

STATE OF WORKING MISSISSIPPI

2016

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Working families seek economic security, meaning that they earn enough to pay for basic living expenses while saving enough to pay for larger and longer-term costs. Increasingly in the United States workers and their families are not able to achieve this security, especially minority households. This pattern is particularly prevalent in Mississippi.

The reasons for the gap in what Mississippi families earn and what they need are multifaceted. *The State of Working Mississippi 2016* analyzes trends in population, education, labor force, jobs, employment, wages, income, and poverty. It focuses specifically on the period from 2007 through 2015 to measure economic conditions just before, during, and since the Great Recession. Major findings for each topic are included at the beginning of the corresponding section and are followed by more detailed analyses.

The report concludes with recommendations for improving economic conditions for the state's workers. Mississippi is a vibrant state with much economic potential. By making strategic public

In 2014, 17.7% of working Mississippi families lived below the poverty line, more than 100,000 workers did not have healthcare, and the median wage of African-American workers was just 72% of the median wage for white workers.

investments and policy changes, the state's leaders have an opportunity to improve the economic reality for the state, its workers, and their families.

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EXECUTIVE SUMMARY

Mississippi experienced a period of economic growth in the late 1990s that increased wages and improved economic outcomes, but the turn of the 21st century brought economic stagnation that has persisted through 2015.

The Great Recession exacerbated this problem and the Mississippi economy has not recovered at the same pace as neighboring states or the nation. Low and middle-income workers have been impacted most significantly, while wages for the wealthiest Mississippians and corporate profits have risen steadily. Rates of workers with employer-sponsored health insurance and pensions also have declined over time, further damaging the economic security of working families.

The National Bureau of Economic Research declared December 2007 to June 2009 a period of economic contraction for the U.S., which is now known as the **Great Recession**.¹

The slow and uneven recovery from the Great Recession combined with growing income inequality has created an economic environment in Mississippi in which working families cannot afford basic necessities, let alone save for retirement or pay for their children to attend college. What's more, the state's increasingly inequitable system

of taxation places a disproportionate burden on low and middle-income families, while tax breaks for the wealthiest individuals and corporations have left the state without adequate revenue for critical public services and infrastructure, including public schools and hospitals.

The challenging economic environment in Mississippi particularly affects African-American workers and families. African-Americans in the state do not have equitable access to quality education and post-secondary opportunities, which has contributed to a disproportionate number of black workers being unemployed and racial disparities in wages. As a result, an alarmingly high number of African-American children live in poverty, which threatens their ability to learn, achieve, and earn to their full potential.

Mississippi also ranks low on measures of quality of life and education levels of the labor force, making it an unattractive state for new and growing businesses despite its generally business-friendly state tax system. Accordingly, if Mississippi is going to rebound economically the state must invest more in its current and future workforce and improve its public services and infrastructure. Without concerted policy changes, the economic struggles of the state and its workers will continue and grow worse. Specific recommendations derived from the findings of this study include:

- ▶ Fully fund Mississippi public education, from pre-kindergarten to high school
- ▶ Increase access to childcare assistance through TANF funding
- ▶ Increase funding for need-based tuition assistance for higher education
- ▶ Expand Medicaid
- ▶ Raise the minimum wage
- ▶ Establish a state Earned Income Tax Credit
- ▶ Reduce or eliminate the sales tax on groceries
- ▶ Increase state tax revenues without placing additional burdens on the poor
- ▶ Local government action to improve economic justice

More detailed descriptions of these policy recommendations are included in the final section of the report on pages 42-43.

Population

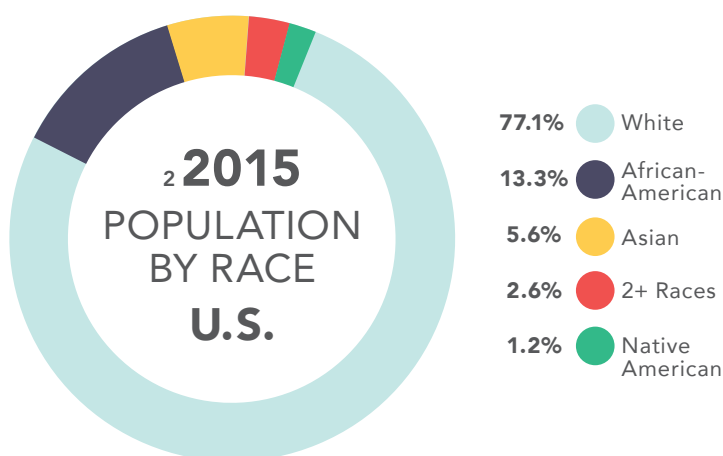
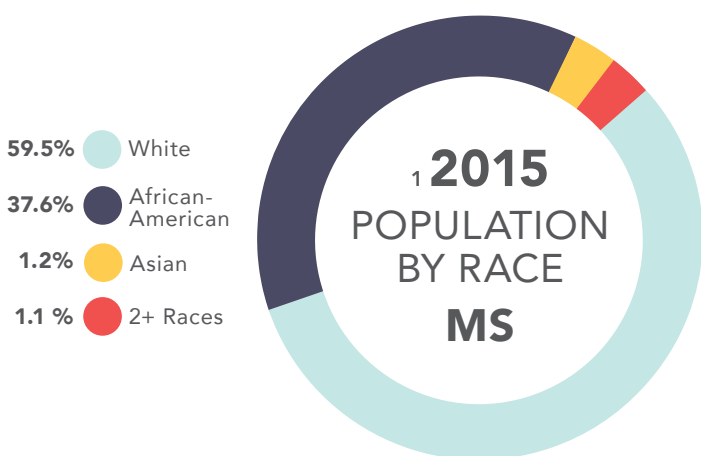
Key Findings

- ▶ Mississippi's population grew from 2,844,658 to 2,992,333 between 2000 and 2015, a 5.2% increase.
- ▶ Mississippi population growth rates are substantially lower than U.S. rates, with particularly slow growth among the white population.
- ▶ Mississippi historically has had a larger share of African-Americans in its population than the U.S. as a whole, and 37.6% of Mississippi residents are African-American as of 2015, compared to 13.3% nationally.

Mississippi's Population is Slow-Growing and Increasingly Diverse

Between 2000 and 2015, Mississippi's population grew from 2,844,658 to 2,992,333, an increase of 5.2%, or 147,675 people. Growth slowed slightly after 2007, however, because, while the state's population grew by 2.9% from 2000 to 2007, it grew by only 2.2% from 2007 to 2015. Mississippi population growth rates are substantially lower than U.S. population growth, which grew 14.21% or 39,996,914 people between 2000 and 2016.

Slow white population growth and an increasingly diverse population characterized the period from 2007 to 2015 in Mississippi. The white population grew only by 0.5% (9,187 persons) while the Asian population grew 35% (8,177 persons) and persons of two races by 56% (13,462). Perhaps most notably, the Hispanic population grew by 52.1% (31,396 persons) in Mississippi, substantially more than the national growth rate in the same period of 24.4%.



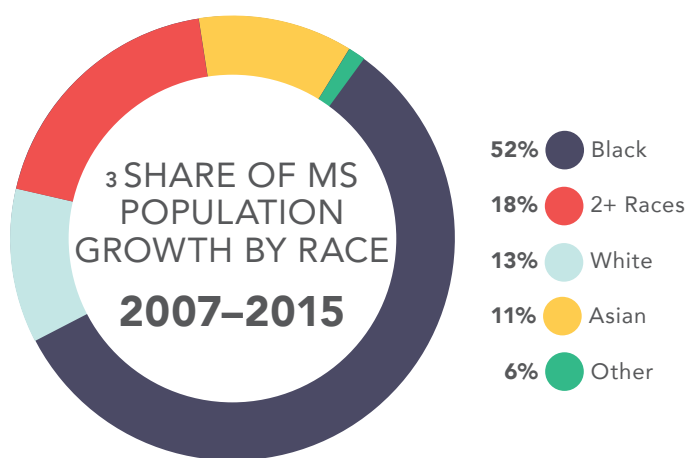
Source: U.S. Census Bureau, Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for the United States, States, and Counties: July 1, 2015.

Mississippi historically has had a larger share of African-Americans in its population than the U.S. as a whole, and 2015 data reflect that. African-Americans captured 52% of Mississippi's total population growth between 2007 and 2015, and 37.6% of Mississippi residents are African-American, compared to 13.3% nationally.

Thus the economic and social well-being of African-Americans have a great impact on the overall health of the state.

Mississippi's Population is Aging

Mississippi's population also is growing older. The population of working-age adults (18 years and up) grew by 9.3% from 2000 to 2015, to 2,265,485 persons. Parallel to the overall population trends in the state, the working-age population grew faster from 2000 to 2007 than from 2007 to 2015. It grew by 6.1% or 125,330 persons (an average of 17,904 persons per year) from 2000 to 2007 compared to growth of 3.9% or 85,434 persons (an average of 10,679 persons per year) between 2007 and 2015.



Source: JSRI analysis of US Census Data: Annual Estimates of the Population by Sex, Race, and Hispanic Origin for Mississippi: July 1, 2007, and July 1, 2015.

As Mississippi adjusts to slowing population growth, a key factor will be retaining residents. High levels of Mississippi residents historically have remained in the state, as is generally true for states of the Deep South. In 1990, for instance, 77.3% of Mississippi's population was born in state, the fifth highest rate in the nation. By 2014 the rate of persons born in state had decreased to 71.58% for Mississippi. While part of this decrease could be linked to immigration into Mississippi, it is worth noting that in 2014 an impressive 36.9% of Mississippi-born residents lived in other states, a share considerably higher than Louisiana's 29.7% or Alabama's 29.5%.

Educational Attainment

Key Findings

- ▶ Mississippi's population is far less educated than the nation as a whole and significant educational disparities exist between the African-American and white populations within the state.
- ▶ Mississippi public schools are underfunded, with state per pupil spending at only \$8,263 in 2014. That is only 75% of the national average, and places Mississippi at 47th on measures of per student state education funding compared to the other 49 states and Washington D.C.

Educational Attainment

is the highest diploma or degree, or level of work toward a diploma or degree, an individual has completed.

Mississippi's Trails Nation in Educational Attainment

Mississippi lags behind national averages for educational attainment at all levels. Most notably, 15.4% of Mississippi residents do not complete high school, compared to 11.6% for the country. What's more, 34% of Mississippi residents complete high school but do not pursue post-secondary education, compared to 29.5% of U.S. residents.

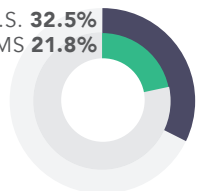
Just 21.8% of Mississippians earn a bachelor's degree or higher, a third less than the national figure of 32.5%.

There are significant disparities in educational attainment between white and African-Americans residents of Mississippi. In 2015, 19% of African-American adults had not completed high school, compared to 14% of white adults. While 39% of African-Americans' highest level of education was a high school diploma, another 42% had at least some college experience or a degree. On the other hand, 30% of white Mississippians had only a high school diploma, and a further 54% had at least some college or a degree. Thus 86% of white Mississippians had a high school diploma or more, compared to 81% of African-American Mississippians.

4 2015 Educational Attainment: Mississippi vs. United States

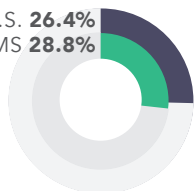
BACHELOR'S OR MORE

U.S. 32.5%
MS 21.8%



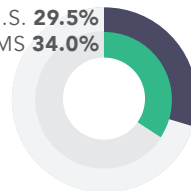
SOME COLLEGE

U.S. 26.4%
MS 28.8%



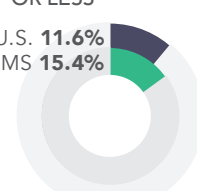
HIGH SCHOOL

U.S. 29.5%
MS 34.0%



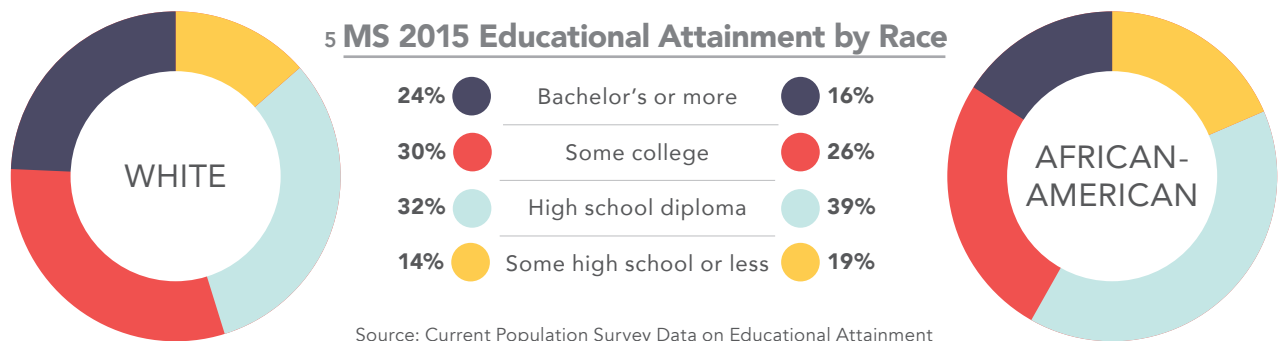
SOME HIGH SCHOOL OR LESS*

U.S. 11.6%
MS 15.4%



Source: U.S. Current Population Survey Annual Social and Economic Supplement, 2015

*High school includes those who have received a high school diploma or a GED.



Equitable access to higher education will require a new commitment to need-based tuition in Mississippi. For 2014-15, the state only provided \$41,164,203 for 30,693 awards to 26,818 students, an average of \$1,535 per student. The Higher Education Legislative Program for Needy Students (HELP), for instance, awarded 1,840 students a total of \$10,184,010, for an average award of only \$5,535. The MTAG (Mississippi Resident Tuition Assistance Grant) program granted the balance of state-funded tuition assistance (24,329 awards), but awarded an average of \$591 to Mississippi students in 2014.² These figures are substantially below 2016-17 tuition rates in Mississippi, e.g. \$7,780 at Mississippi State University or \$7,644 at the University of Mississippi. The future of such programs is not bright: in June 2016, the Mississippi Postsecondary Education Financial Assistance Board noted an expected shortfall of over \$11 million in 2016-17.³ Increasing access to higher education for lower-income students would substantially close racial inequalities in education.

Failures to Invest in Public Education

Mississippi has one of the lowest levels of education funding per student in the nation. According to the U.S. Census Bureau's 2014 Annual Survey of School System Finances, the U.S. spent an average of \$11,009 per pupil in the elementary-secondary public school system for fiscal year 2014. Mississippi public school systems spent an average \$8,263 per pupil that year, or 75.1% of the national average. Compared to other per student funding in the other 49 states and Washington D.C., Mississippi ranked 47th, despite ranking 10th nationally in federal funding per pupil (\$1,350).

Federal funds represent 14.9% of total public school spending in Mississippi, second only to Louisiana at 15.3%, and higher than Alabama's 10.8%.

Meanwhile, 79.7% of Mississippi's local revenues for public elementary-secondary school systems come from property taxes, considerably higher than 44.1% in Alabama and 42.3% in Louisiana.

This disproportionate emphasis on local property values means that schools in economically depressed regions are chronically underfunded, thereby reinforcing the cycle of poverty.⁴

Mississippi's per student education spending in 2014 was considerably lower than those of neighboring states: \$10,749 for Louisiana (ranked 26th) and \$9,028 for Alabama (ranked 39th). The 2014 spending level represents a 1.6% increase from 2013 (\$8,130), and a slow rise from 2008 (\$7,901).

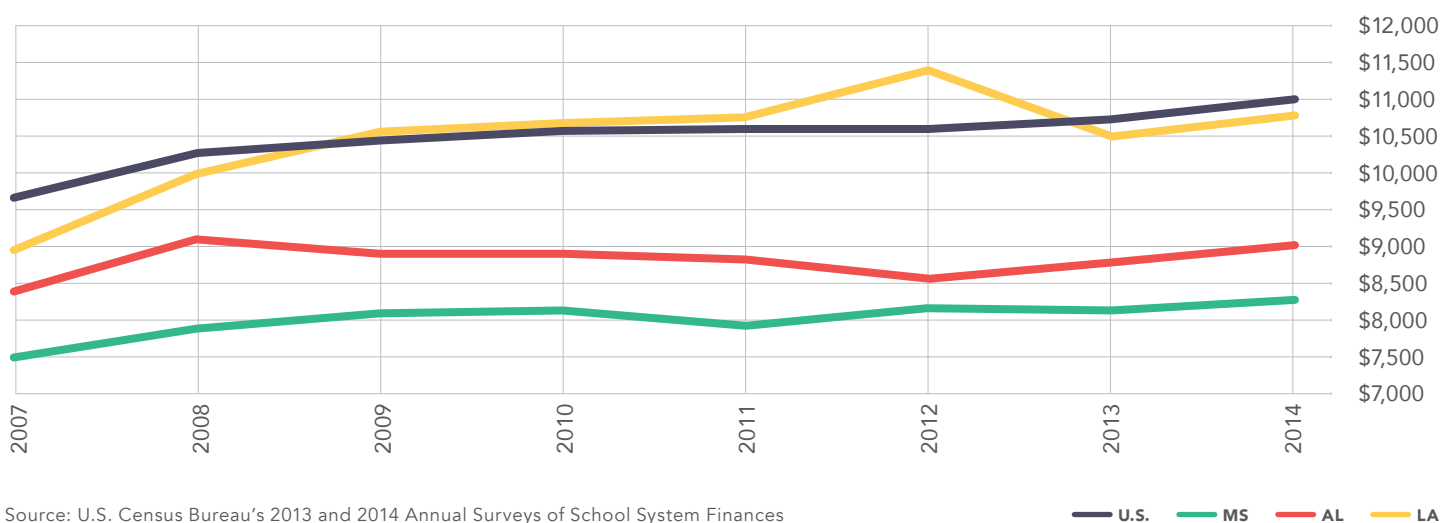
Mississippi consistently has failed to adhere to its own education spending formula, the Mississippi Adequate Education Program (MAEP), which has been underfunded for all but two years since its creation in 1997. The shortfall since 2008 alone amounts to \$1.7 billion. Many regions of the state would greatly benefit from those funds, particularly low-income areas where property values depress local-level school funding. As low-income areas are often rural and African-American, failing to fund the MAEP particularly harms African-Americans students.

At the pre-kindergarten (pre-K) level, annual state funding of \$3 million through the Early Learning Collaborative Act is significant as the first state funding of pre-K programs

in Mississippi, but will benefit only about 6% of eligible children, and over 50% of Mississippi children did not attend a pre-K program in 2014.⁵ Given the high levels of African-American children who live in

poverty, this shortfall in funding again disproportionately hurts African-Americans, further exacerbating racial inequalities in education in Mississippi.

6 Expenditures Per Pupil for Public Elementary-Secondary Schools



Mississippi's Two School Systems

There are, in effect, two school systems in Mississippi: underfunded public schools for the poor and private schools for the wealthy. According to the Education Law Center, 12% of Mississippi school-age children attend private schools or are home schooled.⁶ Compared to other states, Mississippi ranks close to the middle among states for the percentage of children who do not attend public schools.

