

THE STATE OF WORKING MISSISSIPPI 2012

MEPC A Hope Initiative
MISSISSIPPI ECONOMIC POLICY CENTER



About the Mississippi Economic Policy Center

The Mississippi Economic Policy Center (MEPC) is a nonprofit, nonpartisan organization that conducts independent research on public policy issues affecting working Mississippians. Through public outreach efforts, policymaker education and engaging the media, MEPC uses its analysis to ensure that the needs of low- and moderate-income Mississippians, in particular, are considered in the development and implementation of public policy with the ultimate goal of improving access to economic opportunity.

MEPC is managed by the Hope Enterprise Corporation (HOPE), a regional financial institution and community development intermediary dedicated to strengthening communities, building assets and improving lives in economically distressed areas throughout the Mid South.

To read more about MEPC, go to www.mepconline.org
To read more about HOPE, go to www.hope-ec.org

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In addition to working with nonprofit organizations across the state, MEPC is a member of the State Fiscal Analysis Initiative, managed by the Center on Budget and Policy Priorities, and the Economic Analysis Research Network, managed by the Economic Policy Institute.

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The State Of Working Mississippi 2012

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INTRODUCING THE STATE OF WORKING MISSISSIPPI 2012

The 2000s challenged many Mississippi businesses, as well as working adults and their families. Recessions and natural disasters lessened the economic security of families. In the face of these challenges, the state's labor force remained resilient, increased in educational attainment, became more diverse, and demonstrated perseverance by adapting to changes in industry and skill demands.

However, much still needs to be done to build security for the state's workforce and families. Throughout 2011, many communities across Mississippi continued to experience persistently high unemployment and underemployment, stagnant wages and economic insecurity.

The State of Working Mississippi 2012 takes a close look at conditions of employment in Mississippi over the last decade and summarizes how working Mississippi has changed over the period. Each section begins with a broad look at a topic related to the economy. Topics include the labor force, jobs, unemployment, industries, wages, income and poverty. Each section then delves more deeply into the topic to review trends by race, gender and educational attainment. The document also highlights the assets of Mississippi's economy and makes recommendations at the end of each chapter for building up working Mississippians and the policies that support them.

Mississippi's current and future labor force will continue to drive the state's economy. Understanding how workers, industries and employers have been affected over the last decade and looking ahead with solutions to bolster working Mississippi can lay the foundation for a stronger *State of Working Mississippi* in the years ahead.

SUMMARY OF KEY FINDINGS FROM STATE OF WORKING MISSISSIPPI 2012

MISSISSIPPI'S POTENTIAL WORKFORCE GROWS

- From 2000 to 2010, Mississippi's overall population grew by 122,639 to more than 2.96 million people.
- Mississippi's population over 18 years old grew by 142,000 from 2000 to 2010, substantially increasing the potential workforce.

RECESSIONS RESULT IN JOB LOSS OVER THE DECADE

- The 2007 recession brought larger job loss than the 2001 recession. In the 2007 recession, Mississippi lost 76,800 jobs (6.6% of total jobs) over a two-year period.
- From 2000 to 2010, Mississippi lost 39% of its manufacturing employment, equal to 86,700 jobs.
- Health & education services added 27,200 jobs in the 2000s, a 26% increase.

MEDIAN WAGES UP ONLY SLIGHTLY BUT THE GENDER WAGE GAP NARROWS

- Inflation-adjusted median wages for Mississippi workers rose marginally this decade from \$13.13 in 2000 to \$13.45 in 2010.
- While the gap between men's and women's wages remains, it shrank in Mississippi between 2000 and 2010. In 2010, the median wage for men was \$14.29 compared to \$12.75 for women.
- Wage disparities between white and African-American workers have persisted at a similar level for over three decades. White workers earned median wages of \$15.66 in 2010 while the median wage for African-American workers was \$11.02.

UNEMPLOYMENT INCREASES AND IS HIGHER FOR AFRICAN-AMERICAN WORKERS

- Mississippi's unemployment rate rose from 5.9% in January 2000 to a peak of 11% in January 2010.
- The gap in unemployment rates for Mississippi's white and African-American workers exceeds the national gap and has grown during the recession. At the end of 2010, the unemployment rate for African-American workers was 17.3%, while the rate for white workers was 6.9%.

HOUSEHOLD INCOME FALLS AND POVERTY RISES

- Mississippi's median household income of \$36,851 in 2010 was \$4,500 less than in 2000.
- A larger percentage of Mississippi's population lives in poverty than any neighboring Mid South state. More than one in five Mississippians (22.4%) lived in poverty in 2010, up significantly from the beginning of the decade.
- Close to 275,000 adults in Mississippi are in low-wage employment. For adults in low-wage jobs, working full-time is often not enough to keep a family of four out of poverty.

STATE FUNDING DECLINES IN LATE 2000s & TAX COLLECTIONS PER CAPITA AMONG LOWEST IN THE NATION

- The 2007 recession caused sharp declines in state revenues needed to invest in economic growth, and revenues remain well below pre-recession levels.
- In 2008, Mississippi ranked 46th in taxes collected per capita (the average amount collected per person through all tax sources).

RECOMMENDATIONS FOR ADVANCING THE STATE OF WORKING MISSISSIPPI

Extended recommendations are provided at the conclusion of each chapter. For additional information, see chapter and page number referenced in parentheses.

- Ensure businesses can compete and access the skilled workers they need by bringing regional workforce leaders together and pooling demands for industry-specific training. *(Chapter 1, page 9)*
- Keep community college and university tuition affordable for all of Mississippi's students. *(Chapter 2, page 12)*
- Build a pipeline from basic education to post-secondary credentials by enhancing connections between the state's adult basic education, GED preparation and college-level courses, so more adults gain the skills they need for jobs with family-supporting wages. *(Chapter 1, page 9)*
- Promote household asset building by expanding funding for Individual Development Accounts - matched savings accounts for low-income populations to pursue homeownership, post-secondary education or entrepreneurship. *(Chapter 2, page 12)*
- Enhance the economic security of Mississippi's working families by increasing access to affordable housing, child care and quality early childhood learning opportunities. *(Chapter 3, page 16)*
- Restore investments in public structures like education, local infrastructure and public safety by updating the state's tax system. *(Chapter 4, page 20)*

CHAPTER 1: MISSISSIPPIANS, JOBS AND THE LABOR FORCE

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

Every 10 years, the U.S. Census gives a comprehensive look at how Mississippi's population has changed over a decade (see figure 1). From 2000 to 2010, Mississippi's overall population grew by 122,639 to more than 2.96 million people. Growth among particular populations has resulted in a more diverse Mississippi. The state also has a larger potential workforce than it did in 2000.

