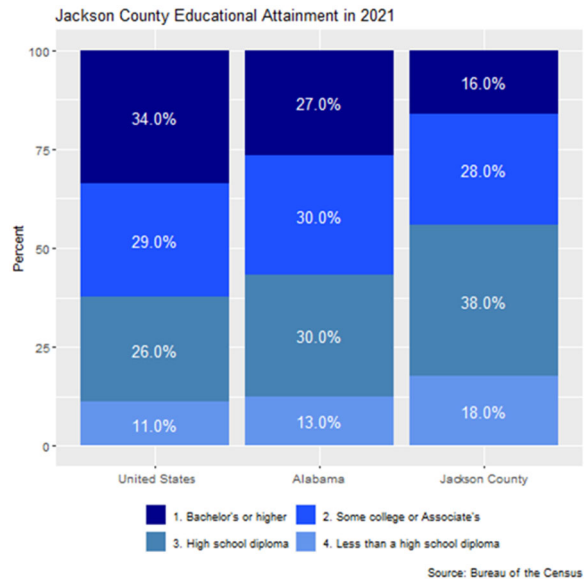
**Franklin County**

Franklin County currently exceeds or meets the U.S. and Alabama averages at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of both the percentage of adults with a Bachelor’s degree or higher and at the level of adults with some college or an Associate’s degree.



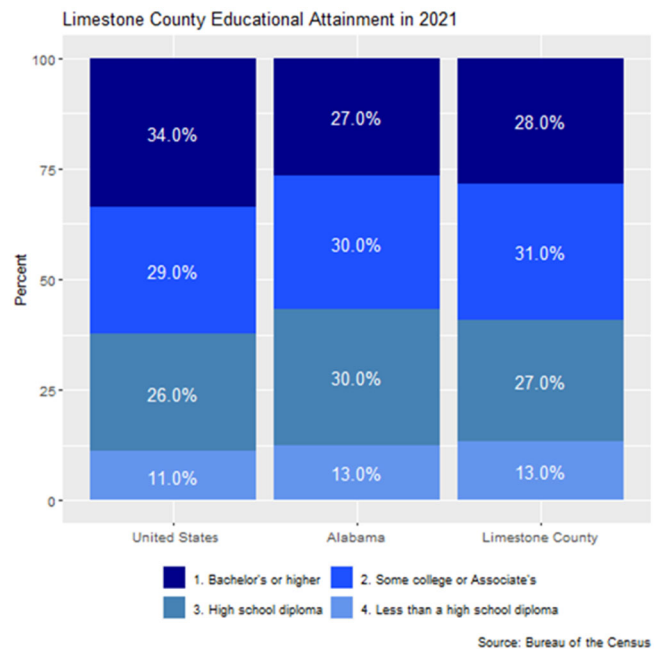
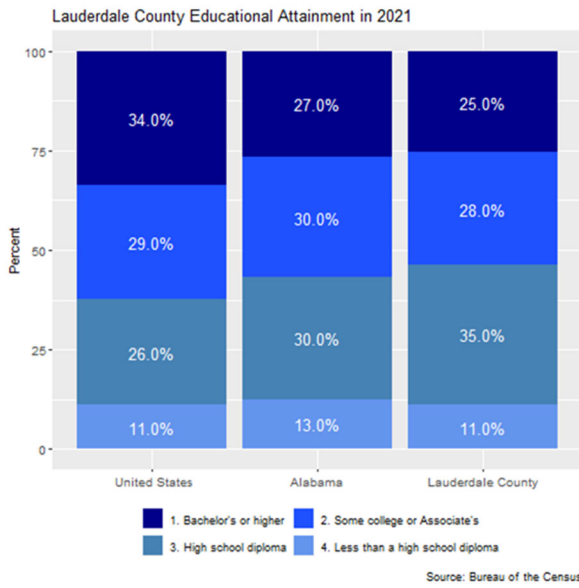
**Jackson County**

Jackson County currently exceeds or meets the U.S. and Alabama averages at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of both the percentage of adults with a Bachelor’s degree or higher and at the level of adults with some college or an Associate’s degree.



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**Educational Attainment... (continued from p. 3)**

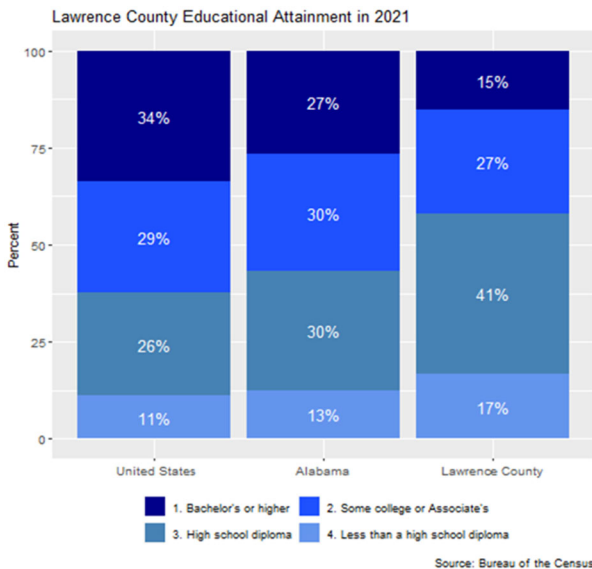


**Lauderdale County**

Lauderdale County currently exceeds or meets the U.S. and Alabama averages at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of both the percentage of adults with a Bachelor's degree or higher and at the level of adults with some college or an Associate's degree.

