



May 22, 2009

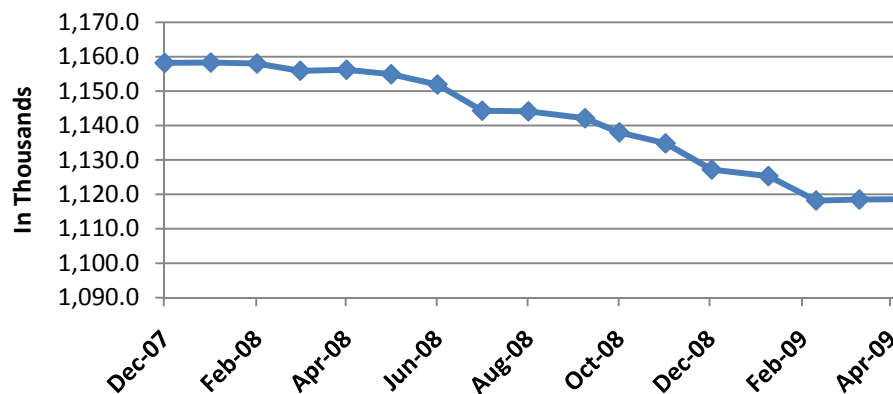
## The National Recession in Context – How is Mississippi Faring?

**Summary:** Over the last several months, Mississippi has experienced job loss and increased demand for services. This memo provides a review of a number of economic indicators and compares / contrasts the effects of the current recession with two previous recessions. Overall, the current recession has had a more severe effect on job loss than in previous recessions. Two policy opportunities to support Mississippi workers following a job loss include enacting the provisions of the Unemployment Modernization Act and making changes to Extended Benefit Laws to provide support to the long term unemployed.

### Jobs

Since the start of the recession in December of 2007, Mississippi has lost an estimated 39,600 jobs. Of the jobs lost in Mississippi, approximately half were jobs in the manufacturing sector. The chart below illustrates the trend over the last 16 months for which data are available.

### # of Jobs by Month Since the Start of the Recession - Mississippi



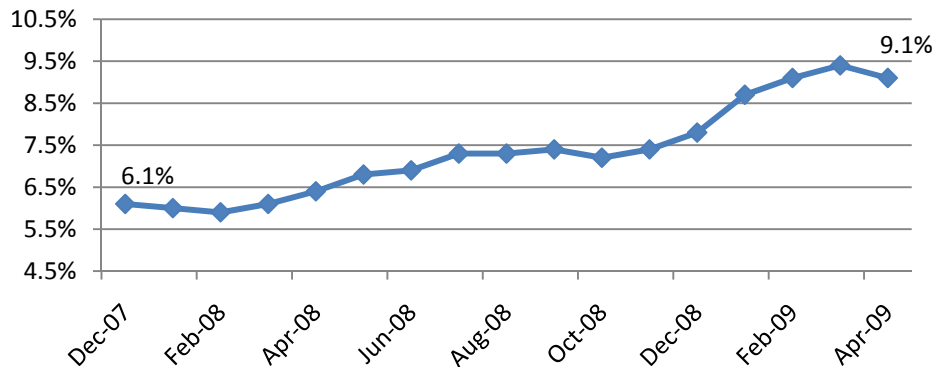
Source: U.S. Department of Labor Bureau of Labor Statistics

Mississippi is in the middle of the pack compared to other states in the country (26 states have experienced a higher percent of jobs lost). Mississippi's net job loss rate of 3.4% was lower than the rates in Alabama (5.0%) and Tennessee (5.0%) and higher than the rates in Arkansas (2.3%) and Louisiana (0.2%).

## Unemployment

Since December of 2007, Mississippi's unemployment rate has increased by 3.0 percentage points. The chart below illustrates the trend over the last 16 months for the state of Mississippi. In April, the unemployment rate dropped from its 2007 recession high of 9.4% to 9.1%.

### **Unemployment Rate by Month Since the Start of the Recession - Mississippi**



Source: U.S. Department of Labor Bureau of Labor Statistics

The table below compares and contrasts increases in the unemployment rates among Mississippi and its neighboring states.

<b>Mid South State Unemployment Rate Changes Current Recession (December 2007 – April 2009)</b>			
<b>State</b>	<b>Unemployment Rate December 2007</b>	<b>Unemployment Rate April 2009</b>	<b>Change in the Unemployment Rate</b>
Alabama	3.8%	9.0%	Increase of 5.2%
Tennessee	5.3%	9.9%	Increase of 4.6%
Mississippi	6.1%	9.1%	Increase of 3.0%
Louisiana	3.9%	6.2%	Increase of 2.3%
Arkansas	4.9%	6.5%	Increase of 1.6%