The state's African-American population grew by 64,567--the largest real increase for any racial group. Mississippi is also home to one of the nation's fastest-growing multiracial populations, as the number of Mississippians classifying themselves as 'two or more races' rose by more than 70% (approximately 14,000 individuals) over

the last 10 years. Mississippians identifying themselves in the 'some other race' category now represent 1.3% of residents. Mississippians of Hispanic or Latino origin from any racial group almost doubled, rising to 2.7% of the state's population. Mississippi's Asian and American Indian populations each rose at a modest pace, while Mississippi's white population grew by 0.5%. While having the lowest growth rate of any group, white Mississippians still make up the largest portion (59%) of the state's residents, followed by 37% of residents who are African-American. Overall, while diversity increased, the vast majority of Mississippi's residents continue to be white or African-American (see figure 2).

MISSISSIPPI POPULATION CHANGE BY RACE
2000 to 2010

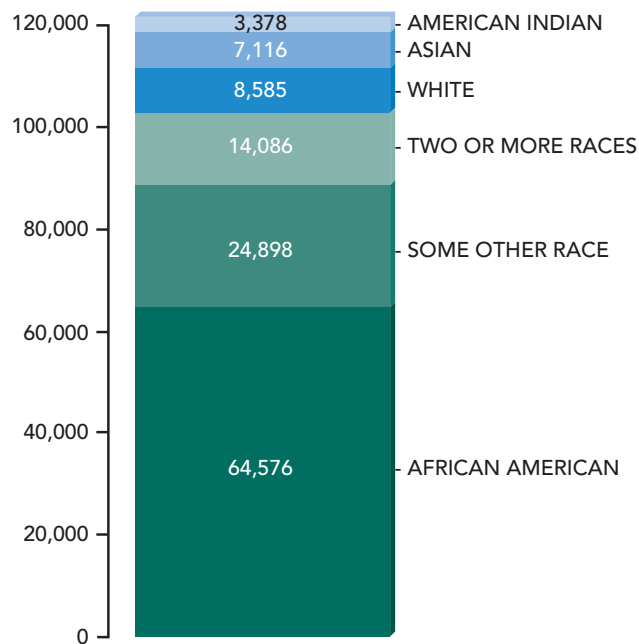


Figure 1

Source: U.S. Census Bureau

MISSISSIPPI POPULATION BY RACE

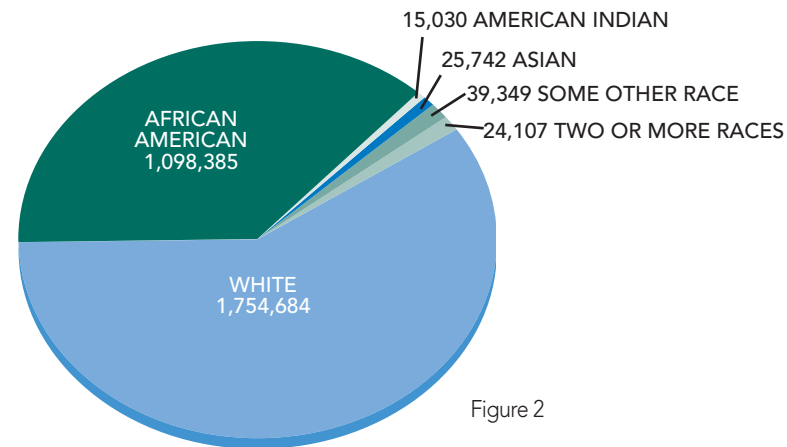


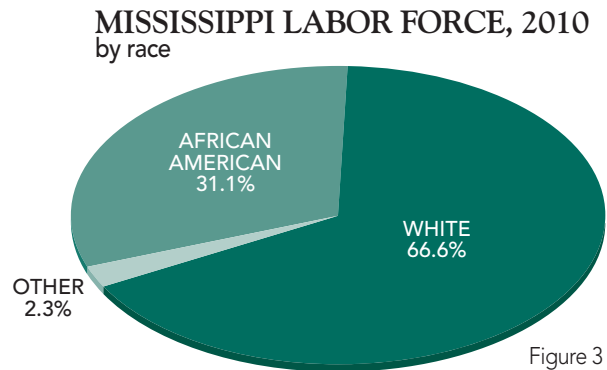
Figure 2

Source: U.S. Census Bureau

As the overall population grew, so did the state's working-age population. The number of Mississippi residents over 18 years old increased by 142,000 between 2000 and 2010. While the number of working-age adults has grown, the harsh impact of two economic recessions has left Mississippi with fewer jobs than it had in 2000. From January 2000 to September 2011, Mississippi experienced a net loss of 61,000 jobs. The rise in population paired with the decline in jobs made the 2000s a particularly challenging decade for working Mississippians.

MISSISSIPPI'S LABOR FORCE

The racial makeup of Mississippi's workforce corresponds closely with the state's overall population over age 18, as the vast majority of workers continue to be white or African-American (see figure 3). African Americans make up 31.1% of the state's workforce, and white Mississippians account for 66.6% of workers. Over the last 10 years, the percentage of Hispanic Mississippians in the state's workforce has increased to 1.4%. However, relative to the rest of the nation, Mississippi still has a



Source: Mississippi Department of Employment Security. Labor Market Information, May 2011.

low share of Hispanic members in its workforce. Women in Mississippi make up a slightly larger share of the state's workforce than women across the United States. Mississippi's labor force was 48.2% women in 2010, compared to 46.3% nationally. Throughout the decade, men accounted for a slightly larger share of the state's workforce than women, with a rate fluctuating between 51% and 53%.

Across the nation, the plight of older working Americans has been a subject of attention, as many employees delay retirement and choose to work additional years to build economic security after suffering financial losses in the 2007 recession. In Mississippi, the age distribution of the state's workforce has shifted similarly over the decade (see table 1). In 2000, 13.3% of the state's workers were over 55. By 2010, 18.7% of Mississippi's labor force was over 55 years old. The share of the labor force between 25 and 54 years old decreased from 70% to 66.6%. Younger Mississippians also represent a smaller share of the state's workers, falling from 16.7% in 2000 to 14.7% in 2010.

MS LABOR FORCE OLDER, MORE EDUCATED

Mississippi 2000 and 2010

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

Source: EPI analysis of CPS data and MDES

Table 1

HARD DECADE AFFECTS MISSISSIPPI'S WORKER PARTICIPATION

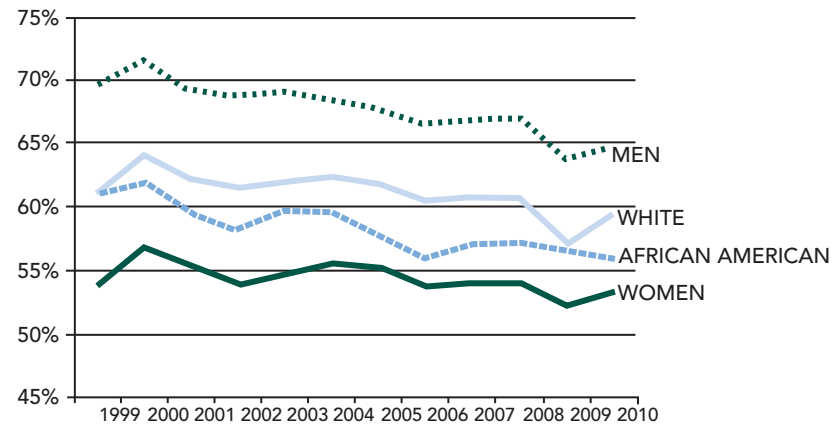
Mississippi's labor force participation has been impacted by the recent recession. When workers are discouraged in their pursuit of jobs and decide to cease searching for employment, they are not counted as participating in the labor force. High rates of long-term unemployment can lead individuals who would normally participate to temporarily step out of the workforce until the economy begins to improve.

