

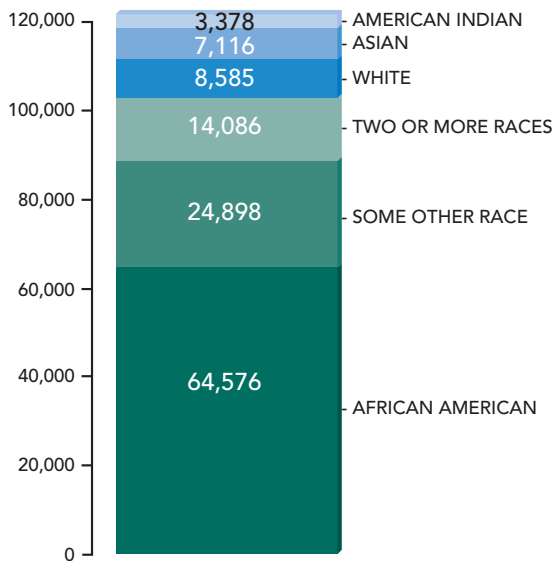
THE STATE
OF WORKING
MISSISSIPPI
2012



CHAPTER 1: MISSISSIPPIANS, JOBS AND THE LABOR FORCE

Key Takeaways: The 2000s have been hard on Mississippi's workforce. The 2007 recession in particular led to persistently high unemployment rates that continue to impact thousands of workers and their families. In late 2011, Mississippi still had 50,000 fewer people employed than it did in the beginning of 2000. However, the state's population and prospective workforce continue to grow, increasing the number of jobs needed to lower unemployment. In the face of many challenges, the state's workers continue to build skills. A larger percentage of Mississippi's workforce has pursued some post-secondary education than in 2000, but the state remains below national norms. Finally, regardless of education, Mississippi's workers face a different job market than they did 12 years ago, as some industries (such as healthcare and business services) experienced job growth, while manufacturing and construction fell in overall employment.

MISSISSIPPI POPULATION CHANGE BY RACE 2000 to 2010



Source: U.S. Census Bureau

Every 10 years, the U.S. Census gives a comprehensive look at how Mississippi's population has changed over a decade. From 2000 to 2010, Mississippi's overall population grew by 122,639 to more than 2.96 million people. The state's African-American population grew by 64,567--the largest real increase for any racial group. Mississippi is also home to one of the nation's fastest-growing multiracial populations, as the number of Mississippians classifying themselves as 'two or more races' rose by more than 70% (approximately 14,000 individuals). Mississippians of Hispanic or Latino origin from any racial group almost doubled, rising to 2.7% of the state's population.

While having the lowest growth rate of any group, white Mississippians still make up the largest portion (59%) of the state's residents, followed by 37% of residents who are African-American. Overall, while diversity increased, the vast majority of Mississippi's residents continue to be white or African-American.

MS LABOR FORCE OLDER, MORE EDUCATED Mississippi 2000 and 2010

	2000	2010
GENDER		
Male	51.0%	51.8%
Female	49.0%	48.2%
AGE		
16-24 yrs	16.7%	14.7%
25-54 yrs	70.0%	66.6%
55 yrs and older	13.3%	18.7%
EDUCATION		
Less than high school	15.6%	13.5%
High school	32.1%	29.4%
Some College	31.5%	34.3%
Bachelor's or higher	20.8%	22.8%

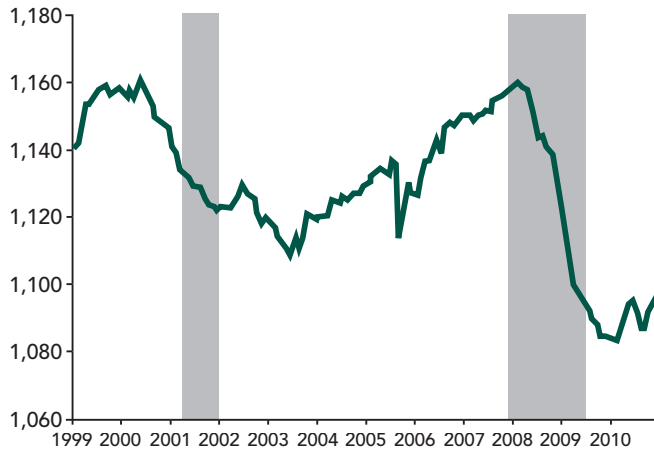
Source: EPI analysis of CPS data and MDES

The number of workers ending their formal education in high school or at a high school degree decreased during the 2000s. In contrast, the combined percentage of workers with some college or a bachelor's degree rose from 52.3% to 57.1%. Although the share of Mississippi's workforce with post-secondary education has grown, the state's portion of adults with college experience registers below national levels.

