

TABLE 3.2 Sample covariance calculation with hypothetical data

<i>Observation</i>	<i>Education, x_i</i>	$x_i - \bar{x}$	<i>Earnings, y_i</i>	$y_i - \bar{y}$	$(x_i - \bar{x})(y_i - \bar{y})$
1	12	-4	\$20,000	-30,000	120,000
2	14	-2	\$53,000	3,000	-6,000
3	16	0	\$35,000	-15,000	0
4	18	2	\$80,000	30,000	60,000
5	20	4	\$62,000	12,000	48,000
Sum	80	0	\$250,000	0	222,000
Average	16	0	\$50,000	0	