Even in the face of economic challenges, 78.3% of adults between the ages of 25 and 54 were engaged in the workforce in 2010. However, labor force participation was higher for this age group at the beginning of the decade, with 82.4% participation in 2000. Feeling the harsh effects of two recessions, Mississippi's overall labor force participation dipped from 63.4% in 2000 to 58.6% in 2010.

Changes in worker participation during the decade run parallel to national trends. Labor force participation decreased among young Mississippians and rose among older adults. The most drastic rates of decline in labor force participation were among young adults ages 16 to 24 and adults who ended their formal education with a high school degree. Adults over 55 were the only group to show an increase in workforce participation for the decade in Mississippi.

While participation was still higher for men than women in 2010, labor force participation decreased more drastically among men than among women in the 2000s (see figure 4). Men's labor force participation fell from 71.6% in 2000 to 64.7% in 2010, while women's participation fell from 56.7% to 53.2%. Both white and African-American worker participation decreased during the decade, and their participation rates converged in 2009, with 56.6% of African-American adults active in the labor force compared to 57.1% of white Mississippians. However, worker participation among white Mississippians increased significantly between 2009 and 2010, and African-American worker participation was statistically unchanged.

LABOR FORCE PARTICIPATION BY DEMOGRAPHIC 1999-2010



Source: EPI Analysis of CPS Data

Figure 4

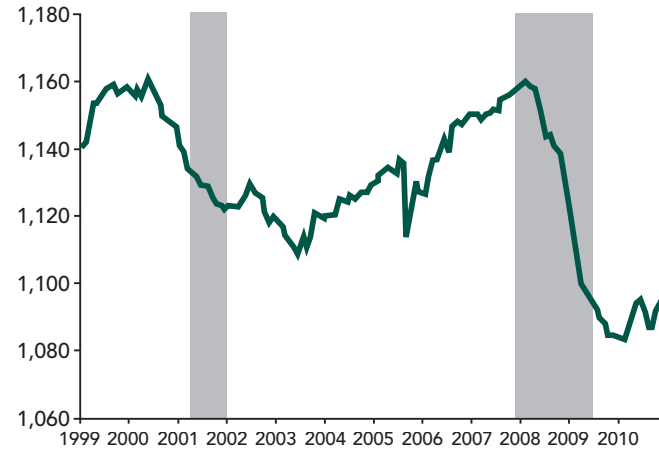
UNDERSTANDING KEY TERMS:

Labor force: All persons age 16 or older who are either employed or looking for work.

Labor force participation rate: The number of Mississippians age 16 or older who are in the labor force divided by the total number of Mississippians age 16 or older. Individuals in the military are not included. Simply put, labor force participation is the percentage of a population that is employed or unemployed and looking for work.

MISSISSIPPI NONFARM EMPLOYMENT 1999-2010

Shaded Regions Indicate National Recession



Source: EPI Analysis of CPS Data

Figure 5

TWO STEEP DECLINES IN EMPLOYMENT DURING 2000s

Many states across the Mid South, including Mississippi, experienced declines in employment during the last decade. The recessions of 2001 and 2007 caused job losses and high rates of unemployment across the nation. While both recessions impacted the lives and economic security of Mississippi's families, job losses during the 2007 recession were more drastic than in the 2001 recession.

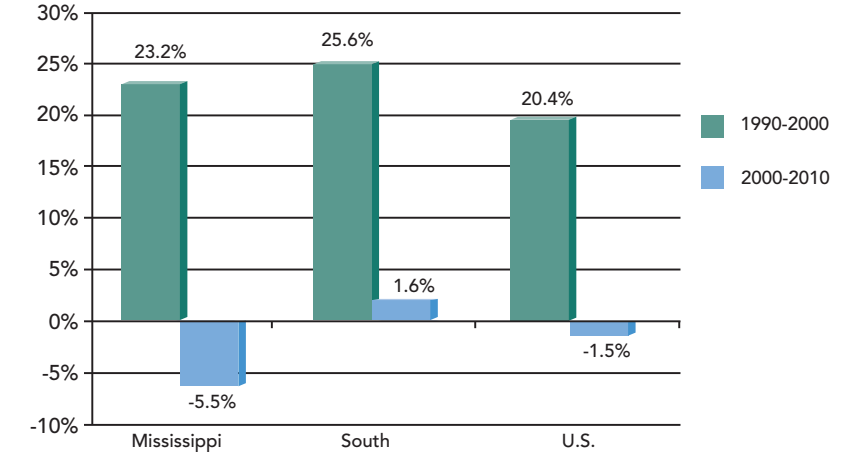
Nationally, the 2001 recession started in March 2001 and lasted eight months. However, *figure 5* reveals that declines in Mississippi's overall employment started well before March 2001 and lasted for nearly two years. In fact, Mississippi entered a recession in 2000, 11 months before the nation as a whole.ⁱ Nine months after the 2001 recession ended, Mississippi's economy independently entered a double dip recession in 2002-2003, resulting in a total loss of close to 49,000 jobs during the early 2000s.ⁱⁱ Declines in manufacturing employment were substantial in both of Mississippi's recessions in the early 2000s.

After December 2003, Mississippi entered a period of increased employment for the middle of the decade, and by 2007 reached employment levels similar to those seen prior to the 2001 recession. However, Mississippi and its working adults were hit even harder by the 2007 recession. Nationally, the 2007 recession lasted 18 months--much longer than the 2001 recession. In Mississippi, employment peaked in February 2008 and then steeply declined until February 2010. In total, Mississippi lost 76,800 jobs (6.6%) over the two-year period (as opposed to job losses of 4.2% during the recessions of the early 2000s).

Mississippi's job losses in the 2000s appear particularly harsh when compared to the prosperity of the 1990s (see *figure 6*). Mississippi's employment grew by 23.2% during the 1990s, in contrast to a 5.5% decline in the 2000s. The Southern region and the United States experienced similar trends of strong job growth during the 1990s; however, the South and the nation both had lower rates of job loss in the 2001

CHANGE IN NON-FARM EMPLOYMENT

Mississippi, South and U.S. by Decade



Source: EPI Analysis of CPS Data

Figure 6

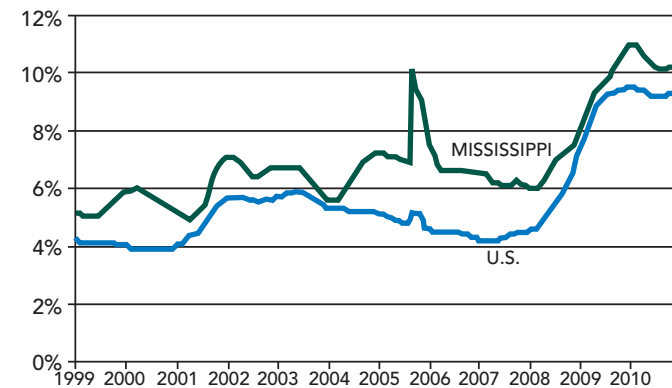
recession and stronger job growth after the 2001 recession than Mississippi. As a result, neither the South nor the nation experienced the same level of overall decline in employment for the decade.