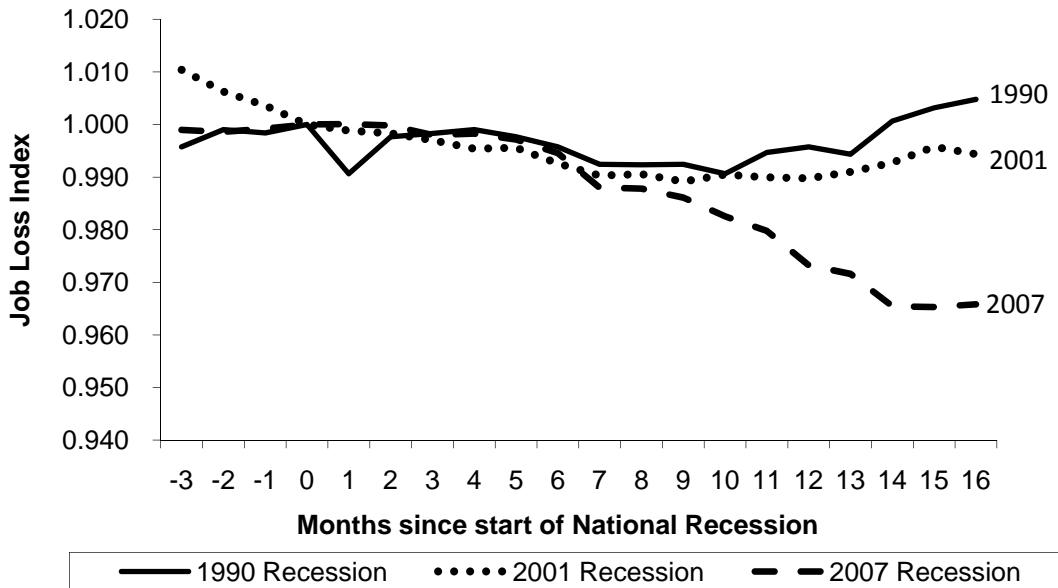
Source: Economic Policy Institute Analysis of Employment, Hours and Earnings from the Current Employment Statistics Survey (State and Metro Area) Seasonally Adjusted U.S. Department of Labor Bureau of Labor Statistics

In Alabama the unemployment rate was 3.8% at the start of the recession and was 9.0% at the end of April. Likewise, at the start of the recession, the Tennessee unemployment rate was 5.3% and 9.9% at the end of March. Increases in the unemployment rates in Louisiana and Arkansas were less than in Alabama, Mississippi and Tennessee.

## Historical Trends

Compared to the recessions of 2001 and 1990, the current recession has had a longer and deeper effect on job loss. The chart below compares the magnitude of job loss in Mississippi over the past three recessions.

## Job Loss during the Recessions of 1990, 2001 and 2007 in Mississippi<sup>i</sup>



The chart above uses a job loss index to make fair comparisons across different recessions. A value above 1 means that the state had more jobs than at the start of the respective recession and a value below 1 means that the state had fewer jobs than at the start of the recession. The chart shows that in 1990 the number of jobs was greater than the number of jobs in the state 16 months following the start of the recession. In 2001, 16 months following the start of the recession, the state had not fully returned to its pre-recession job numbers; however, the magnitude of the job loss was not as deep as in the current recession where the job loss index remains near its recession low.

### Recommendations

As job loss continues and unemployment remains high, efforts to support workers losing jobs is critically important to stabilize families and the state’s economy. Mississippi has two opportunities to access federal funds for the unemployed that were designated and enhanced through the American Recovery and Reinvestment Act (ARRA) – the Unemployment Insurance Modernization Act and Extended Benefits.

#### *Unemployment Insurance Modernization (UIMA)*

The first of these opportunities is UIMA. UIMA provides incentive funding to states to make specific changes that update their unemployment insurance systems. By participating in UIMA, Mississippi could receive up to \$56.1 million and reach an additional 39,600 workers. For more information please refer to the following MEPC UIMA publications: Unemployment Insurance Modernization Act Fact Sheet, The Unemployment Insurance Modernization Act: Opportunities for Mississippi.

### *Extended Benefits (EB)*

In response to long-term unemployment and the fiscal challenges facing states due to the recession, ARRA also provides states with additional federal dollars to fund unemployment insurance (UI) benefits for the long-term unemployed. Through the EB program, long-term unemployed workers can receive an additional 13-20 weeks of unemployment insurance benefits. EB payments made through December 2009 are funded by the federal government.

Every state has an EB program; however, different states use different formulas to determine when EB become available to unemployed workers. Mississippi's EB formula threshold has not yet been reached. Mississippi does have the option of changing its laws to allow the EB formula threshold to be reached more quickly than if it continues to use the existing threshold. Assuming a change in the laws, EB could provide assistance up to an estimated 16,490 workers in Mississippi.<sup>ii</sup> For more information please refer to the following MEPC EB publication: Extended Benefits Fact Sheet.

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<sup>i</sup> The chart above standardizes the job numbers over the last three recessions to allow for comparisons. The job loss chart uses the number of jobs at the start of a respective recession as a baseline to measure loss and recovery. When the trend lines dip below 1.0, the state experienced job loss. When the trend lines moved back to or above 1.0, the number of jobs in the state was equal to or greater than the number of jobs that at the start of the respective recession.

<sup>ii</sup> Testimony of Maurice Emsellem, National Employment Law Project, Hearing before the U.S. House of Representatives, Ways & Means Committee, Subcommittee on Income Security & Family Support April 23, 2009