The U.S. Census Bureau's 2015 Annual Survey of School System Finances shows that Mississippi children attending private schools typically come from households with considerably more wealth than the households of children attending public schools, their households in 2015 earning on average 185% more income than those of children attending public schools. In fact, Mississippi ties with Kentucky for the

fourth-worst disparity between the household income of children who attend private and public schools.

Moreover, the Mississippi public school system's outcomes consistently lag behind national averages. According to the National Center for Education Statistics (NCES), Mississippi underperforms the U.S. averages in National Assessment of Educational Progress (NAEP) for mathematics, reading, writing, and science for 4th and 8th grades.

On a brighter note, Mississippi's high school graduation rate has improved in recent years from 74.5% in 2014 to 78.4% in 2015.⁷ This brings Mississippi closer to the national average of 82%. Racial disparities appear in these data, as well, with the NCES reporting 2014 graduation rates in Mississippi of 72% for African-American students and 84% for white students.

Labor Force

Key Findings

- ▶ Mississippi's labor force has become smaller, older, more diverse and better educated in recent years.
- ▶ While the state's labor force grew by 1.9%, or 25,040 workers, between December 2007 and December 2010, the labor force shrunk considerably between December 2010 and May 2016, by 5% or 54,840 workers.
- ▶ Mississippi's labor force participation rate declined by 3.9 percentage points between 2007 and 2015. This decline has been more dramatic than trends in the U.S. labor force participation rate, which declined by 3.3 percentage points between 2007 and 2015.

Mississippi's Labor Force: Smaller, Older, More Diverse

Between December 2007 and May 2016, the Mississippi labor force declined by 2.3% or 29,800 workers. The labor force declined most sharply between December 2010 and May 2016, by 54,840 workers or 5%.

The Mississippi labor force in 2015 was smaller, older, more diverse, and better educated than that of 2000.

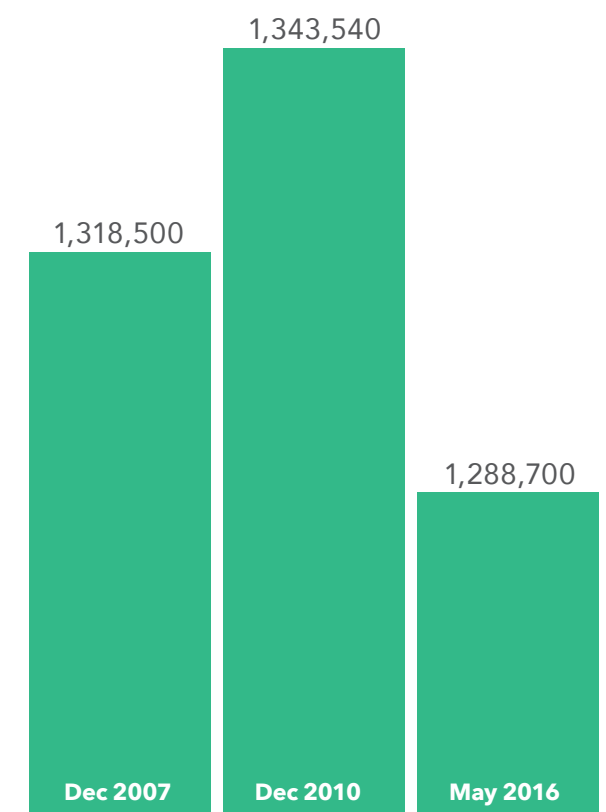
The **labor force** includes all persons 16 or older who are classified as employed or unemployed.

The number of persons ages 16 to 24 in the labor force declined 16.7% between 2000 and 2015, while the number of workers between the ages of 25 and 54 decreased by 9.4%. Alternatively, the number of workers ages 55 and older dramatically increased by 47.4%. As a result, the share of workers 55 years and older increased by 6.3% as a share of the total workforce, while workers in the 25 to 54 age range decreased by 4.4% as a share of the state's workforce. The decrease in younger workers as a share of the overall workforce may be attributable to a lack of substantial growth in the "new economy" compared to other states. Without sufficient science, technology, engineering and mathematics ("STEM") jobs, Mississippi will struggle to retain its young, educated workers.⁸

White workers also decreased as a share of the Mississippi labor force between 2000 and 2015. Specifically the share of the total labor force that was white declined by 4.3% as a share of the total labor force, while African-Americans increased by 3.2% as a share of the total labor force. The Hispanic presence in the Mississippi labor force has by many measures increased, although the sample size remains small. Meanwhile the number of whites in the labor force declined 9.7%, and the African-American workforce increased by 6.0%.

With regard to gender composition, the Mississippi labor force in 2015 was statistically similar to that of 2000, albeit smaller overall. The labor force has declined in number for both men and women since 2000, with a sharp decline for men since 2007.

7 MS Labor Force Dec 2007–May 2016



Source: EPI analysis of Census data

While Mississippi residents continue to be less educated than the general U.S. population, the Mississippi labor force has shown improvements in educational attainment since 2000. Notably, the share of Mississippi workers with education beyond high school (“Some college” and “Bachelor’s or higher”) increased from 52.3% to 58.7% between 2000 and 2015, and the number of workers earning less than a high school diploma has decreased to 10.3% from 15.6% in 2000, with much of that change occurring after 2007, due to improved school graduation rates in the state.

8 Share of MS Labor Force by Educational Attainment	2000	2007	2015
Less than high school	15.6%	14.0%	10.3%
High school	32.1%	32.6%	30.9%
Some college	31.5%	31.7%	34.4%
Bachelor's or higher	20.8%	21.7%	24.3%

Source: EPI analysis of Current Population Survey data

9 MS Labor Force Demographics Totals in Thousands and Percentage Shares			
	2000	2007	2015
TOTAL	1,326 (100%)	1,304 (100%)	1,281 (100%)
Gender			
Male	677 (51.1%)	684 (52.5%)	661 (51.6%)
Female	649 (48.9%)	620 (47.5%)	621 (48.4%)
Age			
16-24	227 (17.1%)	195 (15%)	189 (14.8%)
25-54	928 (70%)	861 (66%)	841 (65.6%)
55+	171 (12.9%)	248 (19%)	252 (19.6%)
Race/Ethnicity			
White	876 (66.1%)	844 (64.7%)	791 (61.8%)
African-American	436 (32.9%)	429 (32.9%)	462 (36.1%)
Hispanic	*	43 (3.3%)	34 (2.7%)

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics *Data not collected for MS

Labor Force Participation Rates are Steadily Declining

Another way of analyzing the Mississippi labor force is through labor force participation rates. Mississippi's overall labor force participation rate declined 2.8 percentage points between 2012 and 2015, from 58.9% to 56.1%. The 2015 rate is down 3.9 percentage points from 2007. Mississippi's labor force participation rate has been consistently lower than the national rate, which declined 1 percentage point from 63.7% to 62.7% between 2012 and 2015, and 3.3 percentage points between 2007 and 2015.

The **labor force participation rate** is the number of people aged 16 or older who are either employed or unemployed and seeking work, divided by the entire population aged 16 or older, excluding individuals in institutions or in the military.

Much of this decline is attributable to a lower rate of men participating in the labor force. Male participation in the Mississippi labor force decreased from 71.6% to 61.6% between 2000 and 2015, consequently narrowing the gender gap in labor force participation rates.⁹ While rates declined for both whites and African-Americans, the sharper decrease in participation for whites, virtually closed the racial gap in labor participation in 2015, at 55.8% for white and 56.4% for African-Americans.

Reflecting national trends, older Mississippians were more likely to work in 2015 than in 2000, perhaps for economic reasons connected to the Recession. The 1.6 percentage point increase in their labor force participation was smaller, however, than the 7.5 percentage point increase in the national labor force participation rate for persons 55 years or older. Younger Mississippians' (ages 25-54) labor force participation rate also has declined since the Recession, from 78.7% in 2007 to 76.4% in 2015.

Labor force participation rates declined for persons in all education brackets, but those with less education were particularly affected. The rate of participation among those with less than a high school diploma dropped by 24% from 41% to 31.1%, and the participation rate of those with only a high school diploma decreased from 66.4% to 54.6%, a 17.8% drop.

Women in the Workforce and Childcare Assistance

Labor force participation rates historically have been lower for women than men, a fact often linked to women's roles in the household and child rearing. Recent research suggests linkages between childcare access and labor force participation rates, particularly for women, with one study showing an increase of 0.24% in the maternal labor force participation for each 1% increase in childcare subsidies.¹⁰ Notably, increasing employment through such measures also makes more persons eligible for the Earned Income Tax Credit.¹¹ Studies also suggests that early childhood education can close achievement gaps that appear between children of different races and income groups as early as age 5 or 6. Such achievement gaps, of course, are considerable problems in Mississippi.

In 2013 only 14.7% of eligible children under the age six in Mississippi received childcare assistance: or 18,300 out of 124,426 potentially eligible children. In fact, while federal funding for Mississippi childcare has shrunk 28% since 2010, actual services have been reduced even more sharply – by 46%. Further, while federal regulations allow unobligated TANF funds to be used to fund childcare assistance programs Mississippi has opted not to do so, despite having had, for instance, \$7,865,405 in unobligated TANF funds during the above-mentioned 2013 gap in services.¹² And while Mississippi does budget obligated TANF funds for childcare assistance, those funds have declined in recent years as a percentage of TANF allocations: from 25% to 19% from 2001 to 2014.¹³

Thus increased funding for childcare assistance would work to address two of Mississippi's greatest challenges: low labor force participation rates and below average educational outcomes.

10 MS LABOR FORCE PARTICIPATION RATES

	2000	2007	2015	Change (2000-2015)
TOTAL	63.4%	60.0%	56.1%	-7.3%
Gender				
Male	71.6%	66.9%	61.6%	-10.0%
Female	56.7%	53.9%	51.3%	-5.4%
Age				
25-54 yrs	82.4%	78.7%	76.4%	-6.0%
55 yrs and older	29.9%	35.5%	31.5%	1.6%
Race/Ethnicity				
White	64.1%	60.8%	55.8%	-8.3%
African-American	61.8%	56.9%	56.4%	-5.4%
Education				
Less than high school	41.0%	35.3%	31.1%	-9.9%
High school	66.4%	60.0%	54.6%	-11.8%
Some college	70.5%	70.9%	63.6%	-6.9%
Bachelor's or higher	78.5%	78.0%	70.9%	-7.6%

Employment

Key Findings

- ▶ The number of persons employed in Mississippi decreased from 2000 to 2014 by 3.1%, from 1,155,000 to 1,119,500 persons, as the number employed in the U.S. increased by 5.3%.
- ▶ The statewide **unemployment** in May 2016 was 5.8%, which is down from 10.9% in 2010 and 6.1% in 2007, but still higher than the unemployment rate of 5.6% in 2000.
- ▶ The unemployment rate of white Mississippi residents is similar to the national average for white workers, while the unemployment rate of African-American Mississippi residents has been consistently higher than that of the national average for African-Americans.
- ▶ Mississippi counties vary considerably in unemployment rates, from a low of 4.2% for Rankin to 16.9% for Issaquena. Counties with urban and large white populations enjoy unemployment rates substantially lower than counties with rural and large African-American populations.
- ▶ Mississippi's 2015 **underemployment** rate of 11.7% is similar to neighboring states but higher than the national rate of 10.5%.

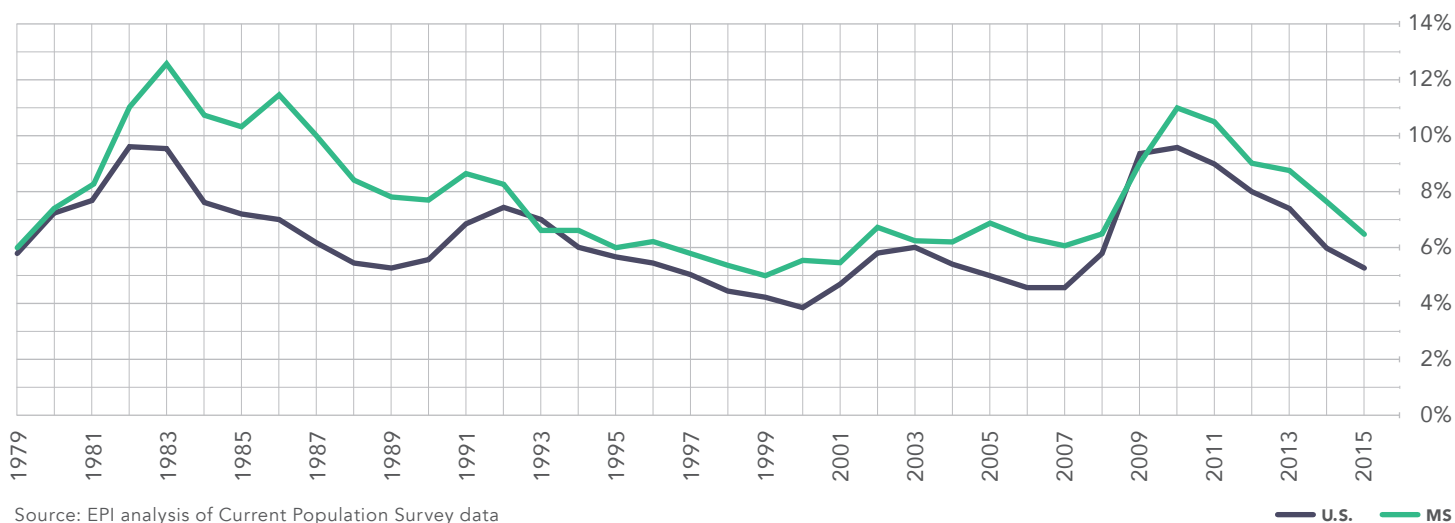
The **unemployment rate**, which is the share of jobless people in the labor force who have actively sought work in the past four weeks, is the most common measure of the strength of the job market.

Mississippi has a Persistent Unemployment Problem

The number of persons employed in Mississippi decreased by 3.1% from 2000 to 2014, from 1,155,000 to 1,119,500 persons, or a 35,500 person drop. Nationally, meanwhile, the number of persons employed increased by 5.3% from 2000 to 2014, from 132 to 138.96 million.

Mississippi has experienced a corresponding increase in unemployment. The May 2016 unemployment rate of 5.8% is down from 6.1% in 2007 and 10.9% in 2010, but up from 5.6% in 2000. The national unemployment rate has remained well below Mississippi's rate, at 4.0% in 2000, 9.6% in 2010 and 4.7% in May 2016. The Mississippi unemployment rate has been greater than the U.S. rate for all but two years between 1979-2015.

11 MS and U.S. Unemployment Rates 1979-2015

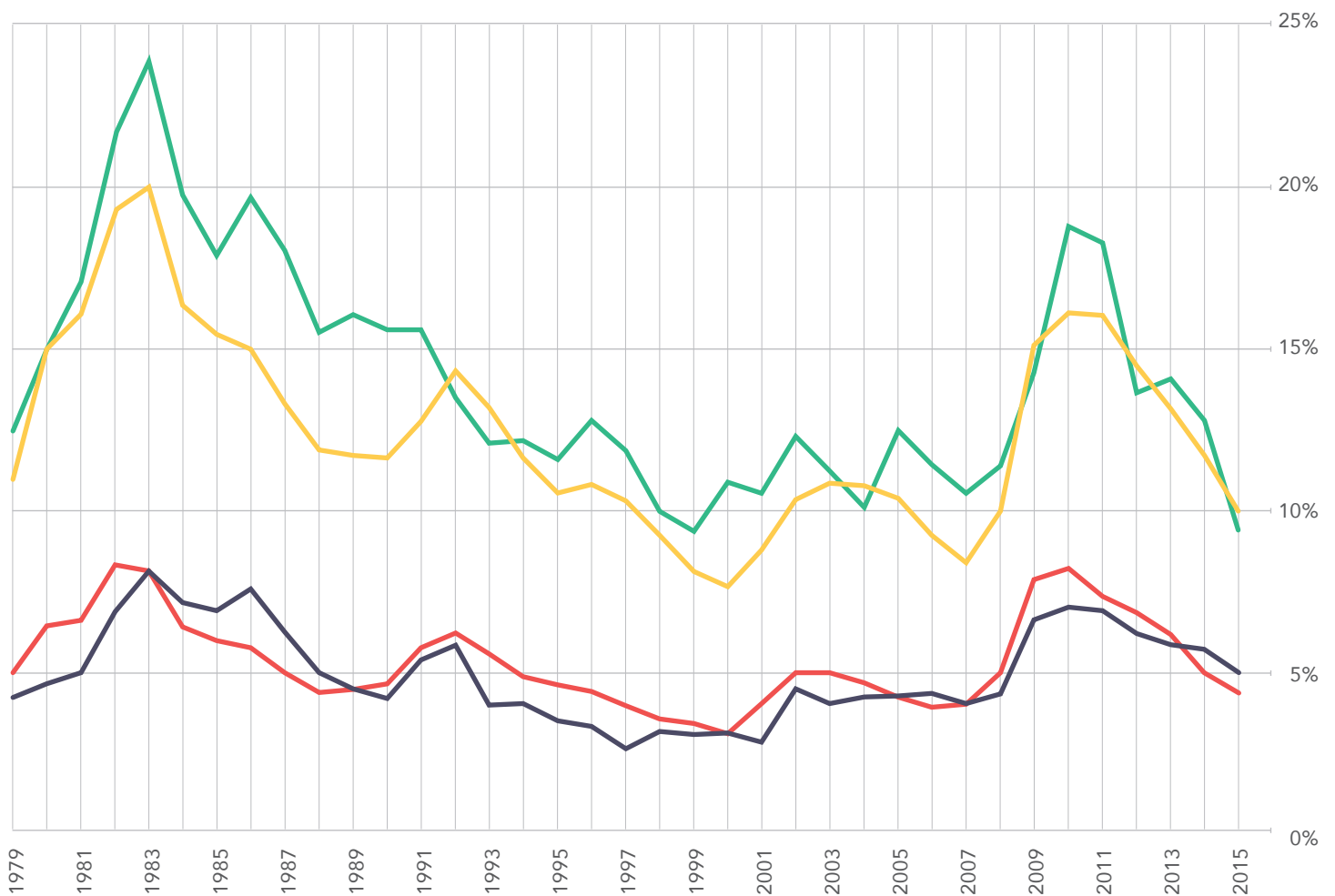


Two Different Worlds: White and African-American Unemployment

Unemployment data by race show that white Mississippi residents enjoy unemployment rates comparable to the national average for white workers. The unemployment rate of African-American Mississippians, on the other hand, generally has been higher than the national

average for African-Americans. While a considerable gap exists between white and African-American unemployment rates across the U.S., that inequality is slightly worse in Mississippi at 7.2% in 2014, compared to 6.5% nationwide.