UNEMPLOYMENT HIGHEST TOWARDS END OF DECADE

Unemployment rates rise as Mississippi jobs are lost. *Figure 7* traces the national and state unemployment rates throughout the 2000s. Mississippi's unemployment rate nearly doubled during the decade. In January 2000, Mississippi's unemployment rate was 5.9%, higher than the national rate at that time of 3.9%, but much lower than Mississippi's peak of 11% in January 2010. In the fall of 2011, the state unemployment rate lingered above 10%, with 1 in 10 Mississippi workers still looking for employment.

UNEMPLOYMENT RATE 1999-2010

Mississippi and U.S.



Source: EPI Analysis of CPS Data

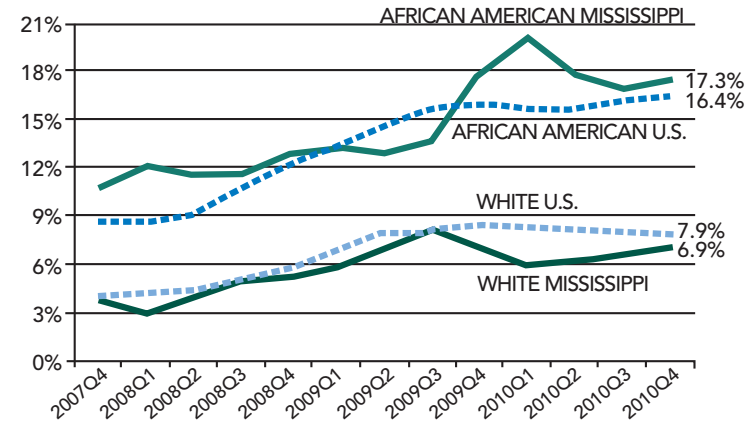
Figure 7

Throughout the 2007 recession, unemployment rates for African Americans far surpassed those of white workers (see figure 8). Unemployment among African Americans peaked in the first quarter of 2010, with 1 in 5 African-American workers jobless and looking for work. At the same point, unemployment for white workers in Mississippi was 6%, with a gap between the two groups of 14 percentage points. When Mississippi's white unemployment had peaked at 8.1% in the third quarter of 2009, it was still well below the unemployment rate for African Americans at any point during the recession.

The gap between Mississippi's white and African-American unemployment rates exceeds the national gap and has grown over the course of the recession. This large disparity in unemployment rates has serious implications for the state's economic recovery and future economic development. Thirty-seven percent of Mississippi's residents are African-American, and persistently high unemployment among such a large portion of the state's residents impacts the overall economic security and stability of families and communities across the state.

QUARTERLY UNEMPLOYMENT RATE BY RACE

Mississippi and U.S.



Source: EPI Analysis of LAUS Data

Figure 8

UNDEREMPLOYMENT CHALLENGES MISSISSIPPI WORKERS

In addition to unemployed Mississippians, there are many other adults not included in the traditional measure who 1) are working part-time for economic reasons, but would prefer to work full-time or 2) want work and have looked for employment in the last 12 months, but have become discouraged and stopped looking. Adults in these groups are added to those who are officially counted as unemployed to get a more comprehensive 'underemployment' rate. Mississippi's underemployment rate was 17.6% in 2010, compared to 10.8% before the recession in 2007.ⁱⁱⁱ

When adults are forced to take on part-time employment, they experience reduced hours and lower wages, and they frequently do not receive employer-sponsored benefits like health insurance or paid sick leave. Like unemployment, underemployment can have a significant impact on a family's economic security. Beyond individual families, the state's economy also feels the effects in lower tax revenues and decreased worker productivity. While Mississippi's underemployment rate warrants concern and attention, ten states fared worse in this measure in 2010 than Mississippi did. Among Southern states, Georgia, Florida and South Carolina had higher underemployment rates than Mississippi, while Louisiana, Alabama, Arkansas and Tennessee had lower rates.^{iv}

EDUCATIONAL ATTAINMENT AND MISSISSIPPI WORKERS

The educational attainment of Mississippi's labor force has shifted slightly over the last 10 years. The number of workers ending their formal education in high school or at a high school degree decreased during the 2000s. In contrast, the percentage of workers with at least a bachelor's degree rose to 22.8% from 20.8% during the decade. The largest share of workers, those with some college, also increased significantly from 31.5% in 2000 to 34.3% in 2010.

Although the share of Mississippi's workforce with post-secondary education or training has grown during the decade, the state's portion of adults with college experience registers below national levels (see figures 9 & 10). Nationally, 60.5% of workers have a bachelor's degree or some college, compared to 57.1% of Mississippi workers. At the same time, a larger share of Mississippi's workforce lacks a high school degree (13.5%) than the national norm of 10.5%.

EDUCATIONAL ATTAINMENT OF LABOR FORCE, 2010

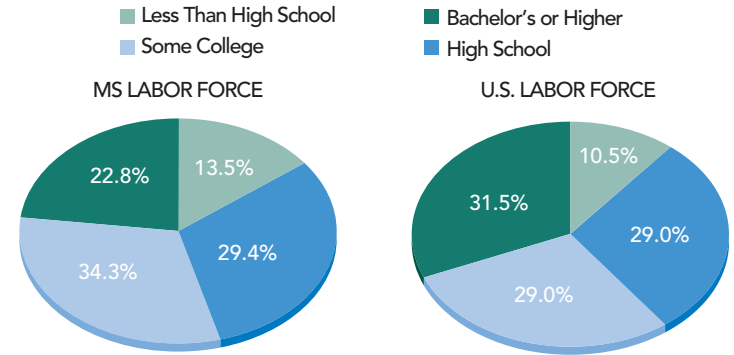


Figure 9

Figure 10

Source: EPI Analysis of CPS Data

EDUCATIONAL ATTAINMENT OF MISSISSIPPI'S POPULATION

Focusing the lens of educational attainment on the state's working-age population reveals that gaps continue to exist between the educational attainment of white and African-American adults in Mississippi (see table 2). Almost twenty-three percent of white adults attained a bachelor's or professional degree, compared to 12.0% of African-American adults. On the other end of the educational spectrum, a large portion of African-American adults have not attained a high school degree (29.2%, compared to 16.8% of whites). The percentage of African-American Mississippi adults without a high school degree is well above the national norm for African-Americans of 20.0%.