Throughout the decade, men accounted for a slightly larger share of the state's workforce than women. Women in Mississippi make up a slightly larger share of the state's workforce than women across the United States. Mississippi's labor force was 48.2% women in 2010, compared to 46.3% nationally. Throughout the economic downturn in the late 2000s, many Americans delayed retirement and choose to work additional years to build economic security after suffering financial losses. In 2000, 13.3% of Mississippi workers were over 55. By 2010, 18.7% of Mississippi's labor force was over 55 years old. In contrast, younger Mississippians represent a smaller share of workers, falling from 16.7% in 2000 to 14.7% in 2010.

MISSISSIPPI NONFARM EMPLOYMENT 1999-2010

Shaded Regions Indicate National Recession

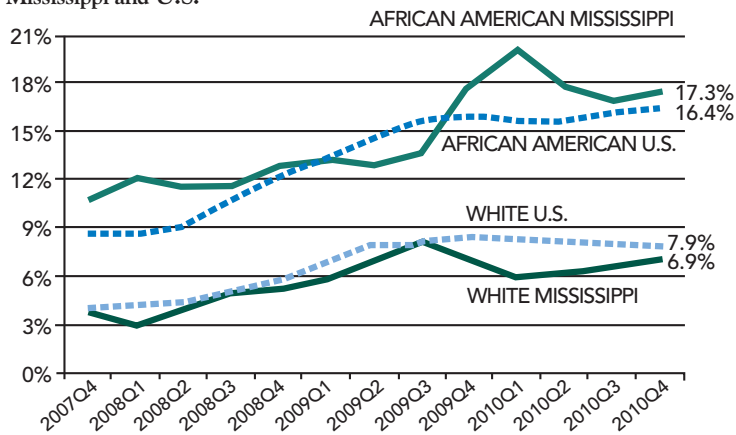


Source: EPI Analysis of CPS Data

While both the 2001 and 2007 recessions impacted the lives and economic security of Mississippi's families, job losses during the 2007 recession were more drastic than in the 2001 recession. In the early 2000s, declines in Mississippi's overall employment started well before the national recession in 2001 and lasted for nearly two years. In 2004, Mississippi entered a period of increasing employment, and by 2007 reached employment levels similar to those seen prior to the 2001 recession. However, Mississippi and its working adults were hit harder by the 2007 recession. Nationally, the 2007 recession lasted 18 months—much longer than the national downturn from the 2001 recession. In Mississippi, employment peaked in February 2008 and then steeply declined until February 2010. In total, Mississippi lost 76,800 jobs (6.6%) over the two-year period.

QUARTERLY UNEMPLOYMENT RATE BY RACE

Mississippi and U.S.



Source: EPI Analysis of LAUS Data

Mississippi's unemployment rate nearly doubled during the decade. In January 2000, Mississippi's unemployment rate was 5.9%, much lower than Mississippi's peak of 11% in January 2010. In late 2011, the state unemployment rate lingered above 10%, with 1 in 10 Mississippi workers still looking for employment.

Throughout the 2007 recession, unemployment rates for African Americans far surpassed those of white workers. Unemployment among African Americans peaked in the first quarter of 2010, with 1 in 5 African-American workers jobless and looking for work. At the same point, unemployment for white workers in Mississippi was 6%, with a gap between the two groups of 14 percentage points. The racial gap in unemployment rates exceeds the national gap and has grown over the course of the recession.

This large disparity in unemployment rates has serious implications for the state's economic recovery and future economic development. Thirty-seven percent of Mississippi's residents are African-American, and persistently high unemployment among a large portion of residents impacts the overall economic security and stability of families and communities across the state.