12 MS and U.S. Unemployment by Race 1979-2015



Source: EPI analysis of Current Population Survey data

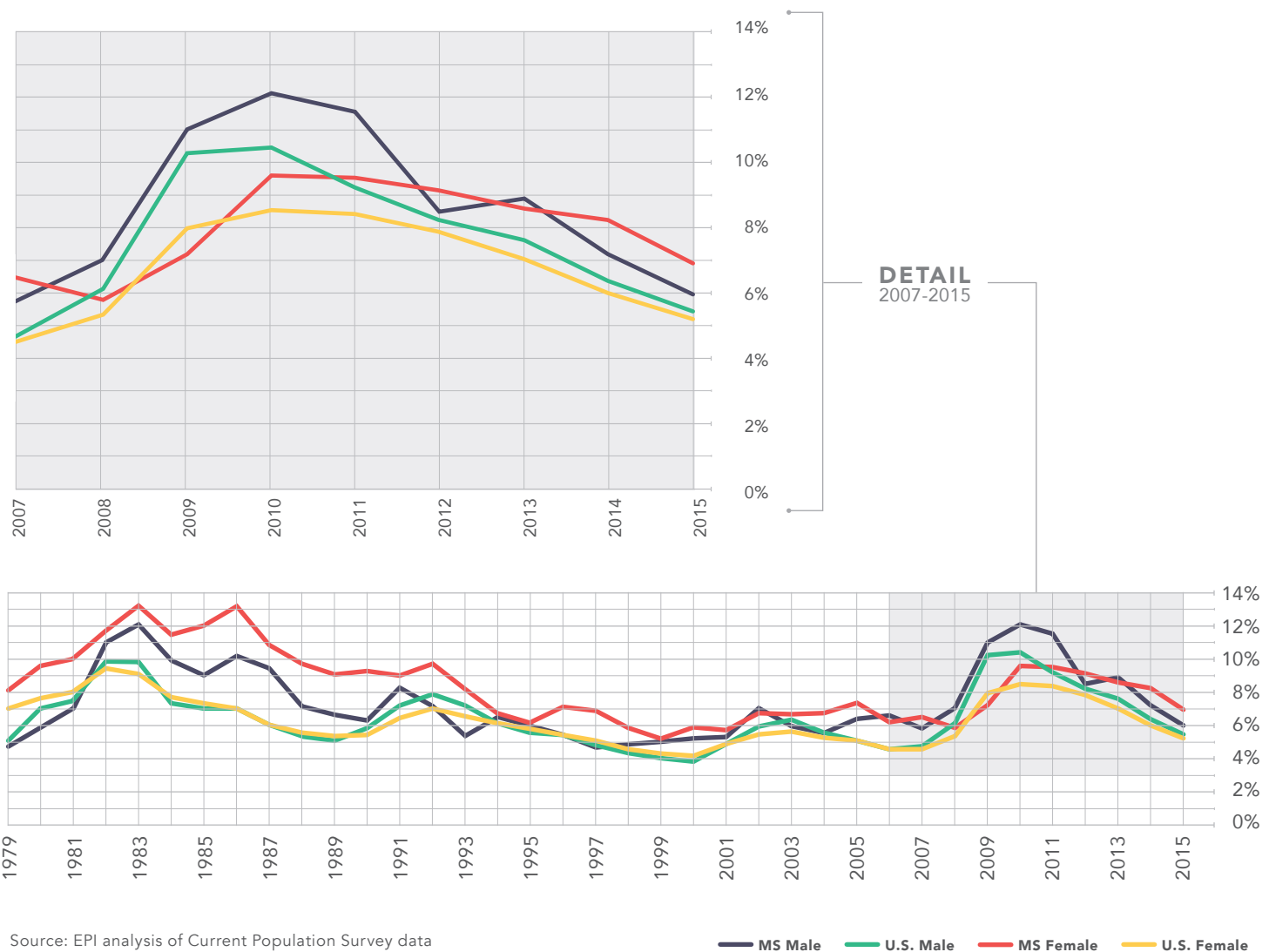
MS White MS African-American U.S. White U.S. African-American

The Unemployment Gender Gap is Closing Slowly

Unemployment rates by gender reveal greater volatility for male workers and a convergence of male and female unemployment rates. Male workers in Mississippi experienced particularly high rates of unemployment after the Great Recession, compared to Mississippi women and workers nationwide. Since 2010, the gap between

male and female unemployment rates in the state shrunk considerably. While that convergence may be partially attributable to more men finding employment, the declining labor force participation rates for men suggest that the root cause of the decline in unemployment rates may be more men dropping out of the labor force entirely.

13 MS and U.S. Unemployment Rates by Gender 1979-2015



Underemployment Drops as Low-Wage Jobs Rise

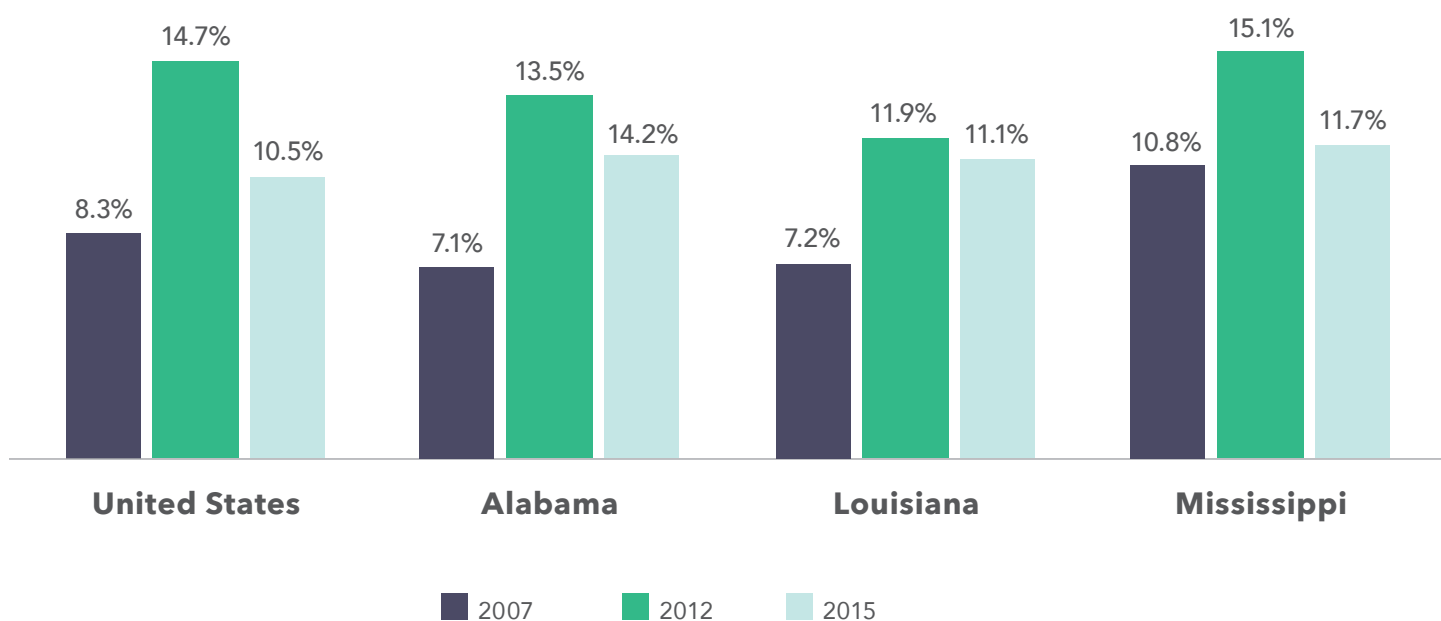
Another important measure of employment trends is *underemployment*.

Mississippi's 2015 underemployment rate of 11.7% is similar to neighboring states but higher than the national rate of 10.5%. Mississippi had the highest rate in the region in 2007 (10.8%), which was well above the national rate of 8.3%. Mississippi's underemployment rate peaked in 2010 at 17.6%, somewhat higher than the national peak in 2010 of 16.7%.

The decline in underemployment could indicate that more Mississippians have secured full-time employment since the Great Recession. Based on jobs data, however, many of them may be in full-time jobs that pay below-poverty wages and do not include benefits.

Underemployment includes unemployed workers as well as those working part-time but who want to work full-time ("involuntary" part-timers), those who want to work but are discouraged from doing so because of their lack of success finding a job; and those who are neither working nor seeking work but who indicate they want and are available to work and have looked for a job in the past 12 months.

14 Underemployment Rate



Source: EPI analysis of Current Population Survey data

Regional Employment Trends: Race and the Urban-Rural Divide

Considerable variance in unemployment rates exists across Mississippi counties, from a low of 4.2% for Rankin, a largely white suburban county east of Jackson, to 16.9% for Issaquena, a predominantly African-American rural county in the Mississippi River Delta.

Across the state, unemployment rates are particularly high in rural counties, which are home to large percentages of African-American workers. All ten of the Mississippi counties with the highest unemployment are rural, and the majority of the ten counties with the lowest unemployment rates are urban, either in or adjacent to MSAs. Unemployment rates broken down by race reveal even starker disparities. Within those rural counties, the unemployment rate for African-Americans is even higher than the countywide and statewide average.

Finally, we note a high correlation between African-American population, unemployment rates and the Mississippi Department of Education's accountability

An **MSA** or "**metropolitan statistical area**" is a federally-defined region that includes a large population center and adjacent communities that have a high degree of economic and social integration with that center.

grades for schools. As suggested above in the section on education, economically-depressed rural areas of the state often are not able to generate adequate local tax revenue to fund quality education for children, which in turn limits their ability to move beyond poverty.

15 Comparing Unemployment (UE) Rates, African American Population and School District Performance by County (2015)

Top 10 Lowest	UE%	% Af-Am UE Rate*	% Af-Am Population	School District Accountability Grade	Top 10 Highest	UE%	% Af-Am UE Rate*	% Af-Am Population	School Accountability Grade
1. Rankin	4.2	8.9	20.5	A	82. Issaquena	16.9	28.4	64.0	**
2. Madison	4.6	10	38.4	A	81. Jefferson	14.9	22.5	84.8	Cs
3. DeSoto	4.9	9.8	25.8	A	80. Humphreys	12.9	19.9	74.9	D
4. Lamar	4.9	7.1	20.9	A	79. Claiborne	12.9	16.5	84.6	C
5. Scott	4.9	7.5	38.1	B	78. Holmes	12.1	20.8	82.0	D
6. Union	5.2	10.1	15.2	B	77. Leflore	10.9	19.3	73.1	D
7. Lafayette	5.5	15.1	23.9	B	76. Sunflower	10.8	17.9	73.0	D
8. Smith	5.5	11.9	23.4	B	75. Quitman	10.8	19.5	69.6	C
9. Lee	5.6	16.7	29.0	C	74. Wilkinson	10.6	14	70.0	C
10. Pontotoc	5.6	15.1	15.8	A	73. Washington	10.5	21	71.4	**
AVERAGE	5.1	11.2	25.1		AVERAGE	12.3	20.0	74.7	
MS	5.8	14.1	37.6		MS	5.8	14.1	37.6	

Sources: Unemployment Data by county is from the 2015 Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics Annual Averages

Unemployment data by race is from the Mississippi Department of Employment Security. Labor Market Information for Affirmative Action Programs. 2014 School Accountability Grades are from the Mississippi Department of Education 2015 Accountability Results.

**Data not available

Jobs

Key Findings

- ▶ Mississippi lost 76,100 jobs during the Great Recession, or 6.6% of all jobs in the state, between December 2007 and January 2010. Due to limited economic growth in the state, Mississippi still had 18,400, or 1.6%, fewer jobs in May 2016 than in December 2007.
- ▶ Growth and recovery have been uneven across industries. Manufacturing and construction jobs were down 24,000 and 15,100 respectively between December 2007 and May 2016, while education and health jobs increased by 14,200 jobs and professional and business services grew by 6,500 jobs during the same period.
- ▶ Growth and recovery were also uneven across regions. While metropolitan regions generally have recovered from the Recession more successfully, much of rural Mississippi has experienced a considerable decline in jobs since 2007.

Job Numbers Still Below Pre-Recession Levels

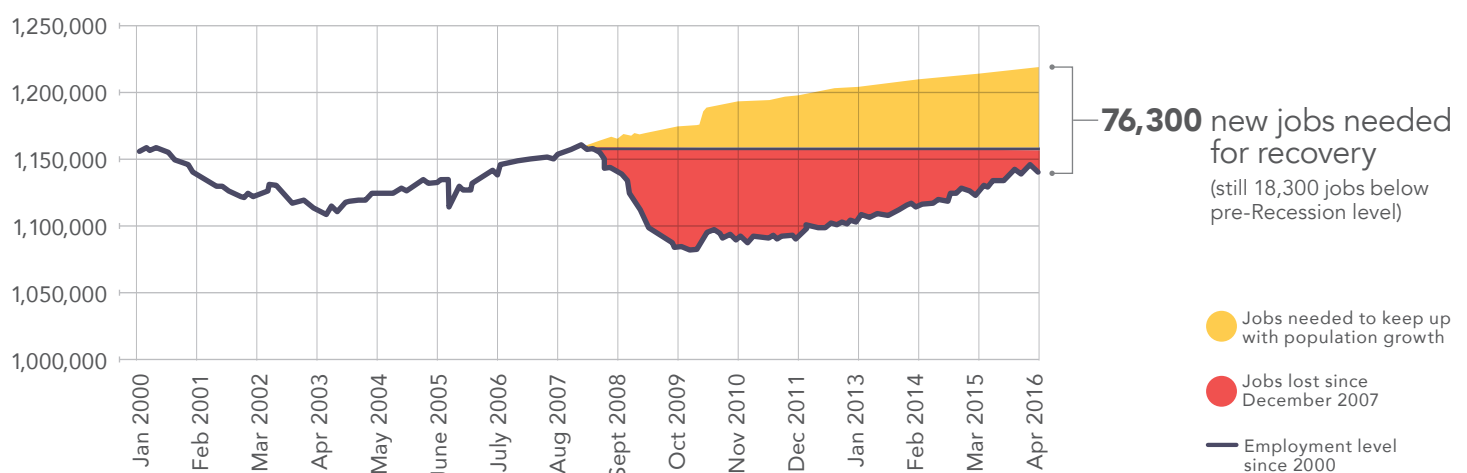
Mississippi suffered 34 months of job loss during the Recession, losing 6.6% of all jobs in the state between December 2007 and January 2010. By May 2016 Mississippi had recovered many of the jobs lost in the Recession, although it still had 1.6%, or 18,400, fewer jobs than in 2007, despite population growth.

Based on these numbers, Mississippi needs to create 76,300 new jobs to recover completely from the Recession and also provide jobs for its new workers.

While job growth has put Mississippi on a slow path to recovery from the Recession, growth has been uneven across industries. Particularly hard-hit were manufacturing and construction, for which jobs declined 24,000 and 15,100 respectively between December 2007 and May 2016. Job levels for certain industries, particularly construction, may have been temporarily elevated by Hurricane Katrina (2005) recovery funds, which may account for some of the job loss between 2007 and 2016.

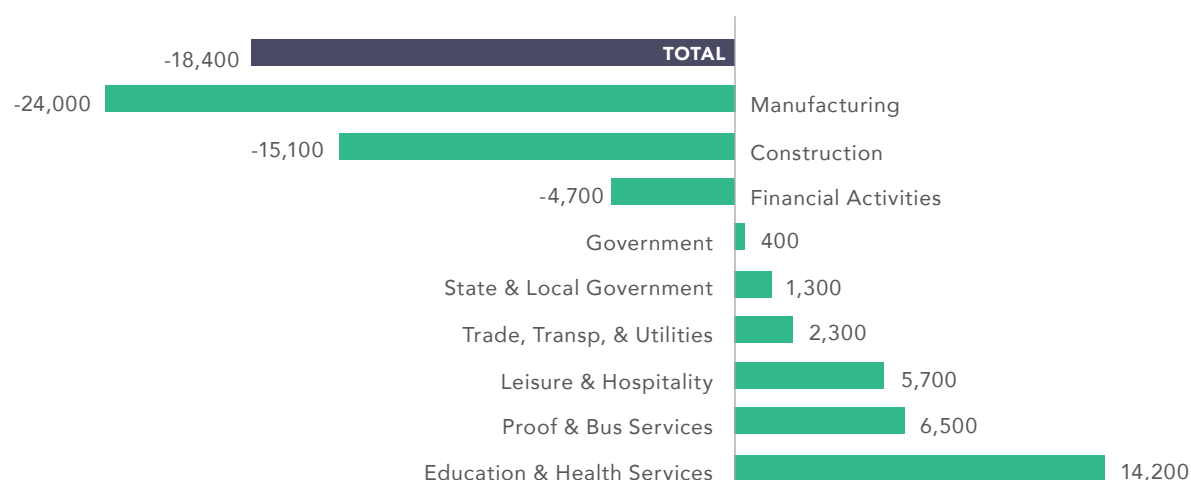
On the other hand, education and health jobs increased by 14,200 and professional and business services jobs by 6,500 jobs for the same period. State and local government employment has seen only modest growth, reflecting state budget priorities since the Recession.

16 Mississippi's Jobs Deficit



Source: EPI analysis of Current Population Survey data

17 MS Job Growth by Industry Dec 2007–May 2016



Source: EPI analysis of Current Population Survey data

Regional Job Growth: Mix of Recovery and Stagnation

Regional job growth numbers also reveal a mix of recovery and stagnation. Whereas the Hattiesburg and Jackson metropolitan statistical areas (MSAs) have had consistent job growth since the Recession, the Gulfport-Biloxi MSA has shown overall job loss from 2007. Pascagoula also has experienced a decline in jobs from 2010 despite

overall gains from 2007. Just as job growth prompted by Hurricane Katrina recovery efforts might have led to artificially high levels of jobs in certain industries, that growth might also have led to artificially high levels of job growth on the coast. This would in part explain Gulfport-Biloxi's subsequent decline in jobs.

18 Regional Job Growth (2007 - May 2015)*

MSA	Jobs Change 2007-2015	Percent Jobs Change 2007-2015	Job Growth/Loss 2010-2015	Percent Jobs Change 2010-2015
Gulfport-Biloxi*	-2080	-2.0%	570	0.6%
Hattiesburg	820	1.4%	3260	5.9%
Jackson	9080	3.6%	17620	7.2%
Pascagoula*	1400	2.7%	-1300	-2.3%
Non-MSA Region	Jobs Change 2007-2015	Percent Jobs Change 2007-2015	Job Growth/Loss 2010-2015	Percent Jobs Change 2010-2015
Northeast Mississippi	2,520	1.1%	18,020	8.8%
Northwest Mississippi	-15,800	-13.8%	-5,290	-5.1%
Southeast Mississippi	19,330	14.5%	29,650	24.0%
Southwest Mississippi	-29,710	-28.6%	-23,390	-24.0%

Source: JSRI Analysis of BLS Occupational Employment Statistics by Metropolitan and Non-Metropolitan Area

*Note that in 2015 the BLS merged the Gulfport-Biloxi and Pascagoula MSAs into one (Gulfport-Biloxi-Pascagoula MSA), therefore, 2015 data are based on 2014 data for the two distinct MSAs.