EDUCATIONAL ATTAINMENT OF MS ADULTS by Race

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

Source: American Community Survey, 2008-2010 Averages

Table 2

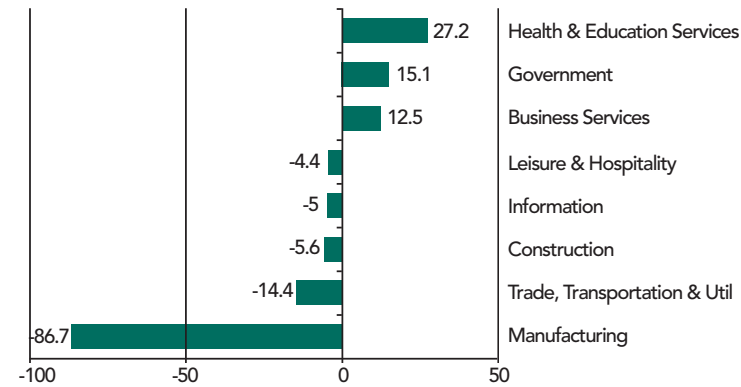
A CLOSER LOOK AT EMPLOYMENT BY INDUSTRY

While job losses have been experienced by Mississippians across all sectors during the decade, *figure 11* takes a closer look at Mississippi's industries during the 2000s. The manufacturing, trade and government sectors combine to provide over half of the state's jobs.^{vi} Among all industries, manufacturing employment for both durable and nondurable goods has suffered the largest decline. Between 2000 and 2010, Mississippi experienced a 39% decrease in manufacturing employment, equal to 86,700 jobs lost. The construction, trade, information and leisure & hospitality industries also experienced net job loss during the decade. Many of these sectors reported overall declines as a result of substantial employment losses during the 2007 recession that outweighed gains made during the early 2000s. As Mississippi slowly emerges from the recession of the late 2000s, the numbers of jobs in business services and healthcare are on the rise. Health services added 27,200 jobs in the 2000s, the state's largest increase at 26%. In the government sector, local public employment rose overall for the decade, while state government showed a small loss in jobs from 2000 to 2010.

What do the next five years hold for Mississippi's workforce? Mississippi gained 12,800 jobs between January 2010 and September 2011, and slow job growth is expected into 2012.^{vii} The University Research Center at the Mississippi Institutions of Higher Learning expects overall employment to grow at a rate of 1.3% through 2016. Projections indicate that job growth will not be equal across all industries. Employment in business services, health & social assistance and construction is

projected to grow by more than 2%.^{viii} Although manufacturing employment may temporarily increase as a result of new and expanding facilities, overall employment in the industry is expected to grow by less than one percent in the long term.^{ix} Mississippi's remaining industries (trade, agriculture, forestry & fishery and leisure & hospitality) have a longer road to recovery ahead and are not expected to reattain employment levels of 2000 until after 2016.

CHANGE IN JOBS BY INDUSTRY FROM 2000 TO 2010
Mississippi Jobs in Thousands, Annual Averages



Source: EPI Analysis of Current Employment Statistics Survey Data

Figure 11

RECOMMENDATIONS FOR MEETING REGIONAL INDUSTRY NEEDS AND INCREASING LABOR FORCE SKILLS

• INCREASE EMPHASIS ON SECTOR INITIATIVES STATEWIDE

The state's workforce needs college courses and training to access employment with wages high enough to support a family. Sector initiatives bring together a region's workforce development efforts and resources to meet the specific labor needs of a cluster of employers. Within a regional industry cluster, leaders in workforce development, education and training collaborate with employers to determine joint labor force and training needs. Low-income, low-skill adults in the area can then access in-demand training options linked to higher wages in a particular industry. The State Workforce Investment Board; Blueprint Mississippi; the State Sector Strategy Team; and many colleges, public agencies and nonprofits are working toward increasing resources for sector-based efforts. While progress is being made, additional resources need to be directed statewide and regionally for more Mississippi workers to connect with job opportunities that provide financial security.

• INCREASE FUNDING FOR WRAP-AROUND SUPPORTS FOR ADULTS IN TRAINING

Often, sector initiatives place an emphasis on moving low-skill adults to higher wage levels on a career path through training. Training efforts can include on-the-job training, customized training or community college courses. Strong wrap-around support services are key for adults trying to balance work, family and school. Mississippi's colleges and training providers need resources for supports such as transportation and childcare. Without these resources, even the strongest students will struggle to meet both the needs of their families and the demands of training. More broadly, adequate revenue to strengthen all levels of education, from K-12 to colleges and universities, continues to be important for building a stronger labor force and industries.

i "Mississippi Business." May 2011. University Research Center. Institutions of Higher Learning. 69(4) p.2.

ii Ibid

iii Bureau of Labor Statistics. Alternative Measures of Labor Utilization. 2010 Annual Average

iv Ibid

v U.S. Census Bureau. American Community Survey. 2008-2010 Averages.

vi Institutions of Higher Learning. University Research Center. "Mississippi Economic Review and Outlook." January 2011.

vii Institutions of Higher Learning. Mississippi Center for Policy Research and Planning. 2011 Economic Outlook Conference.

viii Ibid

ix Ibid

CHAPTER 2. WAGES

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

MISSISSIPPIANS EXPERIENCE LITTLE CHANGE IN WAGES

Many members of the state’s workforce have not seen an improvement in their wages during the last ten years, as companies were hit hard by two economic downturns, and state and local budgets tightened. The real value of median hourly wages in Mississippi grew slightly 2000 to 2010, rising from \$13.13 to \$13.45 during that period (see figure 12).

In 1990, median wages in the state were just above \$11 and remained between \$11 and \$12 until 1997. Wages jumped above \$13 in the late 1990s and peaked at 14.21 in 2004. Since 2005, workers across Mississippi have experienced almost no change in real wages.

Weak wage growth during the 2000s also occurred across the South and the nation. National wages grew by an average of 0.3% annually from 2000 to 2010, and the South reported only slightly higher growth rates (see table 3). Mississippi’s median wages continue to register below the regional and national norms. Mississippi’s median wage in 2010 was \$2.55 below the national wage and \$1.65 below the Southern region median. Stagnant wages are a source of financial strain for many Mississippians. Paired with higher unemployment and longer periods of joblessness, the lack of growth in wages has created a climate in which many families and workers feel more financially vulnerable today than they did ten years ago.

UNDERSTANDING KEY TERMS: REAL MEDIAN WAGES

Throughout this section, the wages analyzed are real median wages. A “median” wage is one that falls at the 50th percentile of all wages. In other words, one-half of workers earn less than the median wage, and the other half earn more. “Real” wages are adjusted for inflation and take into account changes in the prices of goods that Mississippi families buy. Using real median wages (or wages in 2010 dollars) enables an analysis of wage trends that considers how the wage a “middle” Mississippi worker earns changes over time.