EDUCATIONAL ATTAINMENT OF MS ADULTS by Race

	White	African-American
Population 25 Years and Over	1,188,854	614,531
Less Than High School Degree	16.8%	29.2%
High School Degree	30.8%	32.6%
Some College or Associate's Degree	29.9%	26.2%
Bachelor's Degree	14.8%	8.1%
Graduate or Professional Degree	7.8%	3.9%

Source: American Community Survey, 2008-2010 Averages

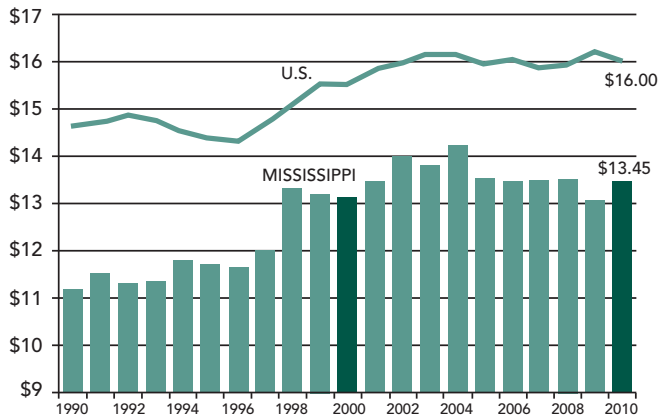
Focusing the lens of educational attainment on the state's working-age population reveals that gaps continue to exist between the educational attainment of white and African-American adults in Mississippi. Almost 23% of white adults attained a bachelor's or professional degree, compared to 12.0% of African-American adults. On the other end of the educational spectrum, a large portion of African-American adults have not attained a high school degree (29.2%, compared to 16.8% of whites). The percentage of African-American Mississippi adults without a high school degree is well above the national norm for African-Americans of 20.0%.

CHAPTER 2. WAGES

Key Takeaways: As in the rest of the nation, Mississippi's workers have experienced little change in their real wages since 2000. Weak wage growth has affected families' ability to advance economically and save toward long-term security. The state's median wage of \$13.45 was below the median wage for southern states of \$15.10 in 2010. Women's wages have advanced steadily since 1990, while the 2007 recession led to a decline in wages for men and African-American workers in the state. Mississippi's racial wage gap persisted over the decade and continues to exceed national norms, with the median hourly wage for African Americans being \$4.64 less than that of white workers in 2010.

MEDIAN HOURLY WAGES, MISSISSIPPI & U.S. 1990-2010

in 2010 Dollars



Source: EPI Analysis of CPS Data

Many members of the state's workforce have not seen an improvement in their wages during the last ten years, as companies were hit hard by two economic downturns, and state and local budgets tightened. Inflation-adjusted median hourly wages in Mississippi grew slightly 2000 to 2010, rising from \$13.13 to \$13.45 during that period. In 1990, median wages in the state were just above \$11 and remained between \$11 and \$12 until 1997. Wages jumped above \$13 in the late 1990s and peaked at 14.21 in 2004. Since 2005, workers across Mississippi have experienced almost no change in real wages.

Mississippi's median wage in 2010 was \$2.55 below the national wage and \$1.65 below the Southern region median. Stagnant wages are a source of financial strain for many Mississippians. Paired with higher unemployment and longer periods of joblessness, the lack of growth in wages has created a climate in which many families and workers feel more financially vulnerable today than they did ten years ago.

CHANGE IN MEDIAN HOURLY WAGES BY DEMOGRAPHIC

Mississippi Wages for 1990, 2000, 2007 and 2010 (2010 Dollars)

	1990		2000		2007		2010
ALL	\$11.20	↑	\$13.13	→	\$13.49	↓	\$13.45
GENDER							
Men	\$12.64	↑	\$15.41	→	\$15.53	↓	\$14.29
Women	\$9.64	↑	\$10.96	↑	\$11.91	↑	\$12.75
RACE							
White	\$12.44	↑	\$15.10	→	\$15.40	→	\$15.66
African American	\$9.00	↑	\$10.38	↑	\$11.36	↓	\$11.02
EDUCATION							
High School	\$10.51	→	\$11.51	→	\$12.05	↓	\$11.76
Some College	\$11.07	↑	\$12.85	→	\$13.30	→	\$13.46
Bachelor's or Higher	\$17.76	→	\$19.45	↑	\$20.88	↓	\$20.61