Wages

Key Findings

- ▶ Wage inequality has grown in Mississippi over time. Workers in the lowest wage group (10th percentile) have experienced a 6.4% decrease in real (inflation-adjusted) wages since 1979, while those in the highest wage group (90th percentile) experienced a 24% increase in real wages.
- ▶ Mississippi's median wage in 2015 was \$14.49 per hour, which is still below the pre-Recession level of \$14.67 in 2007 and is \$2.70 lower than the national median wage of \$17.19 per hour.
- ▶ Men and workers with just a high school education experienced the largest drops in wages between 2007 and 2015, with decreases of 8.2% and 6.9% respectively. Workers with a college degree also have been impacted by the Recession, as their wages in 2015 were 5.9% lower than in 2007.
- ▶ In 2015, the median wage of African American workers in Mississippi was 72% of the median wage for white workers, a gap that has persisted for decades.
- ▶ Wages have not kept pace with business and productivity growth. Gross state product per worker increased cumulatively by 8% between 2000 and 2013 while the cumulative increase in median wage during the same time period was less than 2%.

What is counted as wages?

Wage data include strictly hourly wage and salary income, including tips, commissions, and overtime. Salaries are translated into hourly wages for comparison purposes. Wage data do not include non-earned income such as capital gains, dividends, or other non-earned income.

Wage Growth Slow to Nonexistent Since 2000

Wages are the primary driver of income growth, especially for families in the middle class.¹⁴ Unfortunately, median wages in Mississippi consistently are lower than in neighboring states and the country. Recent trends also indicate that Mississippi workers in the lowest and middle wage groups have experienced *little to no wage growth since the early 2000s*, despite a cumulative growth in economic productivity in the state. Their stunted wages are attributable to a shift in the state's economy toward low-wage service industries, an increase in the share of wealth held by the highest wage earners, a decrease in the strength of unions, and the declining value of the minimum wage.

Nearly all workers in Mississippi have been impacted by the state's weak economy, but specific subgroups of workers have suffered disproportionately. Comparisons of wage trends over time and between various demographic groups illustrate growing inequalities in earnings.

Median Wage Falling in MS While Increasing Nationally

Wage data from 1979 through 2015 reveal that real median wages in Mississippi generally have been stagnant since the early 2000s. At the turn of the 21st century, the inflation-adjusted median hourly wage was \$14.28 and by 2015—15 years later—was just \$14.49. The Great Recession, which began in late 2007, caused a dip in the median wage from \$14.67 in 2007 to a low of \$14.19 in 2009. Following the Recession, the median wage increased slowly in Mississippi through 2012. More recently, however, the state's median wage has again been declining—falling from \$15.06 in 2012 to \$14.49 in 2015. As the national median wage has continued to slowly creep up through 2015, Mississippi workers have experienced a halt in wage growth that is attributable both to lack of growth in quality jobs and to wages not keeping pace with growth in economic output and productivity.

Wages in MS Lag Behind Nation and Region

While median wage trends in Mississippi have roughly mirrored that of the national median wage since 1979, median wages in Mississippi are persistently lower than the regional average in the South¹⁵ and the national average. In 2015, the state's median hourly wage was \$1.85 lower than the regional median wage for the South and \$2.70 lower than the national median wage. Most workers in the country have not seen a substantial change in wages since 2000, and this is particularly true in Mississippi, where total wage growth between 2000 and 2015 was 1.5%, compared to 2% nationwide and 3.5% in the South. Stagnant wages are a source of financial strain on low and middle-income households, especially when paired with underemployment and a lack of employer-sponsored benefits.

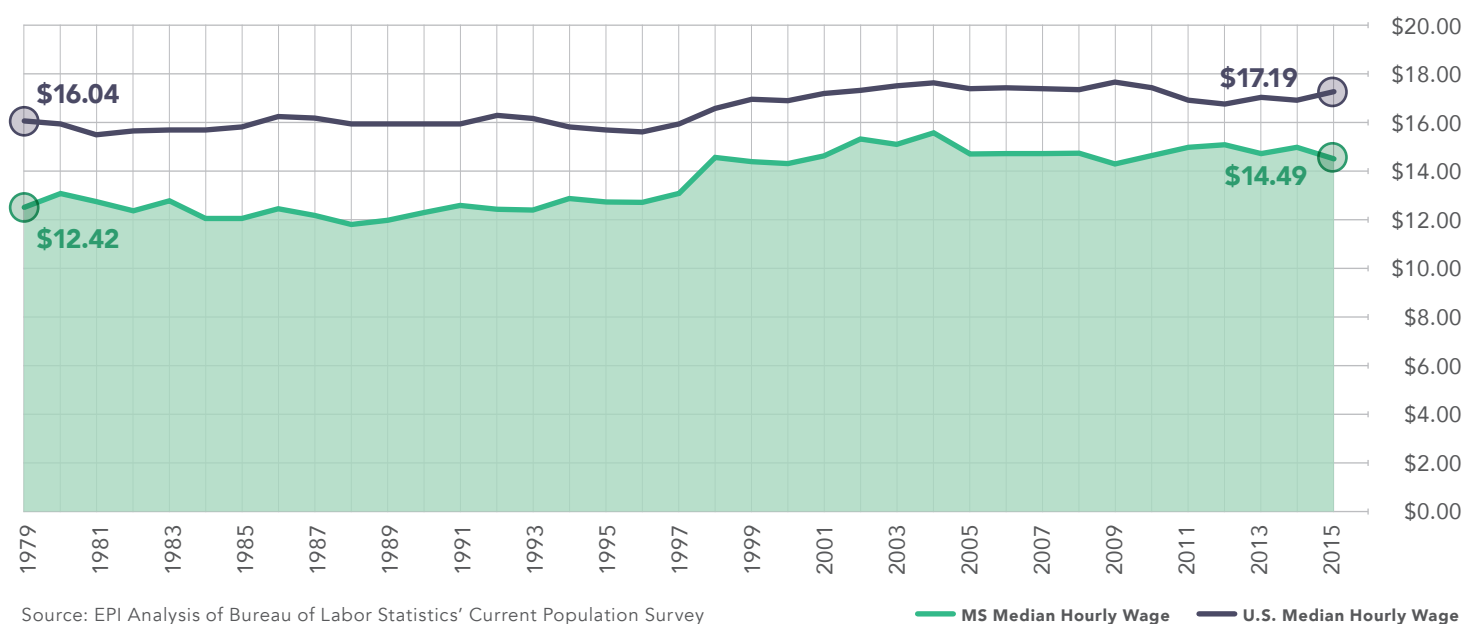
What is the median wage?

The median wage is the wage in the "middle." That is, half of the workers in the state earned below this level and half earned above.

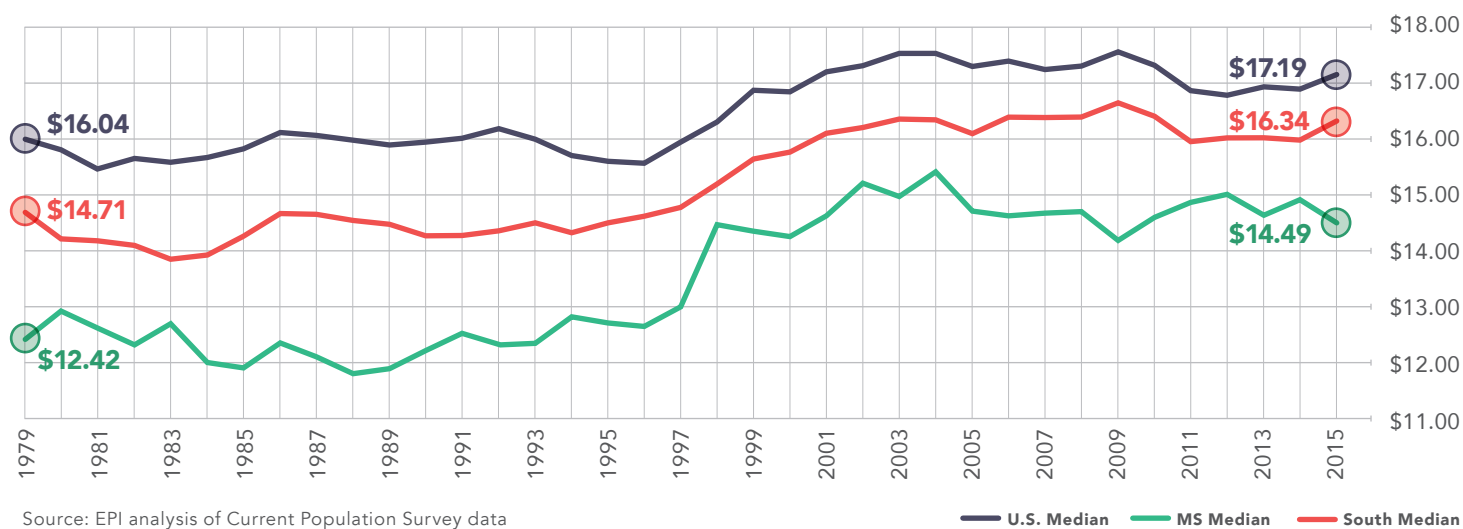
What workers are included?

The sample is wage earners ages 18-64, employed in the private or public sector with weekly hours and wages.

19 MS and U.S. Median Hourly Wage inflation adjusted, in dollars per hour



20 Median Hourly Wages Since 1979 inflation adjusted



A Growing Wage Gap

The state's sluggish economy has impacted workers differently depending on their level of income. Workers at the bottom of the income distribution, in the 10th percentile, experienced an overall loss in wages between 1979 and 2015 when adjusted for inflation. As shown in **charts 22 and 23**, wages at the 10th percentile have decreased by 6.4%, from \$8.48 in 1979 to \$7.94 in 2015.

The median wage in Mississippi has increased by 16.7% in the same time period from \$12.42 in 1979 to \$14.49 in 2015. More recently, however, middle-income workers have experienced wage stagnation. Between 2007 and 2015, the state's real median wage (50th percentile) dropped from \$14.67 to \$14.49 per hour.

In contrast, wage earners in the 90th percentile have experienced steady wage growth since the late 1970s. The 90th percentile wage increased by 24%, from \$25.89 in 1979 to \$32.10 in 2015. Unlike the other wage groups, this trend remained true even following the Great Recession, when the 90th percentile wage rose from \$30.26 to \$32.10 per hour.

The decline in wages for the broad middle class and the increase for the highest wage earners has been the driver behind growing income inequality. In the last two decades, in particular, wages of the highest earners have pulled away from those of the low and middle wage deciles in Mississippi.

What do the wage percentiles represent?

Each wage percentile is a marker between one decile of the workforce and the next. For example, twenty percent of the workforce earned less than the 20th percentile wage, 80 percent earned less than the 80th percentile wage and so on.

What do the wage deciles represent?

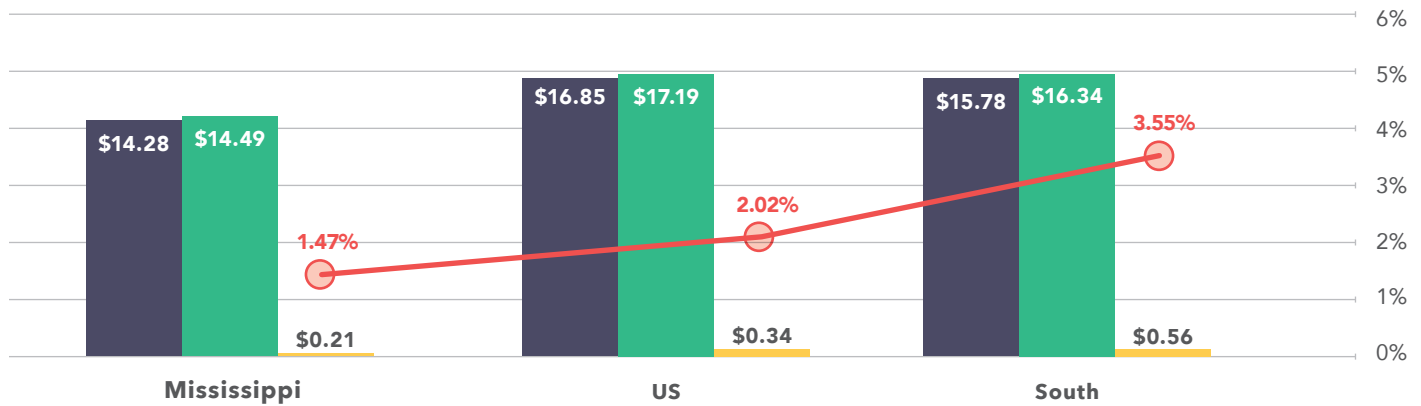
Each decile represents one-tenth of the workforce. For example, the 2nd decile is the one-tenth of the workforce that earned between the 10th and 20th percentile wage.

Who is the "broad middle class?"

The middle 60% of wage earners, or those between the 20th and 80th wage percentiles are considered part of the broad middle class.

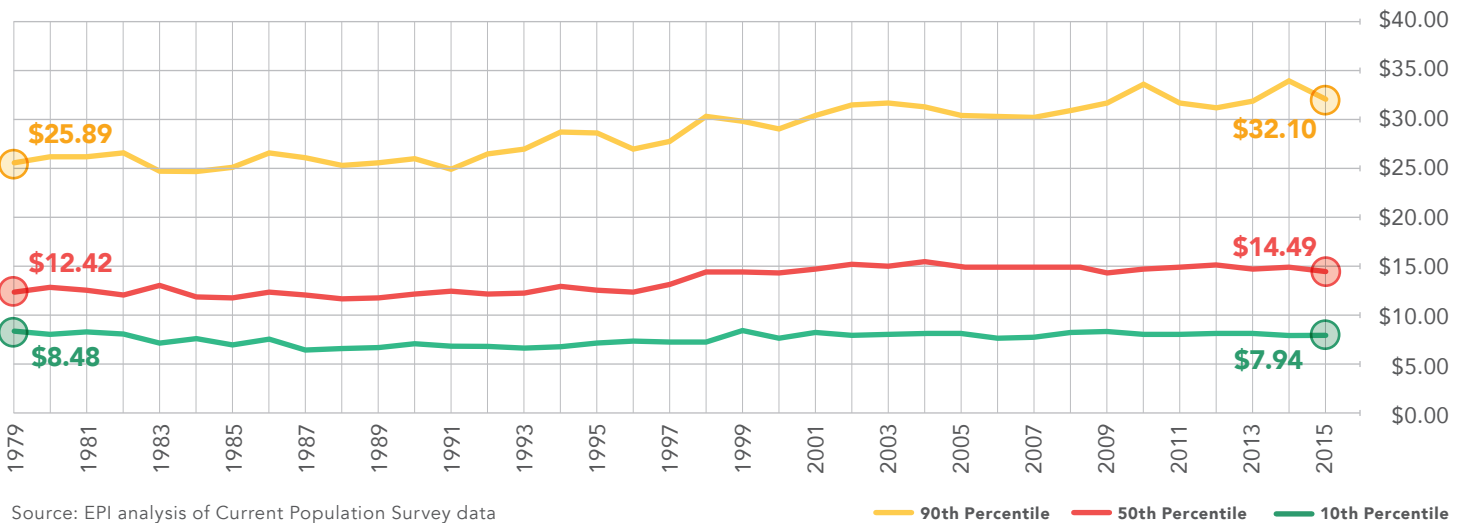
21 Changes in Median Hourly Wages 2000-2015

2000 2015 Change Percent Growth



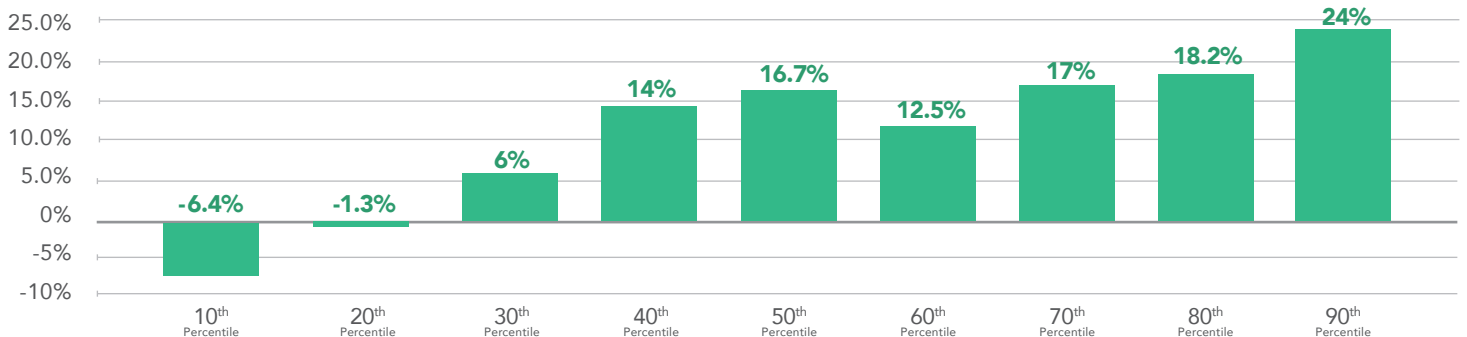
Source: EPI analysis of Current Population Survey data

22 Mississippi Change in Wage Since 1979 inflation adjusted



Source: EPI analysis of Current Population Survey data

23 MS Percent Change in Hourly Wages 1979-2015 inflation adjusted



Source: EPI analysis of Current Population Survey data

In Line with a National Trend

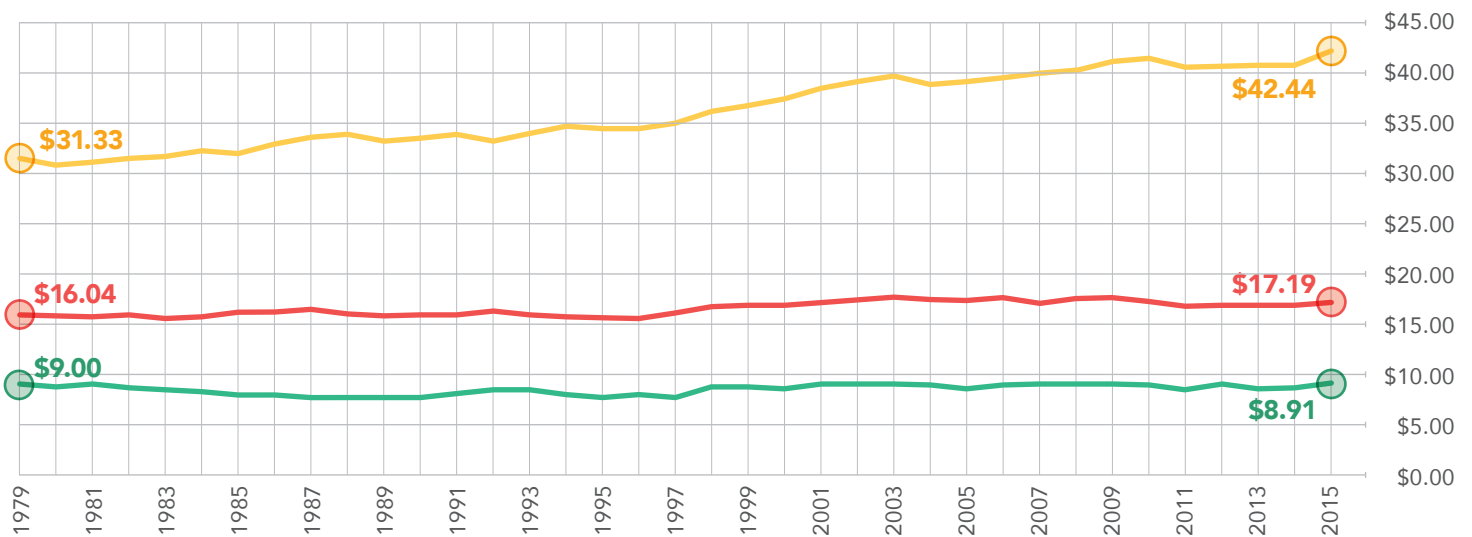
This growing gap between wage earners at the 90th percentile and those at the 10th and 50th percentiles is a pattern even more pronounced in national wage data. Across the country, wages have increased for the highest wage earners by \$11.11 an hour between 1979 and 2015 – an increase of 35.5%. The national median wage increased by only \$1.15 an hour, representing a 7.2%

“Wages” do not include capital gains, dividends, and other earned income.