**Lawrence County**

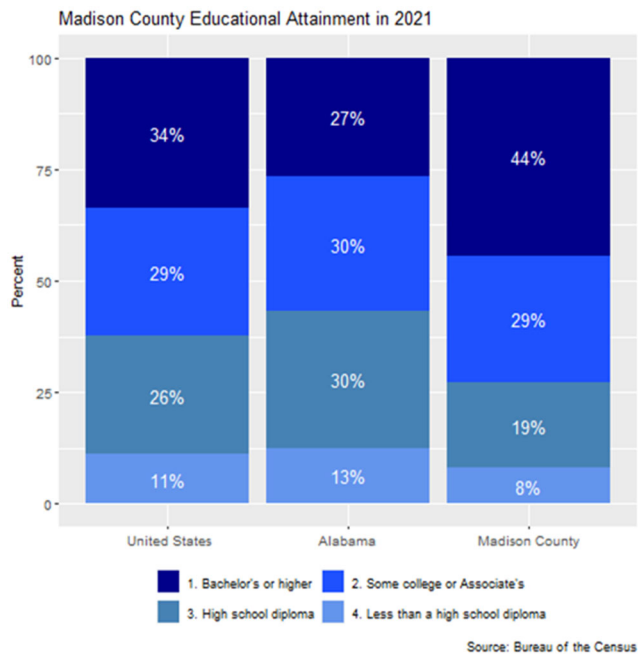
Lawrence County currently exceeds or meets the U.S. and Alabama averages at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of both the percentage of adults with a Bachelor's degree or higher and at the level of adults with some college or an Associate's degree.



at the level of adults with some college or an Associate's degree and at the level of adults with a Bachelor's or higher, though it lags behind the nation at the Bachelor's or higher level.

**Madison County**

Madison County is an outlier for our region, with the percentage of adults with a Bachelor's degree or higher far exceeding both the U.S. and Alabama averages.



**Limestone County**

Limestone County currently exceeds the Alabama averages both

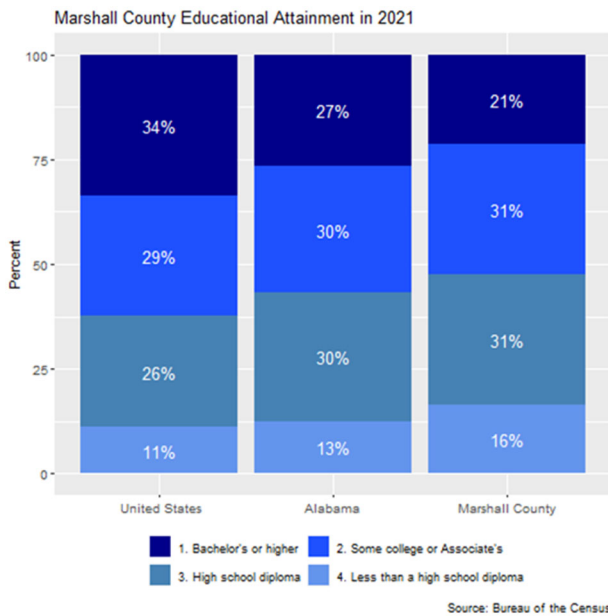
**Marshall County**

Marshall County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate's degree and at the level of adults with a Bachelor's or higher, though it lags behind the nation at the Bachelor's or higher level.

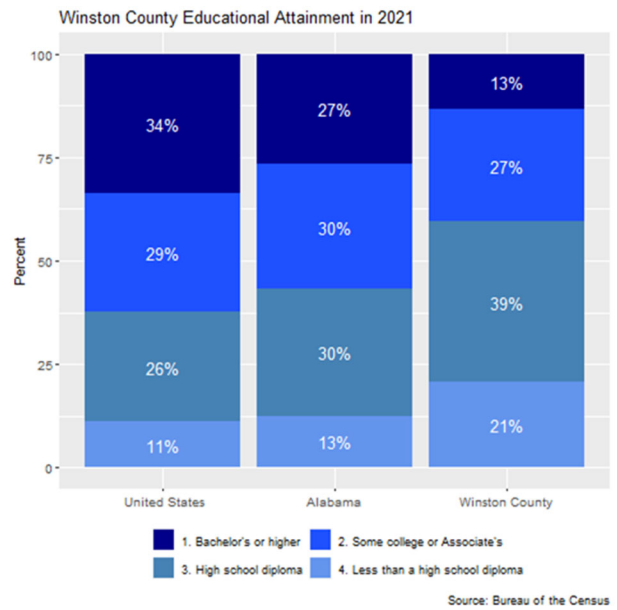
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## Educational Attainment... (continued from p. 4)

ate’s degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor’s degree or higher.