Source: EPI Analysis of CPS Data

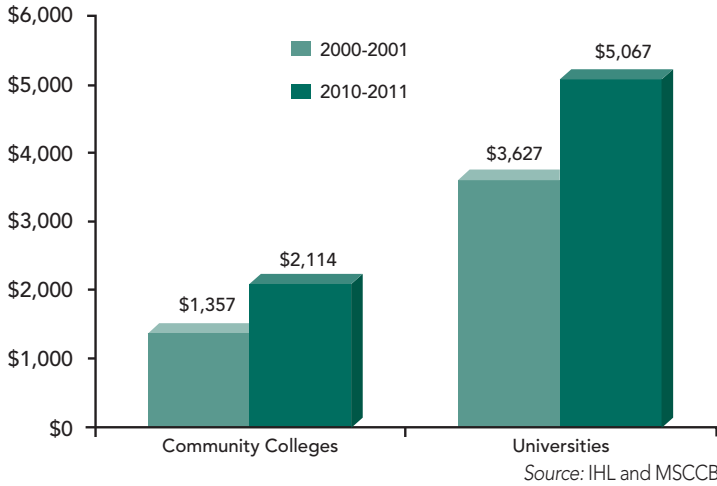
*Arrows reflect direction of the compound annual growth rate for each period.

Median wages for men in Mississippi continue to be higher than those of women, but the gender gap shrank between 2000 and 2010. Women's wages increased overall in the 2000s as well as the 1990s. In contrast, men's wages fell from 2000 to 2010 as a result of low growth in the early 2000s and a substantial decline during the 2007 recession. In Mississippi, women's wages were 89% of men's wages in 2010 with the median wage for men at \$14.29 and for women at \$12.75. This gap is smaller than the gender wage gap in the U.S. overall, where the ratio of women's to men's wages was 83% in 2010.

Wages for African Americans increased throughout the 1990s and early 2000s; then, like many other groups, African Americans experienced a decline in wages during the late 2000s. The wage gap between African-American and white workers persisted through the decade, with white workers earning median wages of \$15.66 in 2010, compared to wages of \$11.02 for African Americans. The median wage of African-American Mississippians was 69% of their white counterparts' wages in 2000 and 70% in 2010. The gap in wages between whites and African Americans in Mississippi is larger than the gap in the United States, where African-American wages equal 77% of white wages.

MISSISSIPPI POST-SECONDARY TUITION

Average Annual Tuition & Fees (2010 Real Dollars)



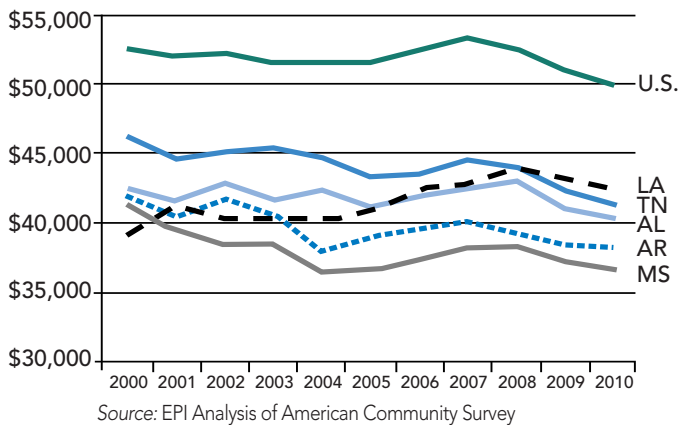
Training offered through the state's community colleges and universities remains vital for connecting residents of all ages with the skills they need to gain quality employment and acquire higher wages to support their families.

As discussed earlier, inflation-adjusted median wages rose by \$0.32 (2.4%) between 2000 and 2010. During the same period, inflation-adjusted tuition for Mississippi's community colleges increased by 56%, and tuition at universities increased by 40%. In the 2000-2001 school year, the average, inflation-adjusted tuition and fees for two full semesters of coursework at a Mississippi community college came to \$1,357. For the 2010-2011 school year, the average student paid \$2,114 for two semesters. Similar trends hold true at universities, and as a result the cost of a college education now takes up a substantially larger portion of an individual's or family's income than it did in 2000.