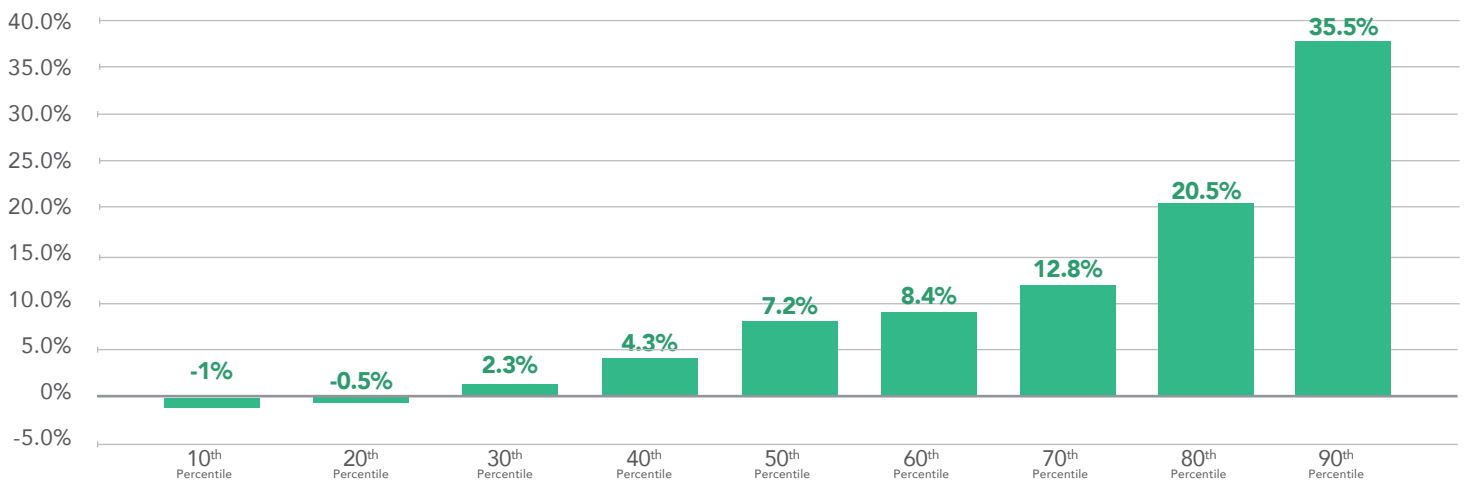
increase during the same time period. As in Mississippi, the 10th percentile wage for the nation has decreased slightly, from \$9.00 in 1979 to \$8.91 in 2015.

24 U.S. Change in Wage Since 1979 inflation adjusted

90th Percentile 50th Percentile 10th Percentile



25 US Percent Change in Hourly Wages (1979-2014) inflation adjusted



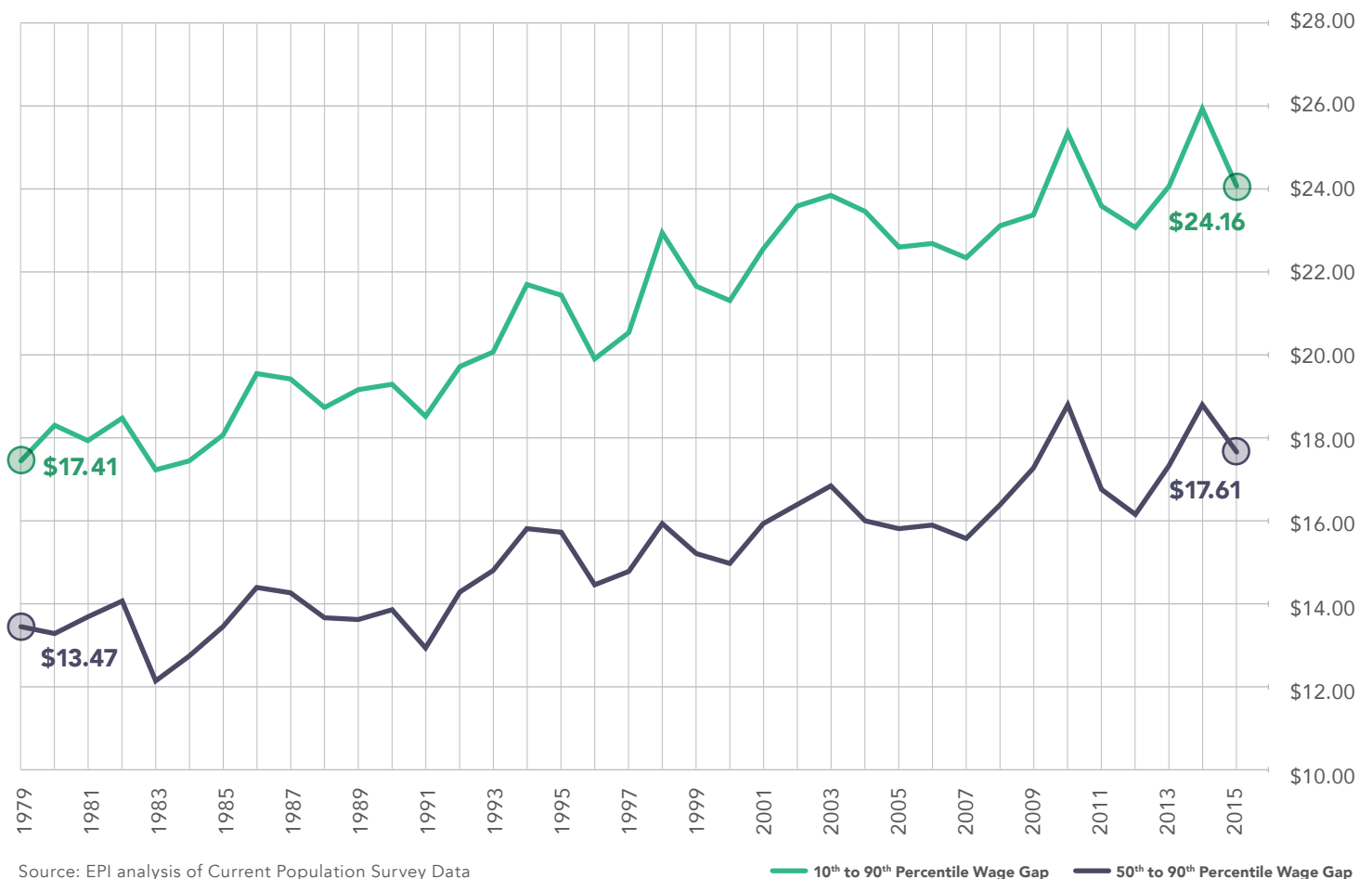
Source: EPI analysis of Current Population Survey data

Growing Gap Between Wage Groups

Between 1979 and 2015, the margin between the 90th percentile and 10th percentile wages in Mississippi increased from \$17.41 to \$24.16. In the same time period, the gap between the 90th percentile and the median hourly wage has increased from \$13.47 in 1979 to \$17.61 in 2015. The growing wage gaps are attributable to a substantial reduction in the bargaining power of workers on the low end of the wage distribution. The erosion of

labor standards like the minimum wage and overtime pay, high levels of unemployment, and a decline in unionization rates have all contributed to wage stagnation for most workers. As a result, the modest amount of economic development and growth that has occurred in the state disproportionately has benefited those at the top of wage distribution.

26 MS Wage Gap Between 10th, 50th, and 90th Percentile Wages inflation adjusted



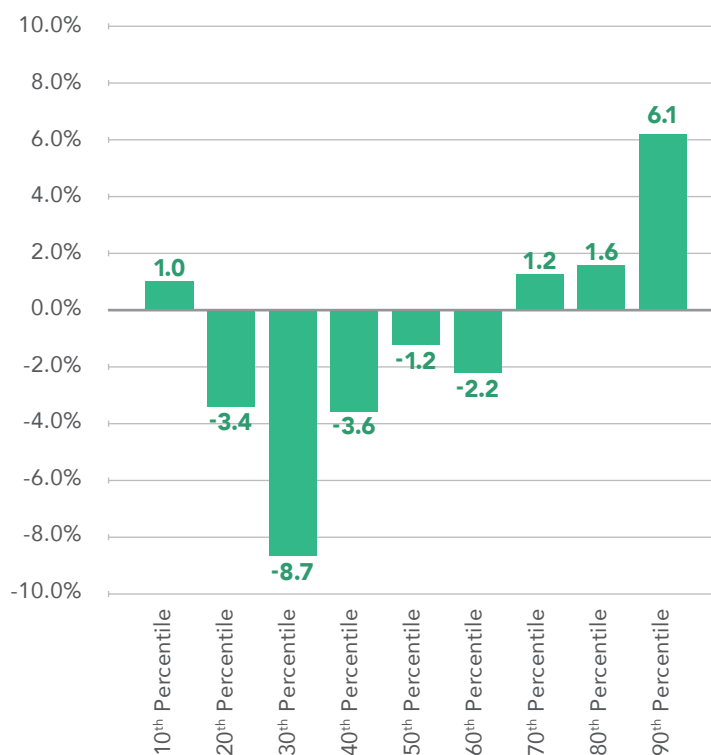
A Lack of Recovery for All but the Top Wage Earners

The Great Recession began in late 2007 and depressed wages across the country. While economic growth in some states has brought wages in those states back to pre-Recession levels or above, that has not been the case in Mississippi. Wages at all percentiles except the highest have remained nearly the same or decreased since the Recession. Workers at the 30th percentile have experienced the largest percentage decline in wages since 2007, as illustrated in the **chart 27**.

Wage Trends by Demographic Group

A similar pattern emerges when analyzing wages by race, gender, and educational attainment. All demographic groups, with the exception of the highest earners, have experienced a decrease in wages since 2007. Male workers have experienced the most dramatic decline in wages. Workers with a college degree were not insulated from the impact of the economic downturn and slow recovery in Mississippi. They experienced a nearly 6% decrease in median wages, almost equal to that of the decrease in median wages of workers with only a high school degree.

27 Percent Change in Wages in MS 2007-2015 inflation adjusted



28 Percent Change in Wages by Demographic Group 2007-2015 inflation adjusted



Men's Wages Fall as Women's Wages Trend Up

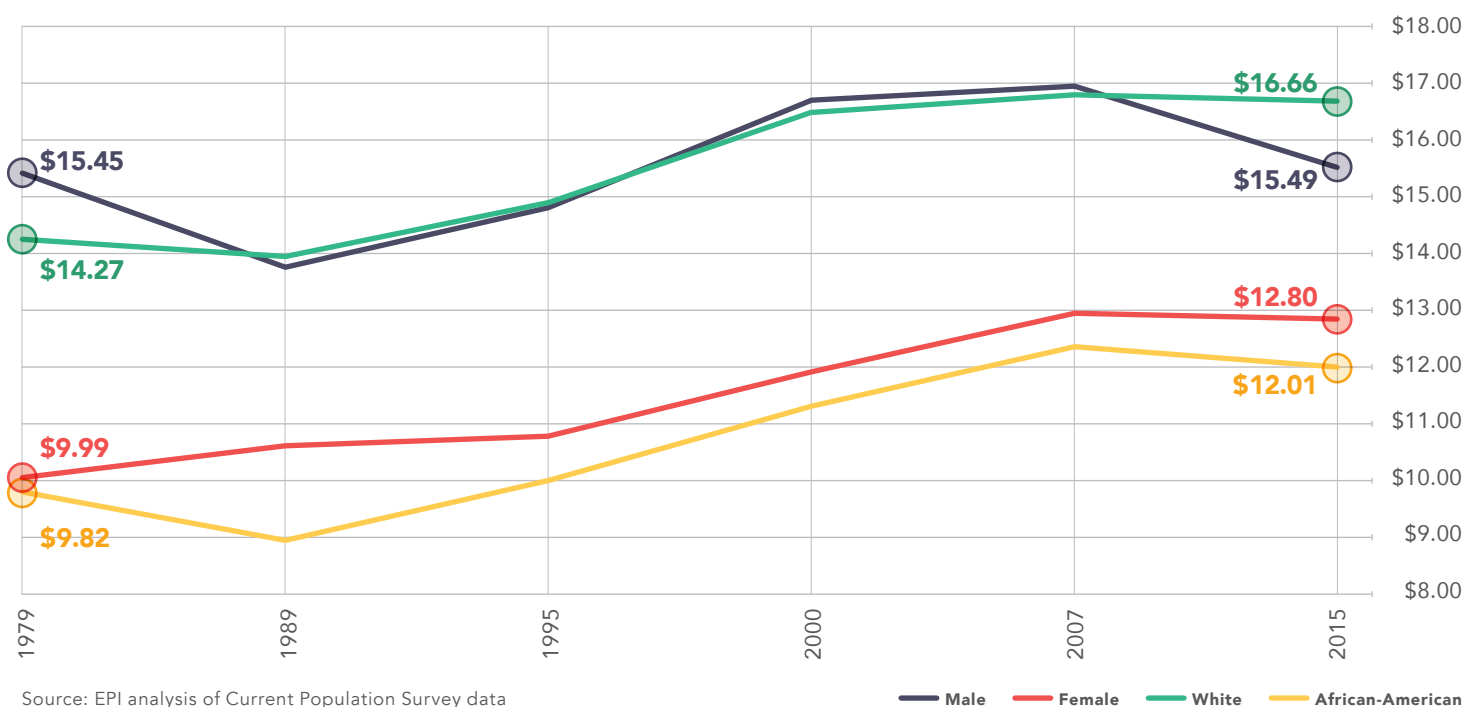
Taking a longer view, female workers' median wages have increased steadily since 1979, but, like most subgroups of workers in the state, their wages have been stunted since the Great Recession. Male workers have experienced even more troubling trends in earnings. The median wage for men was flat even before the Recession, from 2000 through 2007, while female workers' median wage was on the rise. Since the Recession men have seen an overall decrease in wages, shrinking the gender wage gap to its lowest level since 1979. The median wage for women still lagged behind the men's by \$2.69 per hour in 2015. As a percentage, the median wage for women in 2015 was just 82.6% of the median wage for men.

As women have increasingly entered higher-paying industries and occupations, they have increased their earning potential, but not significantly enough to close the gender wage gap.

Racial Wage Gap Persists

In 2015 the median wage for African-American workers in Mississippi was 72% of the median wage for white workers. In dollars, that means African-American workers earn \$4.65 less than white workers. That gap is slightly larger than the median wage gap of \$4.48 between white and African-American workers in 1979. While workers of both races enjoyed substantial increases in real wages in the late 1990s, the Great Recession had a particularly damaging impact on the wages of African-Americans. African-Americans in Mississippi historically have not had equal access to quality educational and training opportunities compared to whites, which has impacted their earning potential. Also, African-Americans disproportionately live in rural areas of the state, which have become increasingly economically depressed as their populations have declined and overall growth in agricultural production has leveled off.^{16, 17}

29 Change in Median Hourly Wages by Gender and Race Since 1979 inflation adjusted



Wages Decline in All But Coastal Region

A regional analysis of wage trends reveals that wages in the urban areas of Mississippi have outpaced those in the rural parts of the state. Median wages have remained nearly the same or decreased for all areas of the state since the Great Recession, except in the

Pascagoula metropolitan statistical area (MSA), which has strong shipbuilding and oil-refining industries. Wages also increased slightly for workers in the Southwest region of the state between 2007 and 2010 due to a boom in oil production.

30

MSAs	2007 Median Wage	2010 Median Wage	2015 Median Wage	% Change Since 2007
Gulfport-Biloxi, MS*	\$14.68	\$14.74	\$14.36	-2.2%
Hattiesburg, MS	\$13.37	\$13.25	\$12.88	-3.7%
Jackson, MS	\$15.48	\$15.27	\$14.93	-3.6%
Pascagoula, MS*	\$16.68	\$17.85	\$18.29	9.7%
Non-MSA Regions	2007 Median Wage	2010 Median Wage	2015 Median Wage	% Change Since 2007
Northeast Mississippi	\$13.96	\$14.06	\$13.89	-0.5%
Northwest Mississippi	\$12.99	\$12.52	\$12.42	-4.4%
Southeast Mississippi	\$13.51	\$13.23	\$13.19	-2.4%
Southwest Mississippi	\$13.07	\$13.55	\$13.54	3.6%

Source: JSRI Analysis of BLS Occupational Employment Statistics by Metropolitan and Non-Metropolitan Area

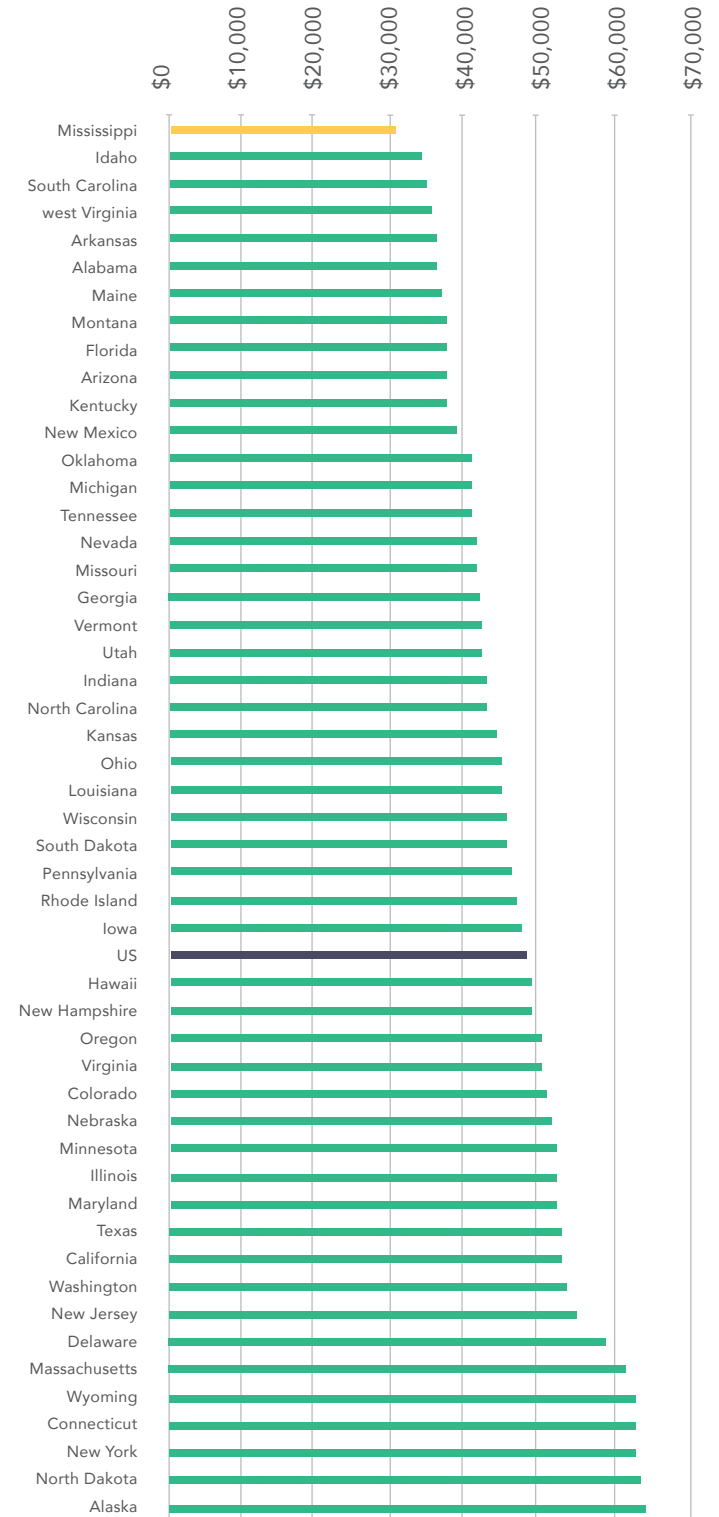
*Note: 2015 data for Gulfport-Biloxi and Pascagoula MSAs are actually 2014 inflation-adjusted wage data. In 2015, BLS merged the two MSAs into one (Gulfport-Biloxi-Pascagoula MSA); therefore, 2015 data for the two distinct MSAs were unavailable.