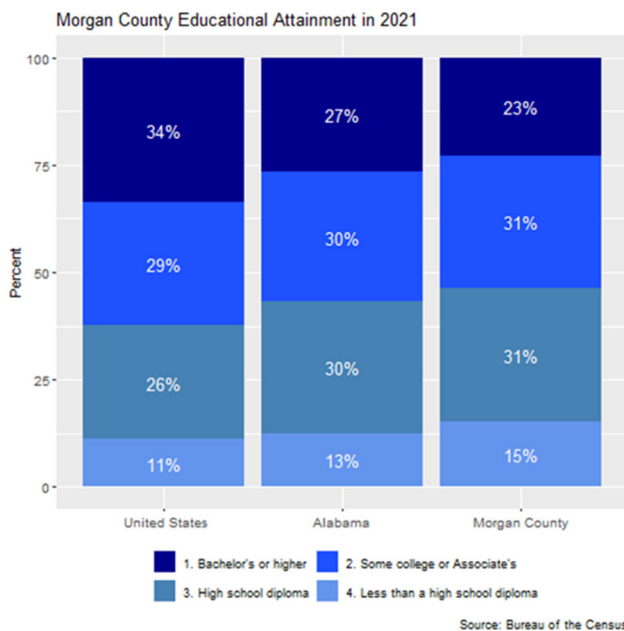


of adults with a Bachelor’s degree or higher and at the level of adults with some college or an Associate’s degree.



### Morgan County

Morgan County currently exceeds or meets the U.S. and Alabama averages both at the level of adults with some college or an Associate’s degree and at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of percentage of adults with a Bachelor’s degree or higher.



### Summary and Conclusion

North Alabama has made a lot of progress in the past 5 decades in terms of increasing the amount and level of education attained by our citizens, particularly when it comes to the level of adults with an Associate’s degree or some college. However, except for Madison County, the rest of the region still has much to accomplish in terms of increasing the percentages of adults with a Bachelor’s degree or higher.

Note that this report, as the first of its type issued by the College of Business, will act as a baseline for future updates, with such updates focusing more narrowly on changes from this baseline rather than levels. At this time, the choice has been made not to go into factors driving the observed differences in education attainment across the counties in the region. Some of the factors are obvious, but other are much more subtle. Delving into those subtleties is beyond the scope of this report.

### Winston County

Winston County currently exceeds or meets the U.S. and Alabama averages at the level of adults with a high school diploma, but lags behind both the nation and the state in terms of both the percentage



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## Today's Interest Rates... *(continued from p. 2)*

that started in 2008. The federal funds rate was eventually lowered to a range of 0.00% - 0.25%. The rates were at historically low levels to help fight the recession and remained low for the next decade as the economy remained strong and inflation remained low. The rates were low for so long that they became normal, thus causing the current rates to appear very high. Is it true that the current rates are higher as compared to historical rates?

From Table 1, the average federal funds rate of 5.03% for 2023 is slightly above the historical rate from 1972-2023 of

4.87%. The federal funds rate from 2009-2021 was 1.30%, which is well below both the current and historical rates. For another comparison point, 1979-1982 is the last period when the inflation rate was 13.29%, a much higher rate as compared to the current rate. Similar to the federal funds rate, the 2023 rates for the prime rate, 48-month automobile loan, and 30-year mortgages are higher than 2009-2021, but comparable to historical rates and much lower than the period from 1979-1982. Considering only interest rate averages, today's interest rates appear to be much more "normal" while the rates from 2009-2021 are the rates

that were not normal.

A common question within economic and business news is, "When will rates return to normal levels?" The answer may be that today's rates are at normal levels. The U.S. has experienced historically low rates for the past decade, while today's interest rates are fairly consistent when compared to historical rates. Where interest goes over the next few months to years depends on the inflation rates and the strength of the economy. As long as the overall economy remains healthy and inflation rates are the risk, then interest rates will not likely go down.

**Table 1: Average Interest Rates**

	1972* - 2023	1979 - 1982	2009 - 2021	2023
<b>Federal Funds Rate</b>	4.87%	13.29%	1.30%	5.03%
<b>Prime Rate</b>	7.36%	15.38%	3.64%	8.20%
<b>48-Month Automobile Loan</b>	8.88%	14.92%	5.07%	7.97%
<b>30-Year Mortgage Rates</b>	7.73%	14.42%	4.10%	6.79%

Source: Federal Reserve Bank of St. Louis

◆ For comparison purposes, all rates start in 1972 as this was the first year the Federal Reserve recorded the 48-month automobile loan.