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

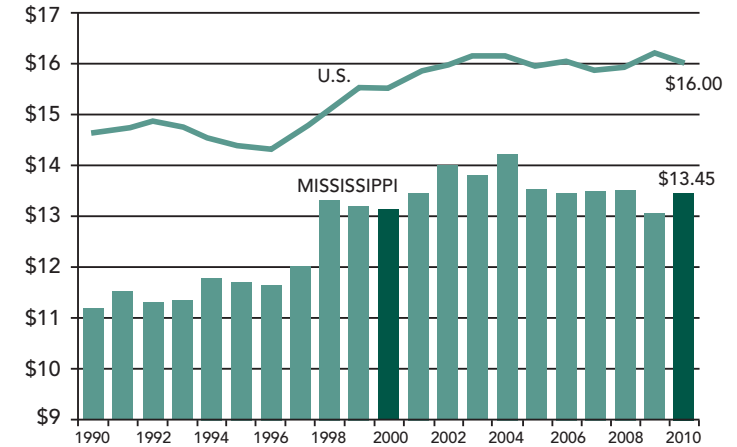


Figure 12

Source: EPI Analysis of CPS Data

CHANGE IN MEDIAN HOURLY WAGES 2000-2010 Mississippi, U.S. and the South (2010 Dollars)

	2000	2010	Change	Average Annual Growth
MISSISSIPPI	\$13.13	\$13.45	\$0.32	0.2%
U.S.	\$15.49	\$16.00	\$0.51	0.3%
SOUTH	\$14.51	\$15.10	\$0.59	0.4%

Source: EPI Analysis of CPS Data

Table 3

WAGES BY GENDER, RACE, AND EDUCATION

Wages for male, female, white and African-American workers, as well as workers with various levels of educational attainment, have exhibited different growth trends. A review of wages over the decade shows that women in the workforce experienced average wage growth of at least 1% during the 2000s. In contrast, workers with only a high school degree have not experienced substantial wage growth during any period since 1990. *Table 4* shows changes in wages by demographic. In general, the 1990s were a period of wage growth for all Mississippians, while the early 2000s exhibited slower wage growth. For many workers, median wages decreased in the late 2000s.

Median wages for men in Mississippi continue to be higher than those of women, but the gender gap shrank between 2000 and 2010. Women's wages increased overall in the 2000s as well as the 1990s. In contrast, men's wages fell from 2000 to 2010 as a result of low growth in the early 2000s and a substantial decline during the

2007 recession. In Mississippi, women's wages were 89% of men's wages in 2010. This gap is smaller than the gender wage gap in the U.S. overall, where the ratio of women's to men's wages was 83% in 2010. Wages for women and men in Mississippi remain lower than median wages for women and men nationally and in the South.

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

CHANGE IN MEDIAN HOURLY WAGES BY DEMOGRAPHIC

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

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

Source: EPI Analysis of CPS Data

Table 4

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

READING THE WAGE TABLE

Table 4 details changes in wages from 1990 to 2010 for various demographic groups. Arrows indicate the direction of the change in wages for the elapsed time period. Green arrows indicate that wages increased by more than 1% annually over the time period, yellow arrows indicate wages increased by less than 1% annually, and red arrows indicate that wages decreased.

Example: Mississippi Women & Wages

Women experienced sound annual growth in wages during the 1990s, with wages increasing from \$9.64 to \$10.96. From 2000 to 2007, wage growth continued to be above 1% annually, rising from \$10.96 to \$11.91. At the end of the decade, the median wage for women was \$12.75.

KEEPING EDUCATION AFFORDABLE FOR MISSISSIPPI'S FAMILIES

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

As discussed earlier, inflation-adjusted median wages rose by \$0.32 (2.4%) between 2000 and 2010. During the same period, inflation-adjusted tuition for Mississippi's community colleges increased by 56%, and tuition at universities increased by 40% (see figure 13). In the 2000-2001 school year, the average, inflation-adjusted tuition and fees for two full semesters of coursework at a Mississippi community college came to \$1,357. For the 2010-2011 school year, the average student paid \$2,114 for two semesters. Similar trends hold true at universities, where the average tuition and fees for one academic year increased from \$3,627 in 2000-2001 to \$5,067 in 2010-2011. As a result, the cost of a college education now takes up a substantially larger portion of an individual's or family's income than it did in 2000.

As more Mississippians look to post-secondary institutions for pathways to economic security, keeping tuition affordable for all students is increasingly important. Public funding struggled to keep pace with the needs of Mississippi's post-secondary institutions at the end of the 2000s. Exploring new sources of revenue and a more balanced approach to state funding can help ensure that post-secondary institutions and their students have the opportunity to increase skills and build a stronger working Mississippi.

MISSISSIPPI POST-SECONDARY TUITION

Average Annual Tuition & Fees (2010 Real Dollars)

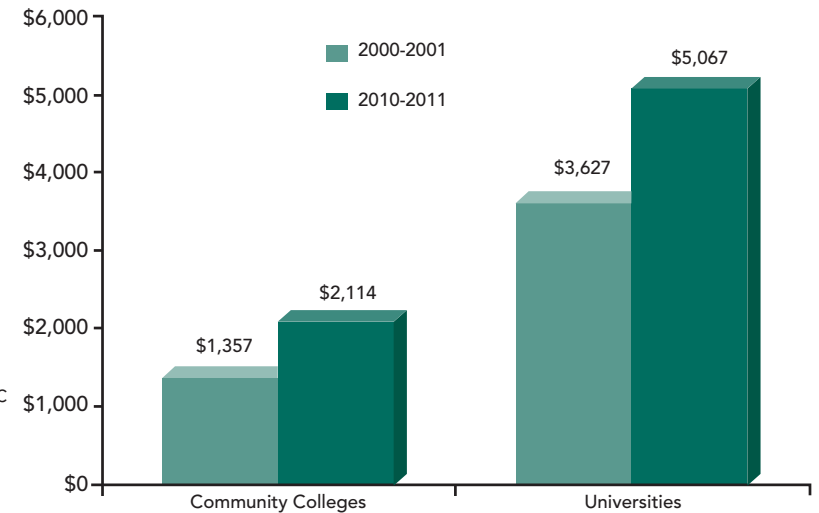


Figure 13

Source: IHL and MSCCB

RECOMMENDATIONS FOR BUILDING ASSETS AND WEALTH FOR MISSISSIPPI FAMILIES

In the previous section, the report makes recommendations to boost the skills of workers for in-demand jobs to increase wages among individual families. Mississippians also need reforms that support the accumulation of wealth and assets to weather financial emergencies like sickness or job loss. Increasing savings also helps parents prepare to finance higher education for their children or their own retirements. Steps can be taken to create an environment that facilitates wealth-building among middle and low-income families.