CHAPTER 3. INCOME, ECONOMIC SECURITY AND FAMILIES

Key Takeaways: Many Mississippi households have seen their real annual income fall since 2000. At the same time, the percentage of residents, and more particularly children, living in severe economic hardship is rising. One in three children lived in poverty in 2010. African-American children are much more likely to live in poverty than white children, and Mississippi children of both races have poverty rates above the national average. High rates of child poverty impact the educational and workforce outcomes for the youngest and most vulnerable members of Mississippi's communities. Falling income and rising poverty are tied, in part, to the prevalence of low wage employment. In 2009, workers needed \$10.73 per hour to keep a family of four out of poverty. However, 28% of the state's workers earned well below this amount. Thousands of adults continue to struggle to make ends meet in the slow economic recovery. In the months ahead, intentional actions to create quality jobs with employment-based benefits and to preserve public programs that insulate families from poverty are critical for Mississippi's families.

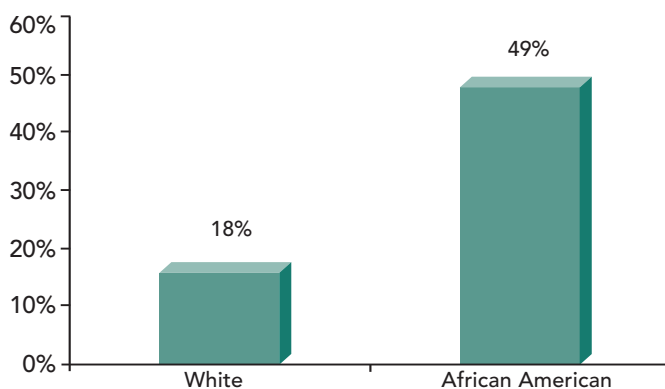
MEDIAN HOUSEHOLD INCOME 2000-2010 U.S. and MidSouth States (2010 Dollars)



Across the Mid South, households earned lower median incomes than did U.S. families overall, but changes from the beginning to the end of the decade were not the same for states around the region. Mississippi households consistently have had less income than households in neighboring states. After falling from 2000 to 2004, Mississippi's household income fluctuated around \$37,000 for the rest of the decade. Mississippi's household income of \$36,851 in 2010 was \$4,500 less than in 2000.

In Mississippi, median household income varies considerably by race. Income for white households (\$46,799) was close to twice the median income for African-American households (\$24,838) in the late 2000s. In Mississippi and across the country, families of color are disproportionately likely to lack the income they need to cover all their basic expenses (such as housing, food, healthcare, childcare and transportation) without outside assistance. While families of all demographics are having a hard time making ends meet in the current economic climate, median household income data demonstrates that a larger portion of African-American households struggle to cover all their basic needs and build wealth for long-term economic security.

MISSISSIPPI CHILDREN IN POVERTY By Race 2010



Source: National KIDS COUNT Program analysis of U.S. Census.

Living in poverty makes families vulnerable to any number of hardships and insecurities, and it is widely accepted that families often need substantially more than the Federal Poverty Level to cover basic necessities.

More than one in five Mississippians (22.4%) lived in poverty in 2010, up significantly from 2008 and from the beginning of the decade. In total, 643,000 Mississippians lived below the poverty threshold in 2010. Children in Mississippi are much more likely to live in poverty than are children across the United States. In 2010, one in three Mississippi children (33%) lived in a household with income below the Federal Poverty Level. Nationally, 22% of children lived in impoverished households.

While the number of African-American children living in Mississippi is not that far apart from the number of white children, the rates of poverty for the two groups of children are vastly different. In Mississippi, 18% of white children live in poverty. In contrast, the rate of poverty for African-

American children is 49%. The child poverty rate for African-American children is 11 percentage points above the national average and the highest in the nation. The poverty rate among African-American children in Mississippi is of particular concern because of the correlation between high child poverty rates and low academic achievement, elevated school dropout rates, negative health outcomes, and increased likelihood of entry into the social service and/or juvenile justice systems. Without intentional actions that create opportunities for African-American children, all Mississippians and the skill level of the state's workforce will be affected.