Wages Have Not Kept Pace with Slow Growth of Productivity

Mississippi had the lowest gross state product per capita in the country in 2014, illustrating the state's lack of economic activity compared to other states. Mississippi ranked 49th out of 50 on Forbes' "Best States for Business" rankings in 2015 due to low scores on the supply of labor, quality of life, and economic growth measures. The state also has failed to capture the growth other states have experienced in the technology and innovation sectors, ranking last on the "State New Economy Index" in 2014, which measures growth in high tech industries, venture capital investment, and workforce education levels.¹⁸ Still, growth in small business entrepreneurship and strong state universities have kept the economy growing, albeit slowly and unevenly.¹⁹

31 MS Gross State Product (GSP) Per Capita, 2014

in chained dollars



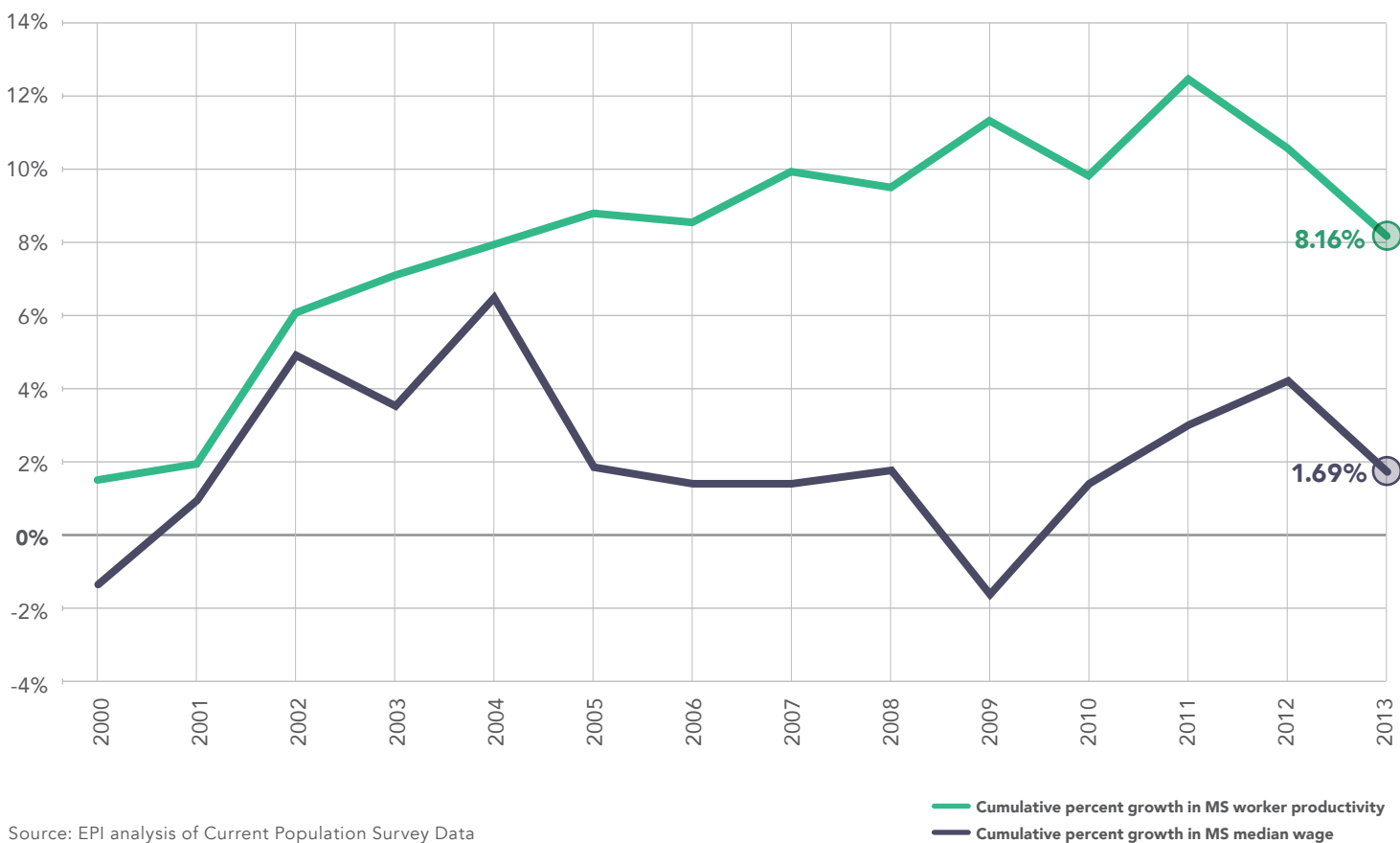
Source: EPI Analysis of U.S. Bureau of Economic Analysis Data

Growth in Productivity Not Matched with Increased Wages

Although Mississippi's economy has grown more slowly than neighboring states and the country in the last decade, business surplus and productivity (measured as Gross State Product per worker) have experienced cumulative growth in the last several decades. That industry growth has failed to drive up wages at the same rate, as illustrated in **chart 32**. While productivity has increased cumulatively by 8% since 2000, the cumulative increase in the median wage for the corresponding period was less than 2%.

Worker productivity is measured by dividing the total annual Gross State Product (GSP) by the total number of workers in the state, to attain the GSP per worker, or "worker productivity."

32 MS Cumulative Growth in Productivity Compared to Cumulative Growth in Wages 2000-2013



Business Surpluses Not Being Used to Increase Compensation

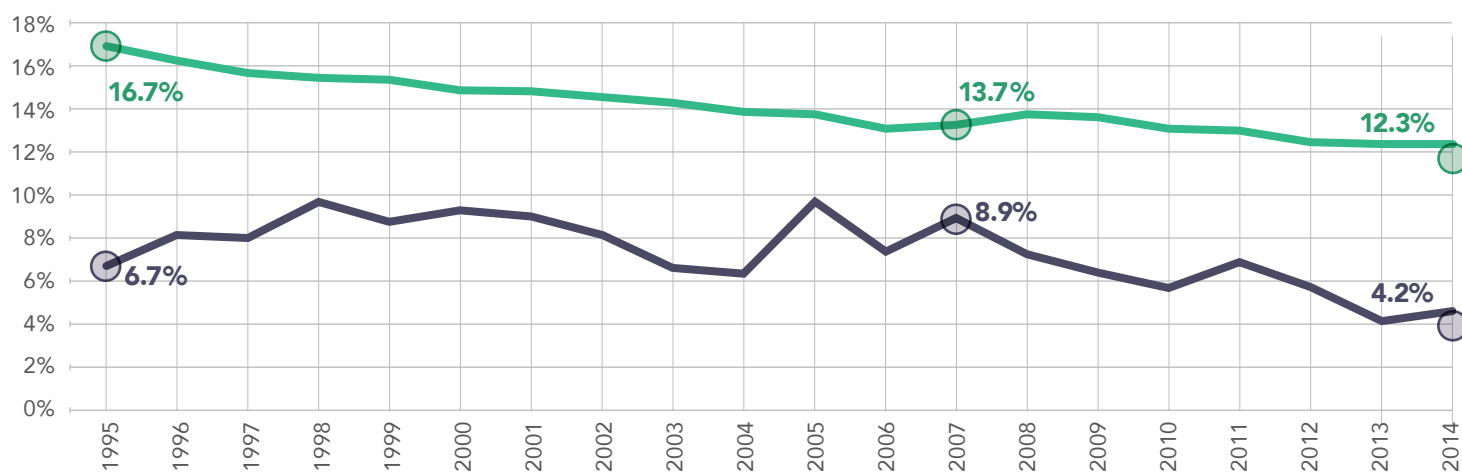
Total compensation of employees, which includes wages and employer-sponsored benefits, also has not kept pace with the increase in business' gross operating surplus indicating that, as corporate profits have increased, compensation has not increased proportionally. In fact, total gross operating surplus for private businesses in Mississippi increased by 93.1 percent between 1997 and 2013, while total compensation for private sector employees increased by only 68.7%.

33

	1997	2013	% Change
Gross Operating Surplus (in millions of current dollars)	\$21,373	\$41,271	93.1%
Total Compensation of Employees (in millions of current dollars)	\$32,692	\$55,140	68.7%

Source: EPI Analysis of U.S. Bureau of Economic Analysis Data

34 Union Coverage: U.S. and MS Workers 1995-2014



Source: EPI Analysis of U.S. Bureau of Labor Statistics Data, Union affiliation of employed wage and salary workers by state

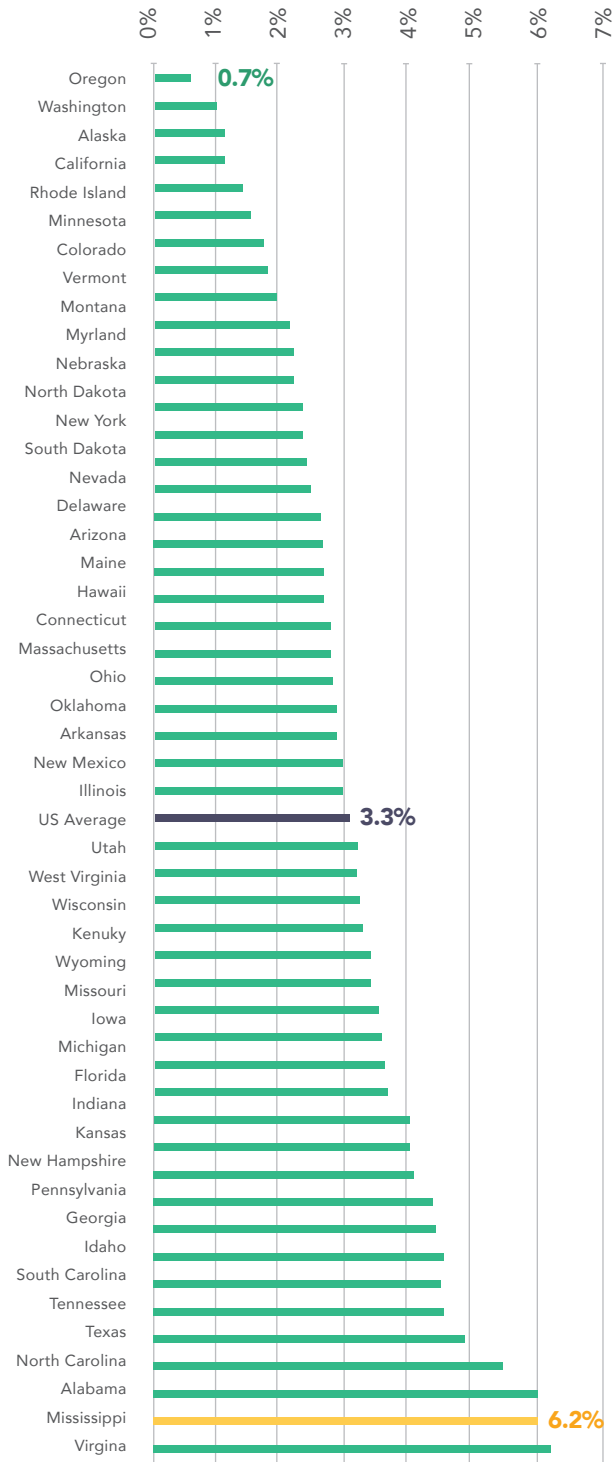
— Union Coverage of US Workers
— Union Coverage of MS Workers

Unions in Mississippi Continue to Lose Power

Due to long-established "Right to Work" laws, union participation and strength in Mississippi historically have been low compared to the nation and other states. Since 2007, the percentage of workers covered by a union has dropped by half, from 8.9% to 4.2% in 2015. Union coverage is recognized as responsible for raising both wages and total compensation of union members and non-union workers in the same industry.²⁰ Without bargaining power, workers are

unable to ensure that they are being compensated fairly and adequately, resulting in a divergence between the profits of businesses and median wages in the state. While the state's failure to attract businesses in emerging industries and increased reliance on low wage service jobs accounts for some of the wage stagnation, the absence of organized labor has further exacerbated growing wage inequality.

35 Percent of Workers Paid Hourly Earning At or Below the Federal Minimum Wage



Value of Minimum Wage Declining

The declining value of the federal minimum wage is another source of income inequality and depressed wages for the broad middle class. Many states have taken action, in the absence of a federal minimum wage increase, to ensure that the wage floor at least keeps pace with inflation. Mississippi is one of 21 states that have not established a state minimum wage law above the federal minimum wage of \$7.25 per hour, which has not been raised since 2009 and has lost 11% of its purchasing power to inflation. As illustrated in **chart 35**, Mississippi has one of the highest shares of hourly-paid workers earning at or below the minimum wage, at 6.7% compared to just 3.3% of hourly-paid workers nationwide. If the state's minimum wage was increased to \$10.10 per hour, either by state or federal action, an estimated 280,000 Mississippi workers—nearly 22% of the state's labor force—would be directly or indirectly impacted.²¹

Source: Bureau of Labor Statistics, Characteristics of Minimum Wage Workers, 2015

Household Income, Poverty, and Assets

Key Findings

- ▶ Median household income in Mississippi declined by 12%, or \$5,316, between 2000 and 2014, which mirrored the trend of the national median wage.
- ▶ The gap in median household income between white and black households was \$21,592 in 2014, with a median household income for black households of \$27,252 per year compared to \$48,844 for white households.
- ▶ Mississippi's overall poverty rate in 2014 was 5 percentage points higher than the U.S. average, and the poverty rate for African Americans is 7.3 percentage points higher than the U.S. average for African Americans.
- ▶ Child poverty rates in Mississippi have declined to 29% since reaching a high of 35% in 2009. Still, 45% of African American children in the state live in poverty.
- ▶ Nearly half of Mississippi workers do not have any paid sick leave and more than 60% do not have an employer-sponsored pension.
- ▶ The rate of liquid asset poverty in Mississippi, meaning households that do not have enough money to live at a subsistence level for three months, is 61.9%—the second highest rate in the country.

Measuring Household Economic Security

Measuring and comparing wages over time and across demographic groups does not reveal the full reality of how Mississippi families are faring economically. Total compensation and household income are additional measures that include other types of compensation and sources of income that households have. For example, in addition to wage income a family may also have income from child support, Social Security, capital gains and dividends, and inheritances. Analyzing household income data provides a more holistic picture of how families in Mississippi are faring economically.

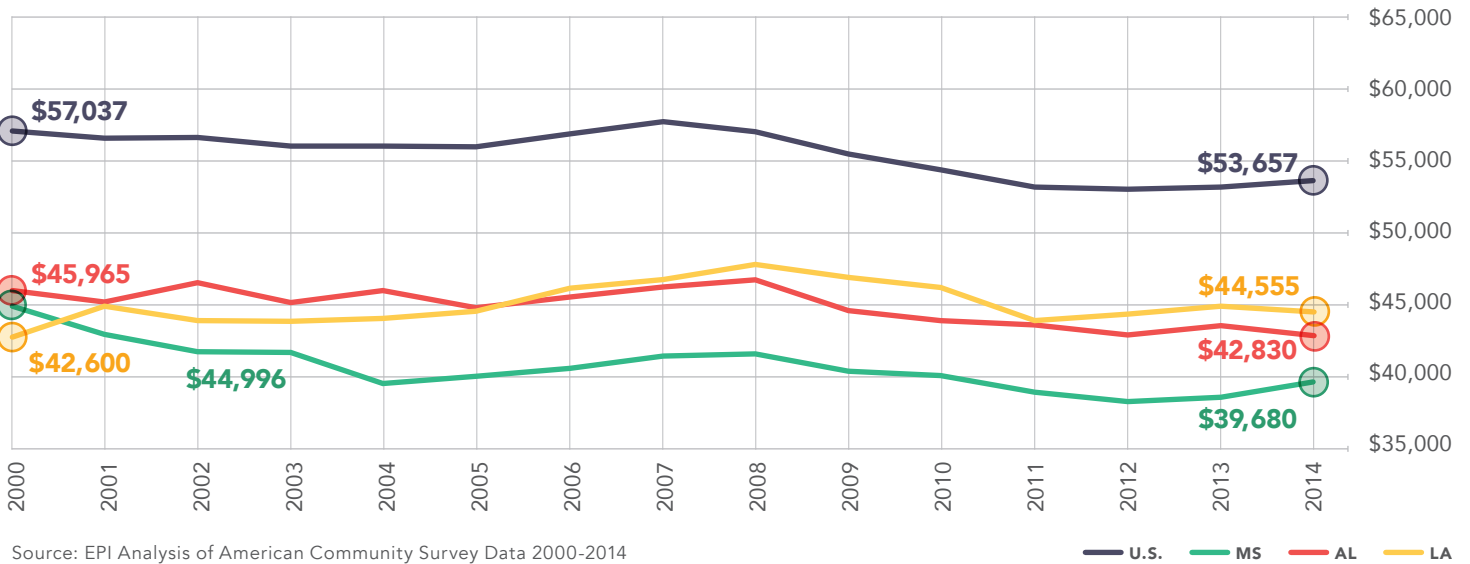
Median Household Income Drops

Mississippi consistently has had dramatically lower median household income levels than the U.S. average. What's more, in Mississippi the median annual household income consistently trails behind that of its neighboring states, Louisiana and Alabama. The median household income in Mississippi in 2014 was \$13,977 below the nation's, \$4,875 below Louisiana's, and \$3,150 below Alabama's median household income. Although Mississippi's median household income has been rising slowly in the state since 2012, families in Mississippi are living on less than what is actually needed to pay for basic expenses.