- **EXPAND FUNDING OPPORTUNITIES FOR INDIVIDUAL DEVELOPMENT ACCOUNTS** (matched savings accounts for individuals to pursue homeownership, post-secondary education and/or entrepreneurship).
- **PROVIDE LOAN CAPITAL AND LOAN GUARANTIES** that enable community development financial institutions (CDFI) to increase entrepreneurship, asset development and job creation in economically distressed areas.
- **ADOPT A STATE EARNED INCOME TAX CREDIT** to increase take-home pay for Mississippi's low-income families.

CHAPTER 3. INCOME, ECONOMIC SECURITY AND FAMILIES

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

The previous chapter looked at median wages and gave a snapshot of hourly income for middle-income workers by race, gender and educational attainment. This chapter inspects how hourly earnings translate into families' abilities to meet daily expenses. The following pages also take a closer look at families and children living in a climate of scarcity and deprivation with income below the Federal Poverty Level and consider what all these trends mean for leaders in Mississippi who want to strengthen efforts to build economic security and prosperity for families, communities and the state.

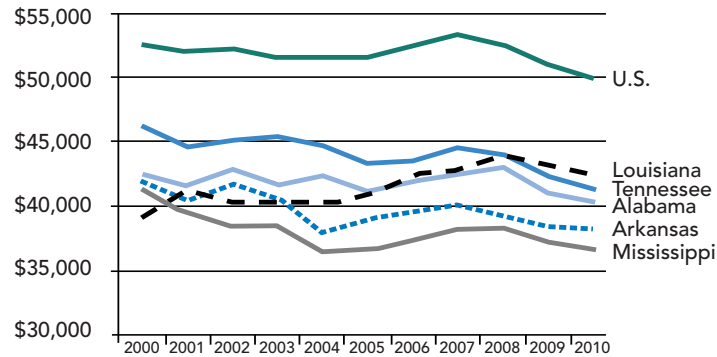
Figure 14 shows trends in median household income during the past decade for the U.S. and Mid South states. Across the Mid South, households earned lower median incomes than did U.S. families overall, but changes from the beginning to the end of the decade were not the same for states around the region.

Mississippi households have consistently had less income than households in neighboring states. After falling from 2000 to 2004, Mississippi's household income fluctuated around \$37,000 for the rest of the decade. Mississippi's household income of \$36,851 in 2010 was \$4,500 less than in 2000.

Louisiana was the only state in the region to experience an increase in median household income over the decade. Household income grew substantially between 2004 and 2008. In 2009, Louisiana's household income became the highest in the region. At the end of the decade, Mississippi's median income was \$5,650 below Louisiana's and \$13,195 below the nation's.

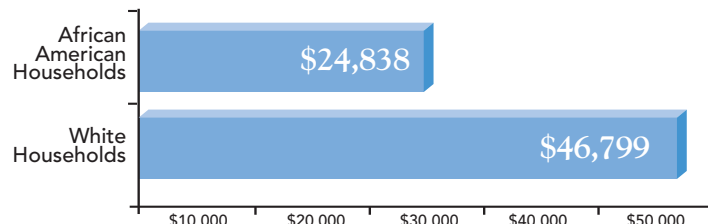
In Mississippi, median household income varies considerably by race. Income for white households (\$46,799) was close to twice the median income for African-American households (\$24,838) in the late 2000s (see figure 15). In Mississippi and across the country, families of color are disproportionately likely to lack the income they need to cover all their basic expenses (such as housing, food, healthcare, childcare and transportation) without outside assistance. While families of all demographics are having a hard time making ends meet in the current financial climate, median household income data reveals that a larger portion of African-American households struggle to cover all their basic needs and build wealth for long-term economic security.

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



Source: EPI Analysis of American Community Survey Figure 14

MISSISSIPPI MEDIAN HOUSEHOLD INCOME BY RACE
2008-2010 Averages



Source: U.S. Census Bureau. American Community Survey Figure 15

POVERTY AMONG HOUSEHOLDS AND CHILDREN

Living in poverty makes families vulnerable to any number of hardships and insecurities. Parents in impoverished households often have to choose between basic needs for themselves and their families. The Federal Poverty Level was initially created, in part, to provide an income benchmark for a minimal standard of living in the United States. However, it is now widely accepted that families often need substantially more than the Federal Poverty Level to cover basic necessities. In 2010, a family of four earning less than \$22,314 was considered below the poverty level; this income yields only \$1,859 per month for all the fundamentals of a four person family.^{xi}

As *figure 16* shows, a larger percentage of the population lived in poverty in Mississippi than in any neighboring Mid South state. More than one in five Mississippians (22.4%) lived in poverty in 2010, up significantly from 2008 and from the beginning of the decade. In total, 643,000 Mississippians lived below the poverty threshold in 2010.

Children in Mississippi are much more likely to live in poverty than are children across the United States. *Figure 17* compares poverty rates among children and the overall population in Mississippi and the U.S. In 2010, one in three Mississippi children (33%) lived in a household with income below the Federal Poverty Level. Nationally, 22% of children lived in impoverished households. Children in Mississippi are also more likely to live in poverty than are members of the state's overall population. Like the state's overall poverty rate, the percentage of children living in poverty has risen over the decade from 26.4% in 2000.

POVERTY RATE FOR THE MID SOUTH AND U.S. 2010

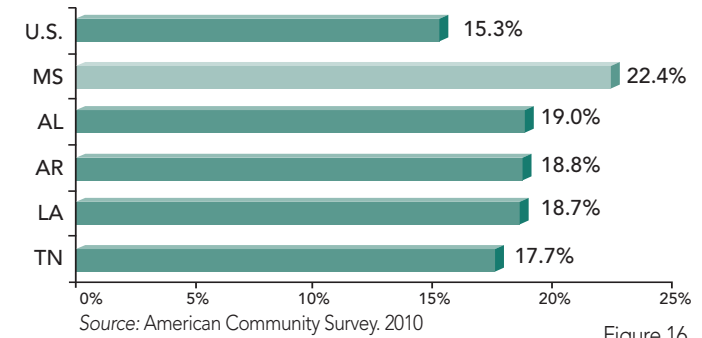
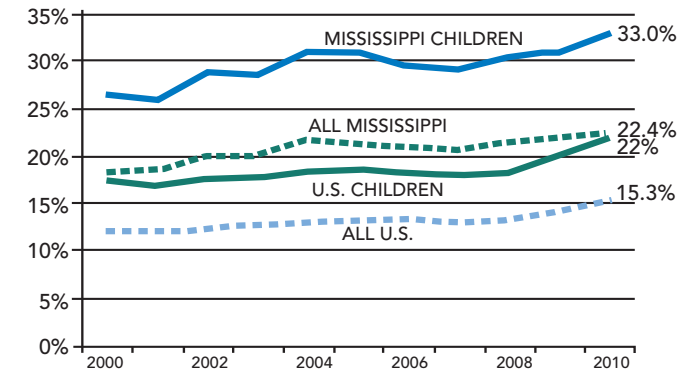


Figure 16

POVERTY RATE FOR CHILDREN AND ALL RESIDENTS Mississippi and U.S. 2000-2010



Source: American Community Survey. Note ACS changed survey universe in 2005.