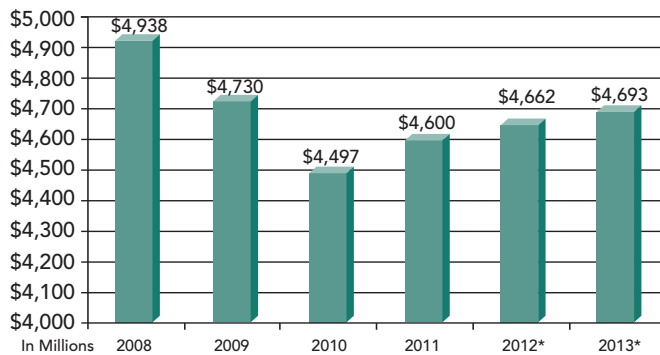
CHAPTER 4. PUBLIC INVESTMENTS, TAXES AND STATE REVENUE

Key Takeaways: Employers and workers alike need quality and accessible K-12 and higher education systems, strong infrastructure, safe communities and other building blocks for creating jobs and growing prosperity. The 2007 recession caused sharp declines in the state revenues available to invest in economic growth, and revenues are still well below pre-recession levels. Lawmakers' response to the revenue shortage thus far has centered mainly on reducing investments, but a more prudent course would be to maintain investments in education, roads and healthcare through a balanced approach that includes revenue increases rather than take a cuts-only approach that threatens recovery.

Updating the state's tax code would improve the equity of the state's tax system for its workforce and provide resources necessary to attract business. Overall, Mississippi's state and local tax systems call on low- and moderate-income people to pay a higher share of their yearly earnings in taxes than high-income individuals. Addressing this imbalance would help raise the money needed to invest in economic growth and do it more equitably.

MISSISSIPPI GENERAL FUND REVENUE COLLECTIONS

FY 2008-FY 2013

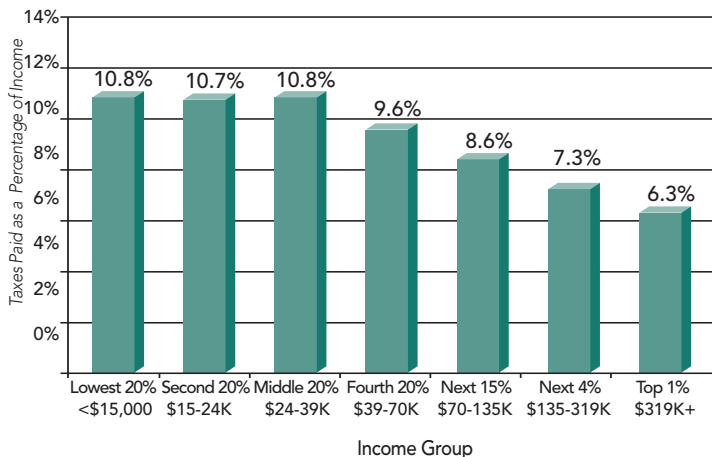


*Indicates the revenue collection amount is an estimate
Source: MEPC analysis of data from the Mississippi Revenue Estimating Group

The 2007 recession triggered a sharp decline in state revenue, and revenues are still well below pre-recession levels. FY 2008, when revenues peaked after the boost to the state's economy from recovery spending following Hurricane Katrina, was the last year that the state has been able to fully fund the Mississippi Adequate Education Program, the funding formula for all of Mississippi's K-12 schools. Lawmakers dealt with the revenue shortages with year after year of cuts to essential services. These cuts caused, among many other things, increases in some K-12 class sizes, tuition hikes at state universities, and a reduction in mental health services.

An adequate tax system is needed to maintain public investments that support the state's workforce. The adequacy of state resources in Mississippi was a challenge even before the recent recession and continues as significant budget cuts threaten the state's public structures. Compared with other states, Mississippi ranked 46th in taxes per capita, the average amount collected per person through all tax sources.

ESTIMATED PERCENT OF INCOME PAID IN STATE & LOCAL TAXES BY INCOME QUINTILE IN 2007



Source: MEPC Analysis of Data from the Institute on Taxation and Economic Policy, "Who Pays? A Distributional Analysis of the Tax Systems in all 50 States," November 2009.