In addition to historically having incomes below the national and regional median incomes, Mississippi households also have experienced a drop in their real annual income over the last 15 years. In 2014, the state's median household income was \$5,316 less than it was in 2000, when adjusted for inflation. The drop is largely attributable to the impact of the Great Recession, which negatively affected median household incomes across the nation. Following the Recession, the median household income in Mississippi continued to fall through 2012, down to a low point of \$38,250 in 2012. Most recently there has been a very slight upturn in median household income but it has not risen to pre-Recession levels, which also is true for the U.S. median household income.

The depression of median income in Mississippi and across the nation is attributable to several factors. The severe drop in the value of minimum wage, de-unionization, high levels of unemployment, globalization of the economy, and the shift toward lower-paying service industries all contributed to what the Economic Policy Institute has coined a "lost decade" for income growth for the middle class in the first part of the 21st century.²²

36 Median Household Income 2000-2014: U.S., MS, and Neighboring States in 2014 Dollars



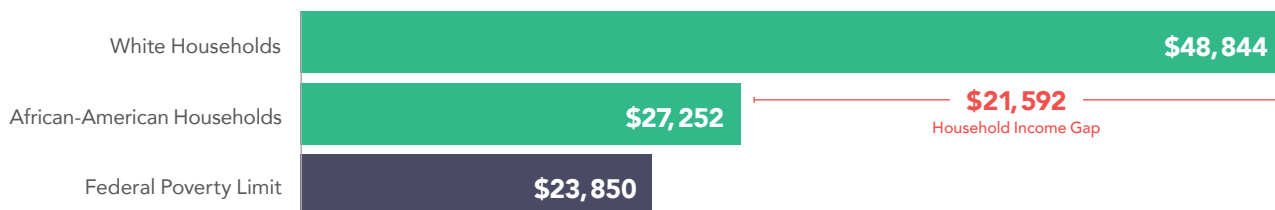
Median Income for African-American Households Just Above Poverty Line

Median household income varies by race substantially across the country, but the gap is particularly alarming in Mississippi because the overall median household income already is so low in the state. In 2014, African-American households in Mississippi had a median income of just \$27,252, which was \$21,592 below the median income of white households. The federal poverty limit for a family of four is \$23,850, meaning the median household income of African-American families is just \$3,402 above the poverty line. This means that families of color are far less likely than white families to be able to afford all basic expenses,

including housing, food, childcare, healthcare, and transportation. Without access to basic necessities, workers of color are more likely to suffer from preventable illness and disease, which decreases earning potential and economic stability.

Children who live in households without access to basic necessities often have poorer academic outcomes than their higher income counterparts, contributing to a cycle of poverty within communities of color.

37 2014 MS Median Household Income by Race



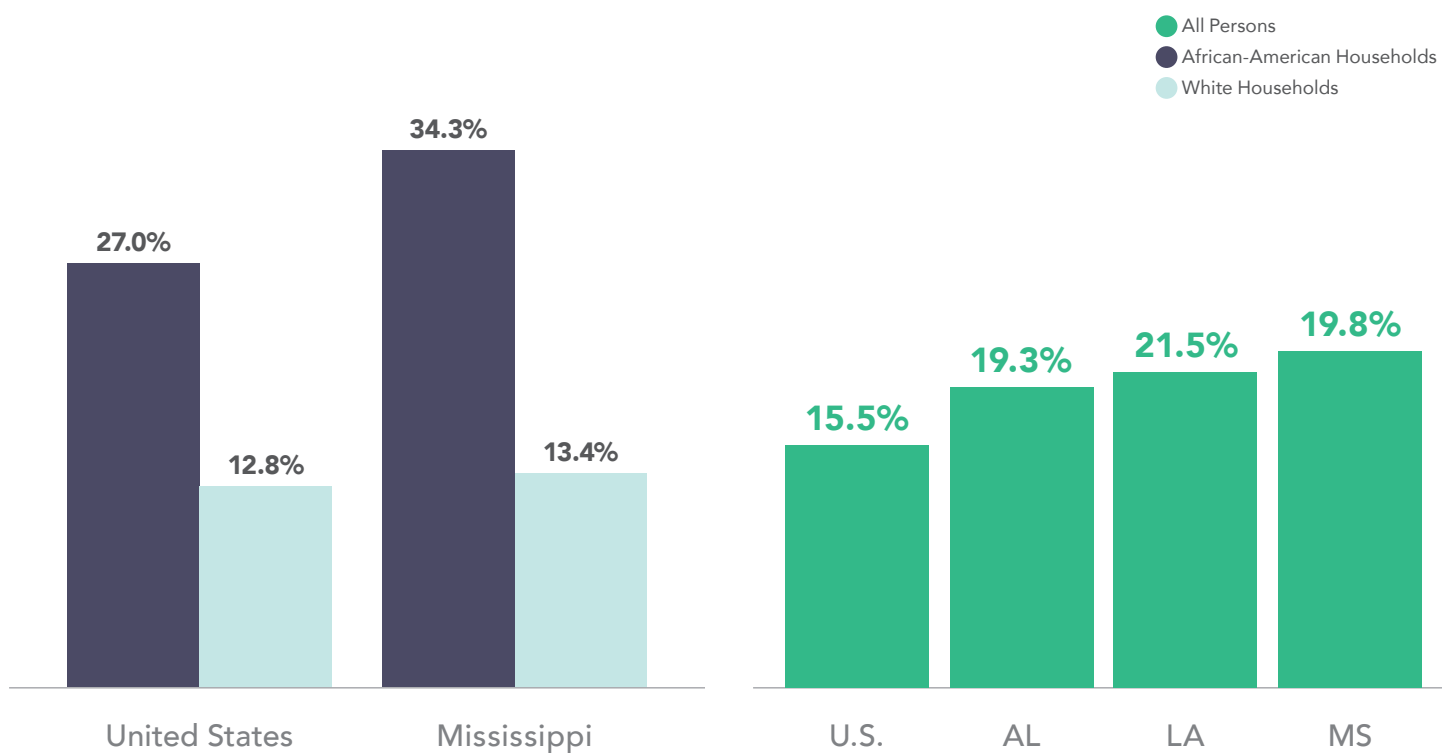
Poverty Rate for African-Americans in Mississippi Far Above National Average

More than one in five persons in Mississippi live in poverty. At 21.5%, the state's poverty rate is just slightly above that of neighboring states, Louisiana and Alabama, but exceeds the national poverty rate by 5%. This gap primarily is due to the significantly higher rate of poverty among African-Americans in Mississippi compared to African-Americans across the US. The rate of poverty among whites in Mississippi is just 0.6% higher than the national poverty rate for whites. The rate of poverty among African-Americans in Mississippi, however, is 7.3% higher than the national poverty rate

among African-Americans. Racial disparities in poverty and income levels are problematic across the country, but they are particularly glaring in Mississippi.

While many factors contribute to the state's overall economic trends, **the legacy of slavery, segregation, and systemic racism** in Mississippi undoubtedly contributes to the **persistence of racial disparities in economic wellbeing**.

38 2014 Poverty Rates by Race and Region



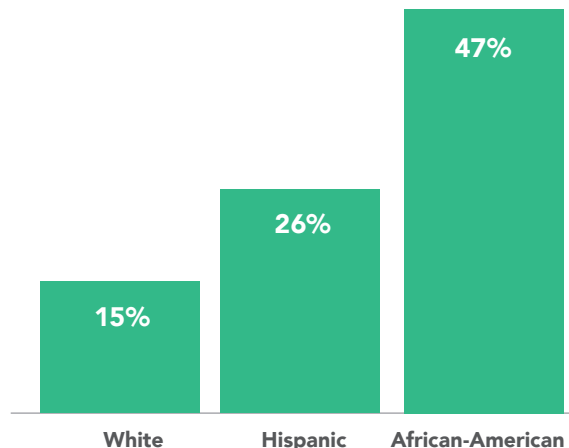
Source: U.S. Census Bureau American Community Survey, 2014, 1-year estimates

Child Poverty Rates Declining Slowly

Children in Mississippi experience poverty at a higher rate than the general population. Nearly 30%, or 211,726 children, were living below the poverty line (\$23,850 for a family of four) in 2014. That rate is 8.1% higher than the child poverty rate in the U.S and 7.7% higher than the rate of poverty for all persons in Mississippi. African-American children are particularly affected by poverty in Mississippi, with nearly half (47%) living below the poverty line, compared to just 15% of white children. According to the Annie E. Casey KidsCount Data Center, Mississippi has the second highest rate of child poverty of any state, behind New Mexico.

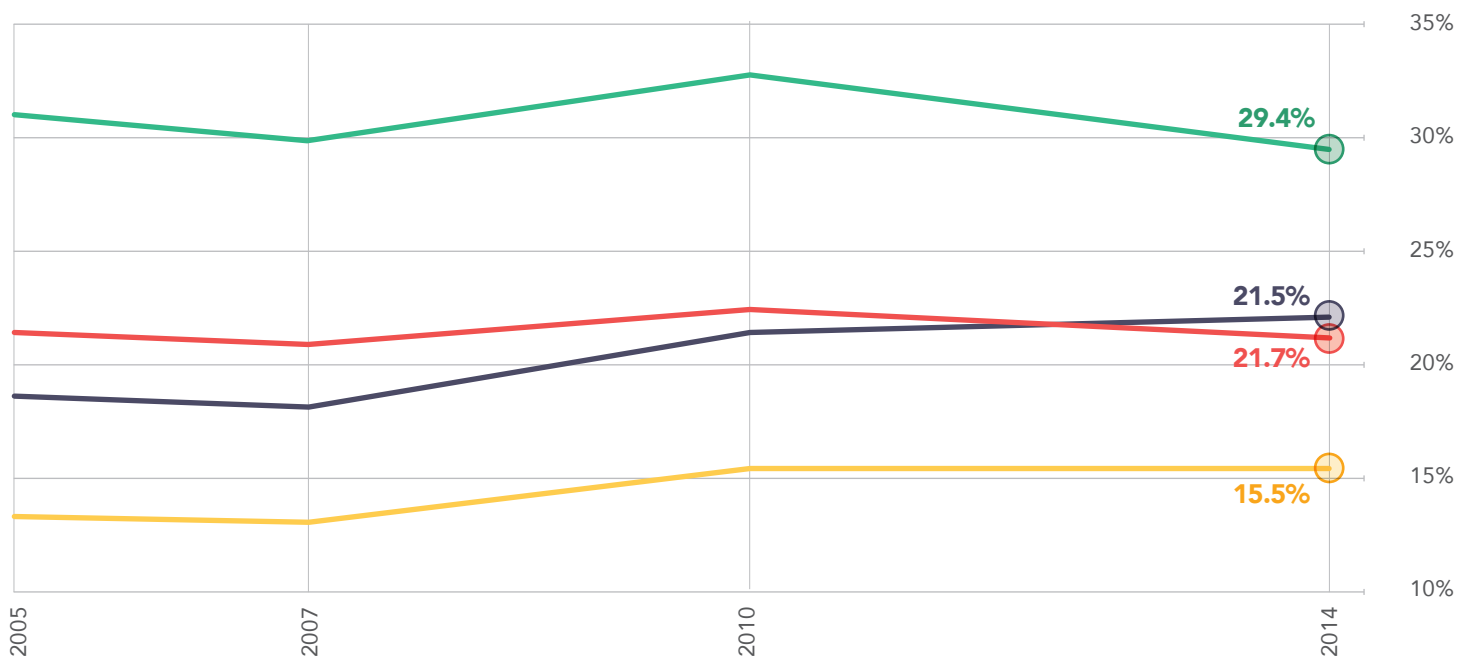
Since reaching a high of 35% in 2012, Mississippi child poverty rates have been declining in the state. In 2014, the percentage of children living in poverty dropped below 30% for the first time since 2007, indicating slow but hopeful progress.

39 2014 MS Child Poverty Rate by Race



Source: Annie E. Casey Kids Count Data Center

40 Poverty Rate for Children and All Residents 2005-2014



Source: 2014 American Community Survey

MS Children U.S. Children
All MS Residents All U.S. Residents

MAJOR OCCUPATIONAL CATEGORY	2015 Median wage	2012 Number employed	2015 Number employed	% Change in number employed 2012-2015
Food Preparation and Serving Related Occupations	\$8.85	95,720	103,840	8%
Personal Care and Service Occupations	\$9.00	24,480	29,170	19%
Building and Grounds Cleaning and Maintenance Occupations	\$9.26	33,760	36,230	7%
Sales and Related Occupations	\$10.16	115,310	113,530	-2%
Healthcare Support Occupations	\$10.39	44,690	35,490	-21%
Transportation and Material Moving Occupations	\$12.73	86,970	93,080	7%
Protective Service Occupations	\$13.07	25,910	33,570	30%
Office and Administrative Support Occupations	\$13.43	166,330	159,370	-4%
Production Occupations	\$14.27	102,600	106,700	4%
Farming, Fishing, and Forestry Occupations	\$15.09	4,530	5,150	14%
Arts, Design, Entertainment, Sports, and Media Occupations	\$15.78	9,490	7,510	-21%
Construction and Extraction Occupations	\$16.87	45,650	45,160	-1%
Community and Social Service Occupations	\$17.02	16,740	13,420	-20%
Installation, Maintenance, and Repair Occupations	\$17.31	48,390	51,310	6%
Education, Training, and Library Occupations	\$18.40	79,420	75,980	-4%
Life, Physical, and Social Science Occupations	\$24.09	7,410	6,650	-10%
Healthcare Practitioners and Technical Occupations	\$24.30	76,880	75,310	-2%
Business and Financial Operations Occupations	\$25.20	25,950	29,780	15%
Legal Occupations	\$26.69	5,040	5,510	9%
Computer and Mathematical Occupations	\$29.06	9,640	10,630	10%
Architecture and Engineering Occupations	\$31.28	15,930	15,660	-2%
Management Occupations	\$32.79	51,000	53,500	5%
Total		1,091,840	1,106,550	14,710 (total job increase)
Total number in low-wage jobs		153,960	169,240	15,280 (total low-wage job increase)
Total percentage of workers in low-wage jobs		14.1%	15.3%	1.2% increase in the rate of low-wage jobs

These occupations fall **below** the poverty threshold of **\$10.06** per hour

Sources: Bureau of Labor Statistics, Mississippi Occupational and Wage Data, May 2012 and May 2015

Note: Based on the Consumer Price Index, the poverty wage threshold for the US is \$11.65/hour. Adjusted for cost of living, poverty wage threshold in MS \$10.06 per hour.

Growth of Low-Wage Jobs Contribute to High Rates of Working Poor

High poverty rates in Mississippi are partially attributable to the high rate of low-wage jobs in the state. In fact, the state has a higher rate of working families living below the poverty line than any other state. The Working Poor Families project found that 53,290 working families in Mississippi lived in poverty in 2013, which was 17.7% of all working families in the state.²³ Workers in some of the state's largest industries earn less than poverty wages, including those in food preparation, personal care and services, and cleaning and maintenance occupations. Those three occupational categories alone accounted for 169,240, or 15.3%, of jobs in 2015. The number of jobs in each of those "low-wage" job categories has increased since 2012 for a total gain of 15,280 low-wage jobs, which exceeds the total number of jobs created in the state during the same time period, which was just 14,710.

Still, some occupational categories pay far above poverty wages and are projected to grow in future years. The Mississippi Department of Employment Security (MDES) projects that by 2022, there will be substantial growth in the number of jobs available in business and financial operations occupations, management occupations, and technical healthcare occupations.²⁴

It is critical that Mississippians who will be a **part of the workforce in 2022** have access to the **educational and workforce development opportunities** that will prepare them for these higher paying occupations.

Lack of Employee Benefits Contributes to Financial Insecurity

In addition to earning less than poverty wages, many low-wage workers in Mississippi also do not have employer-sponsored benefits. In 2013 nearly half—47%—of Mississippi workers in the private sector did not have any paid sick days. More than 48% of workers employed in the private sector also did not have employer-sponsored health coverage. Finally, 61% of Mississippi workers in the private sector did not have an employer-provided pension benefit in 2014. Low-wage jobs without benefits leave families not only unable to meet their basic needs on a week-to-week basis, but also unable to achieve long-term economic stability.

Many Mississippi Workers Fall Into the “Coverage Gap”

Low-wage workers who do not have access to health insurance through their employer often do not qualify for public health insurance due to the state’s decision not to expand Medicaid eligibility under the Affordable Care Act (ACA). These workers who earn too much to qualify for Medicaid but also do not have employer sponsored coverage are in what is referred to as a “coverage gap,” which is significant in all of the 19 states that have not expanded Medicaid.

In fact, an estimated 200,000 adults would gain health insurance coverage if Mississippi were to expand Medicaid.²⁵

Parents who do not have health insurance through their employer often cannot provide health insurance for their children either. In 2014 more than 1 in 20 children (5.3%) in Mississippi did not have health insurance. The state’s rate of uninsured children has decreased from a high of 18.4% in 2006, due to the ACA’s expansion of access to children’s Medicaid and elimination of waiting periods for the Children’s Health Insurance Program (CHIP). Still, Mississippi has the 23rd highest rate of uninsured children in the country.

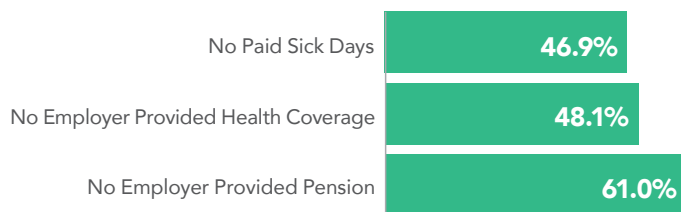
The expansion of Medicaid eligibility for adults also could improve the insurance rate for Mississippi children, as many states that have already expanded Medicaid have experienced a drop in the number of

uninsured children. What’s more, Medicaid expansion would promote economic security because health insurance reduces the risk that a household will incur emergency medical expenses and amass medical debt that threatens its financial stability.²⁶

Healthy Workers Needed for a Healthy Economy

The refusal by state leaders to expand Medicaid eligibility is harming not only the persons who do not have access to consistent affordable healthcare but also is detrimental to the growth and productivity of the state’s economy. An economic analysis by the Mississippi Institutions of Higher Learning’s University Research Center estimates that if the state were to adopt the Medicaid expansion it would create more than 9,000 new jobs and bring over \$1 billion in federal funding through 2020.²⁷ What’s more, working Mississippians would be more healthy and productive if they had access to healthcare. Currently, adults and children in Mississippi rank very low on health outcomes compared to other states, which is, in part, due to its high uninsured rate.²⁸ Persons with health insurance have better health outcomes, and healthier people are more productive and live longer. Accordingly, improving the health of the existing workforce and developing a healthy future workforce are critical to creating and maintaining a robust economy in Mississippi.

