



Executive Summary: Overlooked and Undercounted

December 14, 2009

With basic living costs rising faster than incomes, more and more of Mississippi's families are facing economic hardships as they struggle to cover basic needs such as food, shelter, health care, and child care. By comparing household incomes to bare-bones budgets, this report finds that 32% or nearly one in three Mississippi households does not earn enough money to cover their basic living expenses.

Using the Mississippi Self Sufficiency Standard, this report describes which households are struggling to make ends meet in every county of the state. The Self Sufficiency Standard provides a measure of how much a family needs to earn to cover basic living expenses without any public or private assistance. The Standard takes into account family size, type and geographic location, and is drawn from widely-accepted public data sources including HUD Fair Market Rents and Mississippi Child Care Market Rate Survey. More information on the Self Sufficiency Standard, including county-specific data, can be found at www.mepconline.org.

Key Findings

The following section provides an overview of the key findings in the report:

- ***One in Three (32%) Mississippi Households Lacks Income Adequate to Meet their Basic Needs:***
Nearly one in three Mississippi households does not have enough money to cover their basic costs of living; these families are living below the Self-Sufficiency Standard. The challenge of inadequate income affects families throughout Mississippi, in every racial/ethnic group, among men, women, and children, in urban, rural and even suburban areas.
- ***Families of Color are More Likely to Have Inadequate Income:***
While African-American households constitute just over one-third (35%) of all Mississippi households, over half of all Mississippi households (55%) in the state with incomes below the Self-Sufficiency Standard are African American. In comparison, White households comprise a greater percentage of all Mississippi households (61%) but only 41% of households with incomes below the Self-Sufficiency Standard are White.
- ***Women Who Maintain Families, Especially Single Mothers, have High Rates of Income Inadequacy:***
Households maintained by women are twice as likely to have incomes below the Self-Sufficiency Standard as households with male householders (44% versus 22%). Families with children are also more likely to have insufficient income. For instance, the proportion of all Mississippi households with inadequate income increases as the number of children in the household grows, from 26% for those with no children, to 53% of households with three children.
- ***Education Reduces the Rate of Income Inadequacy:***
Education is strongly related to income inadequacy, such that householders with less education are much more likely to have insufficient income than those with more education. Over half (55%) of households in Mississippi with less than a high school education have inadequate incomes. The rate drops quickly as education increases, falling to just 12% for those with a college degree or more. Education, however, does not fully narrow the gender and racial gaps in income, as similarly educated women and people of color earn less than their white, male counterparts in Mississippi.

- ***Employment is Key but not all Jobs are Equal:***
Although having stable year-round full-time work is key to income inadequacy, it is not a guarantee. In Mississippi households with incomes below the Self-Sufficiency Standard, 83% already have at least one worker. Furthermore, households with incomes above the Self-Sufficiency Standard work only about 14% more hours per year than those whose incomes fall below the Self-Sufficiency Standard. Overall, the average hourly wage rate of householders above the Self-Sufficiency Standard is more than twice that of householders below the Standard (\$15.65 per hour versus \$7.21 per hour).

Policy Recommendations

A broad-based policy effort that includes workforce training and workforce supports to increase income adequacy can create additional opportunities to move Mississippi's households toward self sufficiency including:

- ***Continue to Invest in Adult Education:***
Over 330,000 adults in their prime working years (18-64 years) do not have a GED or high school diploma. A robust Adult Education Program is the gateway for the existing workforce to acquire more skills and compete for higher wages.
- ***Invest in Sector Strategy Approaches:***
Sector Strategies identify in-demand occupations that have relatively educational attainment requirements for entry level positions and that offer significant wage gains with the acquisition of skills and training. Sector Strategies have connected training offerings with employment opportunities that have resulted in self sufficiency earnings for Mississippi workers and their families.
- ***Accelerate Learning through Career Pathways:***
By design, career pathways programs provide a series of connected education and training programs with support services that enable students to secure employment within a specific industry or occupational sector. Over time, these programs allow students to advance to higher levels of education and employment within that sector. These programs should be expanded so more students have the opportunity to grow professionally and increase their earning power.
- ***Making Work Pay through Tax Reform:***
Mississippi's tax system is regressive and outdated. By updating the income and sales taxes, the system could generate more revenue for the state while creating opportunities for working families to move towards self-sufficiency.

Mississippi's working families are one of its greatest assets. By making investments in its people, the state will position itself to compete and prosper in the global economy as it moves out of the recession and into a full recovery.