Tax reform is also necessary to improve the equity of the state's tax system for working Mississippians. While Mississippi's tax system has both progressive and regressive elements, as a whole the state's tax system is regressive. Earners with lower incomes (less than \$39,000 per year) pay over 10% of their income in state and local taxes, while those earning over \$70,000 pay less.

Two key features cause Mississippi's tax system to be regressive overall:

- A heavy reliance on the sales tax, which takes a higher percentage of lower income residents' earnings than it does from the high-income residents. The discrepancy is made worse due to the sales tax's inclusion of groceries. In contrast, many services, including pet grooming and massage services, are not taxed.
- An effectively flat income tax with a top bracket that starts at \$10,000 of taxable income. With standard exemptions and deductions, a family of four would begin to owe income taxes at \$19,600 in income, even though their income is below the Federal Poverty Level. Families making \$30,000 or \$3,000,000 are in the same tax bracket.

The regressive tax structure exacerbates the state's already significant income inequality. Income tax brackets have not been updated in more than 25 years. During that time, persons with higher incomes experienced substantial income gains compared with low-income residents.

CHAPTER 5. ADVANCING TO A STRONGER WORKING MISSISSIPPI

Mississippi's labor force remains one of the state's greatest assets. However, the last ten years have made many Mississippi workers and their families feel less secure. As Mississippi's economy, jobs and workforce recover from the two recessions of the last decade, the state has the opportunity to ensure that all employers, workers and families can advance and prosper. To this end, a variety of strategies can be implemented statewide through the state's leadership in the private, public and non-profit spheres.

INCREASE EMPHASIS ON REGIONAL SECTOR INITIATIVES

Employers need skilled workers and access to quality training for their current employees. The state's workforce also needs training to access employment with sufficient wages. Mississippi has already experienced success through sector initiatives, but a greater emphasis and more resources are needed. Further developing these efforts with state support can connect more working adults with the training and wrap-around support services they need to raise skills and gain higher wage employment.

KEEP POST-SECONDARY EDUCATION AFFORDABLE

Ensuring that tuition is affordable for all students is becoming increasingly important for keeping the doors of higher education open to the state's workforce and recent high school graduates alike.

SUPPORT WEALTH CREATION AND ASSET BUILDING

Building assets and saving for higher education, emergencies and homeownership are important tools for growing wealth and creating income mobility across generations. Making more alternatives to highcost financial services available, strengthening consumer protections, enhancing access to financial education and connecting more unbanked families with financial institutions can all help increase wealth building among Mississippi's households.

BUILD A PIPELINE FROM BASIC EDUCATION TO COLLEGE COURSES

The state stands to gain from better connecting basic skills education, GED preparation, workforce training and college courses. Improving the design of courses, so they stack in pathways from basic skills to post-secondary training, can advance more working adults without a high school degree onto a path to job opportunities with higher wages.

STRENGTHEN WORK SUPPORTS

For many adults, working full-time is not enough to provide for all the basic needs of their families. Adults in low-wage jobs need a variety of work supports to make ends meet. To assist these families, Mississippi needs to increase funding for affordable housing, childcare and energy assistance. Doing so helps ensure that parents can work and provide a safe, healthy environment for their families.

RESTORE PUBLIC STRUCTURES BY REFORMING TAX SYSTEM

Public investments should provide a quality education for all students, a healthy workforce and an infrastructure for business development that creates more jobs with quality wages. Ways to increase revenue, including adding new brackets to the income tax, closing corporate loopholes, and broadening the sales tax base to include more services, need to be considered to lift Mississippi and its workforce to greater economic competitiveness.

MORE MISSISSIPPI ECONOMIC POLICY CENTER RESOURCES *for advancing the State of Working Mississippi*

- 1) MAKING MISSISSIPPI COMPETITIVE: SOLUTIONS FOR BUILDING ASSETS IN LOW-WEALTH COMMUNITIES
- 2) BUILDING PATHWAYS TO CREDENTIALS AND CAREERS
- 3) BASIC ECONOMIC SECURITY TABLES FOR MISSISSIPPI
- 4) AFTER THE ARRA: SETTING PRIORITIES FOR KEEPING MISSISSIPPI'S RECOVERY ON TRACK
- 5) REVENUE OPTIONS FOR MISSISSIPPI'S FISCAL CRISIS

All MEPC reports can be found at <http://www.mepconline.org>