42 2013 Percentage of MS Private Sector Employees Lacking Benefits



Source: EPI Analysis of Current Population Survey, March Supplement and the Institute for Women’s Policy Research Analysis of National Health Information Survey Data.

Asset Poverty Undermines Long-Term Economic Security

Jobs that pay low-wages and lack benefits contribute to the high rate of poverty in Mississippi, and they also drive up the rate of *asset poverty* in the state. This measure of asset poverty is based not on how much money a household earns hourly or annually, but what assets it has to rely on in a time of emergency. In 2011, 30.4% of Mississippi households were living in asset poverty, meaning they did not have sufficient net worth to subsist at the poverty level for three months in the absence of income.²⁹ Only three states, Georgia, Nevada, Arizona, had higher rates of asset poverty. As with income poverty, there are troubling gaps in the rates of asset poverty between whites and African-American households in Mississippi. While both white and African-American households in Mississippi had dramatically higher rates of liquid asset poverty than the national rate, more than 3 in 4 African-American households in Mississippi were liquid asset poor.

In 2011, the percentage of Mississippi households that were “liquid asset poor” was nearly double the asset poverty rate at 61.9%. Liquid asset poverty means that the household does not have enough liquid assets, (household savings) to get them through three months without income. That was the second highest rate in the nation, behind only Alabama and is a full 18% above the national average of 43.5% of households living in liquid asset poverty. Accruing savings is critical to protecting families from losing key assets such as a vehicle, home, or business during a time of financial crisis. Those assets contribute to the ability to build long-term and intergenerational wealth.

The combined statistics on income poverty and asset poverty illustrate a clear picture about why working families in Mississippi struggle to achieve short and long term financial stability. They are working within a system that has set them up to fail because so many jobs offer compensation below what is needed to afford basic necessities, let alone savings and assets.

Income Poverty

A household has an annual income level below the federally established poverty limit. (\$24,250/year for a family of four in 2015)

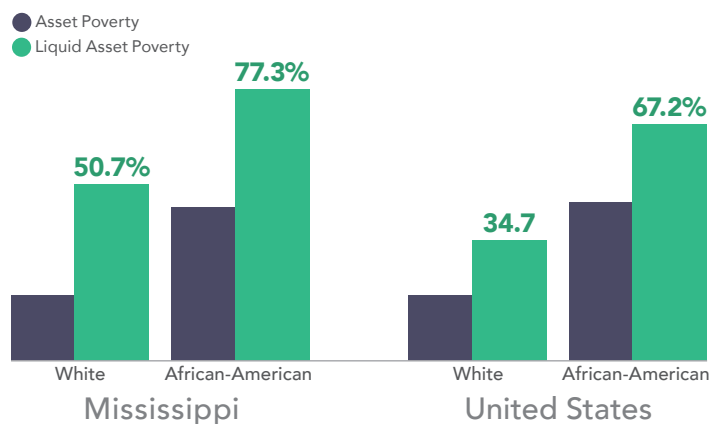
Asset Poverty

A household does not sufficient net worth, including liquid and durable assets, to subsist at the poverty level for three months in the absence of income. (\$6,063 in net worth for a family of four in 2015)

Liquid Asset Poverty

A household does not have sufficient liquid assets (cash, stocks, retirement accounts) to subsist at the poverty level for three months in the absence of income. (\$6,063 in liquid assets for a family of four in 2015)

43 Poverty by Race in U.S. and MS



Source: Corporation for Enterprise Development (CFED) Analysis of Survey of Income and Program Participation (SIPP)

State Tax System Disproportionately Burdens the Working Poor

Mississippi's tax system also impacts the financial well being of households. Through payment of individual income and sales tax, all Mississippi households contribute some portion of their income to their state and local governments. Every year, the Institute on Taxation and Economic Policy (ITEP) analyzes the fairness of each state's tax system by measuring the amount of state and local taxes paid by non-elderly taxpayers in different income groups as shares of income. In 2015, ITEP found that Mississippi had the 21st most unfair state and local tax system. The Mississippi tax code is regressive, meaning that low-income households pay a higher share of their income in state and local taxes than high-income households. As illustrated in **chart 44**, in 2015 the state's low and middle-income earners paid nearly double the percentage of their income in taxes compared to the state's highest income earners.

The regressive nature of Mississippi's tax system is attributable largely to the state's heavy reliance on sales and use tax revenue. Sales taxes inevitably take a larger share of income from low- and middle-income families than from wealthy families, because sales taxes are

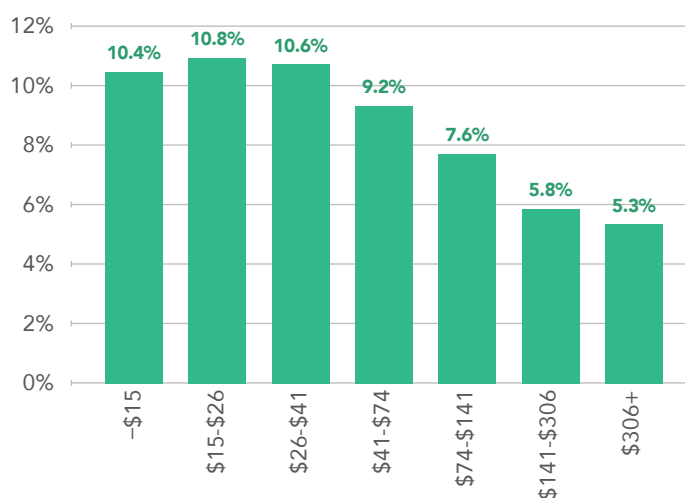
Did you know?

Mississippi and Alabama are the only two states that apply the full state sales tax rate to groceries. **Mississippians pay 7 cents in tax for every dollar they spend on groceries.** The MS Legislature passed a bill in 2006 to reduce the "grocery tax" but it was vetoed by then-Governor Barbour.

levied at a flat rate and spending as a share of income falls as income rises. Mississippi's sales tax is particularly regressive because it is one of only two states that apply the full state sales tax rate to food purchased for home consumption. In total, sales and use taxes accounted for 42%, or \$2.2 billion of the state's total \$5.25 billion in tax revenue in fiscal year 2014.

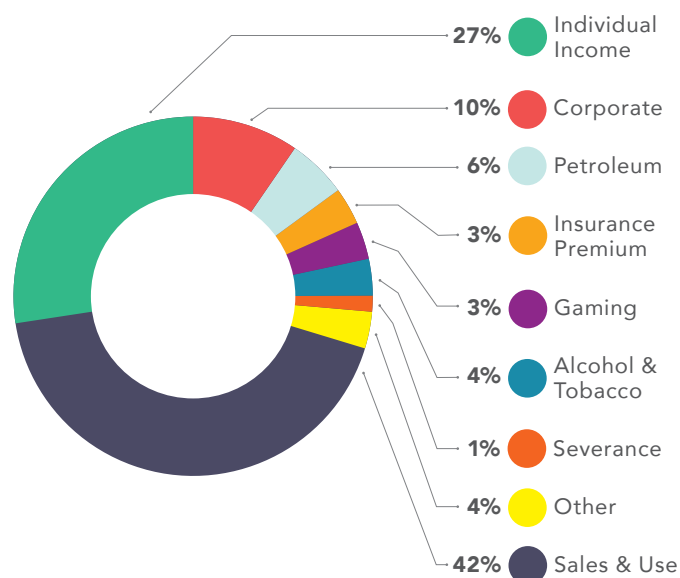
44 Mississippi State & Local Taxes in 2015 Shares of Family Income for Non-Elderly Taxpayers

annual income in thousands of dollars



Institute on Taxation and Economic Policy, 2015

45 Tax Collection in MS by Revenue Source Fiscal Year 2014

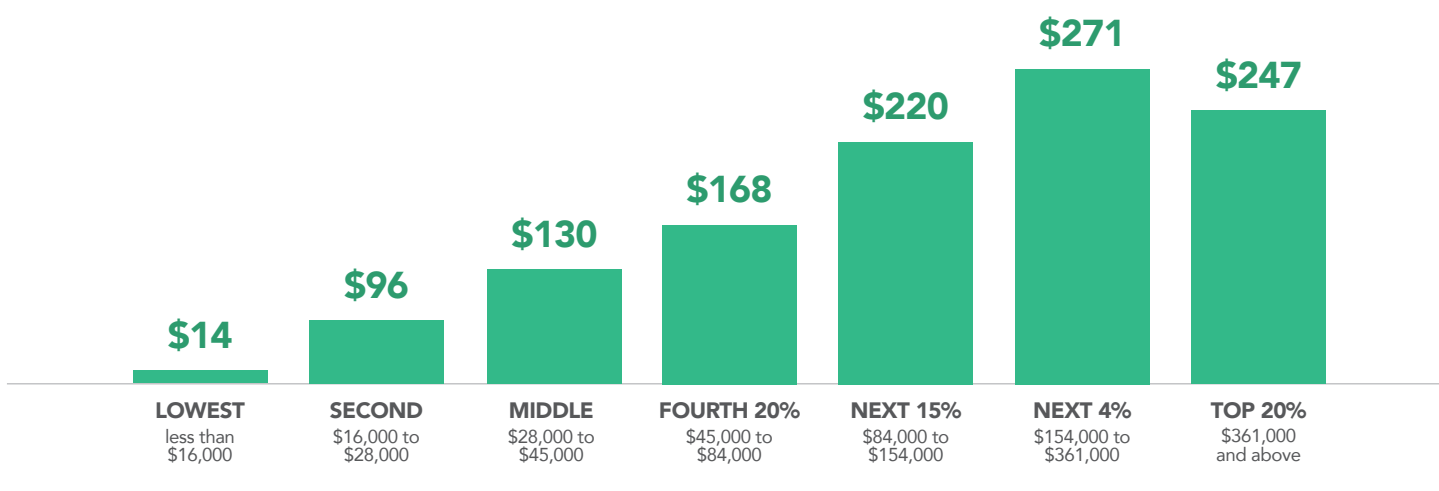


Income Tax Cut Largely Benefits Wealthiest Mississippians

One progressive feature of the Mississippi tax code is its graduated personal income tax structure that places a higher income tax rate on the wealthiest households. In 2016, however, the Mississippi legislature enacted an across-the-board cut to the state individual income taxes that will take effect in 2018. Specifically, the Legislature eliminated income tax on individual taxable income up to \$5,000, which was taxed at 3%. This

“across the board” tax cut reduces the tax burden of the highest earners exponentially more than the lowest earners as shown illustrated by **chart 46**. The tax cut will decrease the amount of revenue the state has to fund critical services by an estimated \$145 million. The cut will disproportionately benefit wealthy taxpayers and therefore increase the inequity of the tax system.

46 Average Tax Cut From MS Legislature's 2016 Individual Income Tax Reduction
by income group



Source: Hope Policy Institute analysis of data from the Institute on Taxation and Economic Policy

Business Tax Cuts Leave State Without Adequate Revenue

The state also has enacted a series of corporate tax cuts in recent years that lessened the tax burden on businesses with the stated goal of stimulating long-term economic development and business investment in the state. In the short term, it has decreased the amount of revenue available for public investments that directly impact the state's workforce, including funding for K-12 schools and institutions of higher education.

In addition to the individual income tax cut, in 2016 the Mississippi legislature approved a plan to eliminate the state's franchise tax, which will reduce general revenue by another \$260 million. The combination of the disproportionately high tax burden on low-income households and the decreasing amount of revenue for public investments has created a tax system in Mississippi that is both inequitable and inadequate.

Recommendations

► Increase state tax revenue without increasing burden on the poor.

Mississippi will continue to lag behind other states on a variety of indicators including business climate, economic productivity, health outcomes, educational attainment, workforce readiness, and quality of life standards until the state government is able to raise sufficient revenue to fund the basic functions of government. In recent years, the state has not had sufficient tax revenue to fully fund public education, transportation infrastructure, mental health services,

child welfare services, and Medicaid. Additional revenue also is needed to increase access to childcare assistance, pre-kindergarten programs, and need-based tuition assistance so that Mississippi can develop the work force needed to attract new businesses. Because the state's poor already pay a disproportionately high portion of their income in state and local taxes, tax increases must be focused on the highest income earners and corporations.

► Raise the minimum wage.

Productivity of Mississippi workers has increased over the past several decades but their wages have not. As a result, more than one quarter of workers in Mississippi earn below poverty wages. Establishing a state minimum wage that is higher than the federal minimum wage is the most direct way to increase

economic security of hard working Mississippi families. Not surprisingly, there is widespread public support for this long overdue policy change: public polling in the state indicates that 56 percent of voters support raising the state's minimum wage to \$10 per hour.³⁰

► Expand Medicaid.

Mississippi cannot afford to wait any longer to expand Medicaid eligibility. Access to healthcare is a basic human right being denied to roughly 200,000 Mississippians. The majority of these persons (58%) are working or part of a working family.³¹ Many of the others are disabled, students, or people who have left

the workforce. In addition to the moral reasons for doing so, expanding Medicaid eligibility will improve economic security of Mississippi families, create new jobs, increase worker health and productivity, improve labor force participation rates, and bring a significant new infusion of federal funding to the state.

► Invest more in Mississippi public education, from pre-K to high school.

If the Legislature provided full funding to the state's public school system as required by the state's funding formulas, the Mississippi Adequate Education Program (MAEP) it would particularly benefit students in low-income areas, where property values depress local-level school funding. Full funding of MAEP would allow all Mississippians to receive the education they deserve and help create the educated workforce the state largely lacks.³²

Additionally, Mississippi's recent funding initiatives for pre-kindergarten should be expanded. Given the well-documented effects of quality early childhood education on outcomes for vulnerable children, expansion of Pre-K programs would particularly benefit African-American children, who are disproportionately likely to live in poverty.³³

► Increase access to childcare assistance through TANF funding.

Increased state funding for childcare assistance would rectify two of Mississippi's greatest challenges: low labor force participation rates and sub-optimal educational outcomes. Dedicating a portion of

Temporary Assistance for Needy Families (TANF) funding, especially unobligated TANF funds, to childcare assistance would be one way to increase access to the program.

► Increase need-based tuition assistance for higher education.

While high costs prevent many students from receiving a higher education, Mississippi's economic future depends upon a college-educated workforce. Increased state funding for *need-based tuition*

assistance will help close the racial gaps in education in Mississippi and help all Mississippians get the education they deserve.

► Establish a state Earned Income Tax Credit.

A refundable state Earned Income Tax Credit would provide a boost to low and middle-income households and improve labor force participation rates in Mississippi. The Earned Income Tax Credit (EITC) is widely recognized as a proven bipartisan way to incentivize work and boost pay, especially for single parents.³⁴ Studies also have found longer lasting effects of EITC programs including better school performance and greater rates of college enrollment

for children whose parents received state and federal EITCs.³⁵ State EITCs have the most significant impact when they are refundable; when workers can receive a cash refund if their state tax credit equals more than their state income tax liability. Called a "blue collar tax dividend" by Mississippi Governor Phil Bryant, a state EITC would be a win-win for the state's economy and its workers.

► Reduce or eliminate the sales tax on groceries.

Applying the state sales tax to groceries hits the budgets of low and middle-income families the hardest, which is why 31 states fully exempt groceries from state sales tax. Another seven states substantially reduce the rate of sales tax applied to groceries and five states offer credits or rebates to low and middle-income

earners.³⁶ This leaves Mississippi and Alabama as the only two states that apply the state sales tax fully to groceries. Eliminating or significantly reducing the sales tax on food is critical to increasing tax fairness and would allow Mississippi workers to keep a little more of their paycheck for other household expenses.

► Local government action to improve economic justice.

County and city governments in Mississippi also can take action to improve economic security of their residents. The state legislature has prohibited local governments from establishing a local minimum wage or minimum standards for vacation or sick days for private employers. Still, local government entities

can enact policies that ensure that public employers, which often are major sources of jobs in small towns and cities, pay a living wage with adequate benefits. County and city governments that do so will serve as a model for private employers in the area, other local governments, and the state.

ENDNOTES

- ¹ The designation of a recession is the province of a committee of experts at the National Bureau of Economic Research (NBER), a private non-profit research organization that focuses on understanding the U.S. economy. The NBER recession is a monthly concept that takes account of a number of monthly indicators—such as employment, personal income, and industrial production—as well as quarterly GDP growth. More information can be found at: http://www.bea.gov/faq/index.cfm?faq_id=485.
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- ³ Mississippi Institutions of Higher Learning. Press Release (6/1/2016). Accessed July 28, 2016 at: <http://www.ihl.state.ms.us/ihl/newsstory.asp?ID=1240>.
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- ⁵ Annie E. Casey KidsCount Data Center. *Children Enrolled In Preschool or Nursery School, 2010-2014*.
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- ⁸ Information and Technology Innovation Foundation. *2014 State New Economy Index*. Accessed July 21, 2016 at: <https://itif.org/publications/2014/06/11/2014-state-new-economy-index>.
- ⁹ For more on the status of women in Mississippi, see the Institute for Women's Policy Research's "Status of Women" Mississippi portal, available at <http://statusofwomendata.org/explore-the-data/state-data/mississippi/>.
- ¹⁰ Michael Baker, Jonathan Gruber, Kevin Milligan. *Universal Childcare, Maternal Labor Supply, and Family Well-Being*. NBER Working Paper No. 11832, December 2005.
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- ¹³ Center on Budget and Policy Priorities. Mississippi TANF Spending Fact Sheet. Accessed July 28, 2016 at: http://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_ms.pdf.
- ¹⁴ Mishel, Lawrence, Josh Bivens, Elise Gould, and Heidi Shierholz. *The State of Working America, 12th Edition*. A forthcoming Economic Policy Institute book. Ithaca, N.Y.: Cornell University Press.
- ¹⁵ "The South" as a regional comparison is the average of data for the following states: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, and Texas.
- ¹⁶ Economic Research Service. *State Fact Sheets: Mississippi*. United States Department of Agriculture. Accessed July 25, 2016 at <http://www.ers.usda.gov/data-products/state-fact-sheets/state-data.aspx?StateFIPS=28>.
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- ¹⁹ The Ewing Marion Kauffman Foundation. *The Kauffman Index of Growth Entrepreneurship: Smaller State Rankings*. Accessed July 25, 2016 at: <http://www.kauffman.org/microsites/kauffman-index/rankings/state?Report=GrowthEntrepreneurship&Indicator=SRank>.
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- ²³ Working Poor Families Project. *Conditions of Low-Income Working Families*, Table 1.A.2b. Percent of Working Families that are Below 100% of the Poverty Level. Analysis of American Community Survey Microdata, 2013.
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For more detailed data, methodology, and resources related to **State of Working Mississippi 2016**, please contact jjdonova@loyno.edu.

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