Figure 17

RACE AND CHILD POVERTY

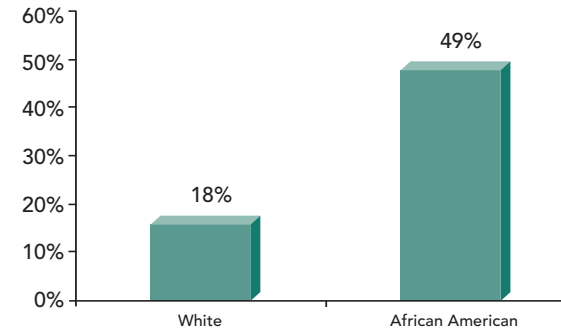
While the number of African-American children living in Mississippi is not that far apart from the number of white children, the rates of poverty for the two groups of children are vastly different (see figure 18). In Mississippi, 18% of white children live in poverty. The rate of poverty for white children in Mississippi is five percentage points higher than the average for all white children nationally. In contrast, the rate of poverty for African-American children is 49%. The child poverty rate for African-American children is 11 percentage points above the national average and the highest in the nation.

The poverty rate among African-American children in Mississippi is of particular concern because of the correlation between high child poverty rates and low academic achievement, elevated school dropout rates, negative health outcomes, and increased likelihood of entry into the social service and/or juvenile justice systems. Regardless of race, nearly one-third of Mississippi's workforce is growing up in poverty, and the challenges associated with poverty are particularly acute among Mississippi's African-American families. Without intentional actions that create opportunities for African-American children, all Mississippians and the skill level of the state's workforce will be affected.

Families with children are more likely to struggle to cover basic expenses such as childcare, housing, food, transportation and healthcare than are single adults or couples without children.^{xii} Single parents, in particular, often have a harder time providing all the essentials for their families.^{xiii} As reviewed in the next section, for working families living below the Federal Poverty Level, adequate support systems are imperative for ensuring that children are in a safe and secure environment and that parents can continue to work and not choose between basic needs for their families.

MISSISSIPPI CHILDREN IN POVERTY

By Race 2010



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

Figure 18

WORKING BUT POOR

Persistently high poverty across Mississippi is tied, in part, to the prevalence of low-wage jobs in the state. Throughout Mississippi, 28% of workers are in employment opportunities that pay \$9.54 or less (see box for more information). For thousands of adults engaged in low-wage employment, working full-time does not provide enough to keep their families out of poverty. In total, 51,265 working families lived in poverty in 2009, accounting for more than half of the state's families below the poverty threshold.^{xiv}

Table 5 shows that median wages for many occupational groups in Mississippi are not high enough to keep a family of four out of poverty. Median wages in occupations such as healthcare support, food preparation & serving, and personal care are all below the poverty wage for a family of four (\$10.73). An increasing number of Mississippi workers will likely be employed in these low-wage occupational groups over the next decade, as all three groupings have projected substantial growth in openings from 2008 to 2018.

Wages for workers in management, business and financial operations, and healthcare practitioners are among the highest in the state. These and other occupational groups (such as installation, maintenance, nursing and construction & extraction) may offer opportunities for building towards economic security for one-worker and two-worker families.

RECOMMENDATIONS: ENSURING ALL WORKERS AND THEIR FAMILIES HAVE DAILY NECESSITIES

- **ENSURE JOB OPPORTUNITIES HAVE BENEFITS THAT KEEP FAMILIES HEALTHY AND SECURE**

When low-wage jobs are part-time, seasonal or lack employer-sponsored benefits like health insurance or sick leave, it becomes even more challenging for adults to meet the needs of their families while working. In particular, adults in low-wage jobs may have few options for insurance coverage because they cannot afford their share of the cost or because their employer does not offer coverage. Additionally, health care reform represents one of the single most effective opportunities to support working families and to create health care jobs that pay economic security wages.

- **INCREASE AFFORDABLE HOUSING AND FUNDING FOR CHILDCARE AND ENERGY ASSISTANCE**

Despite working full-time, adults in low-wage jobs often require a variety of work supports to meet the needs of their families. For these families, reducing basic expenses through increasing affordable housing and funding for childcare & energy assistance help to ensure that parents can work and provide safe, healthy environments for their families.

DEFINING LOW-WAGE EMPLOYMENT: The national low-wage figure is based on the preliminary weighted average poverty threshold for a family of four in 2010 (\$22,314). If a person works fulltime for one year (i.e., 40 hours per week for 52 weeks) and earns \$22,314, that person would be making \$10.73 per hour. Mississippi's hourly rate for low-wage jobs is adjusted from the national wage to account for the state's cost of living. In this piece, low-wage jobs are defined as those paying \$9.54 or less per hour.

DEFINING WORKING FAMILY: A family is defined as working if all family members age 15 and over either have a combined work effort of 39 weeks or more in the prior 12 months OR all family members age 15 and over have a combined work effort of 26 to 39 weeks in the prior 12 months and one currently unemployed parent looked for work in the prior four weeks.

MISSISSIPPI OCCUPATIONAL WAGES AND PROJECTIONS

OCCUPATION	MEDIAN HOURLY	EMPLOYMENT 2018
Management Occupations	\$31.25	74,020
Business and Financial Operations	\$22.24	36,590
Healthcare Practitioner & Technical	\$22.92	96,440
Healthcare Support	\$9.40	51,400
Food Preparation and Serving	\$7.93	118,680
Personal Care and Service	\$8.63	51,370
Office and Administrative Support	\$12.26	212,040
Construction and Extraction	\$14.55	91,390
Installation, Maintenance & Repair	\$15.80	66,830
Production Occupations	\$12.67	133,830
Transportation & Material Moving	\$11.91	115,660

Source: Bureau of Labor Statistics. May 2009 Occupational Employment and Wages.
*Projected 2018 Employment comes from MDES Occupational Projections 2008-2018

Table 5

x Pearce, Diana. 2009. Overlooked and Undercounted: Struggling to Make Ends Meet in Mississippi. Mississippi Economic Policy Center.

xi Working Poor Families Project. 2010 Conditions of Employment.

xii Pearce, Diana. 2009. Overlooked and Undercounted: Struggling to Make Ends Meet in Mississippi. Mississippi Economic Policy Center.

xiii Ibid

xiv Working Poor Families Project. 2010 Conditions of Employment.

CHAPTER 4. PUBLIC INVESTMENTS, TAXES AND STATE REVENUE

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

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

Taxes are important to working Mississippians not just because they represent a portion of their paychecks, but also because they fund the public structures that provide the foundation for creating jobs and building a strong economy. Employers and workers alike need quality and accessible K-12 and higher education systems, strong infrastructure and safe communities. These structures require adequate resources. Taxes should be equitable and structured based on a worker's ability to pay. Beyond tax structure, transparency is also necessary to make sure the public is getting the most out of economic development efforts, many of which are administered through the tax code.

MISSISSIPPI TAX SYSTEM

The taxes that Mississippi collects from individuals and businesses include:

- Income taxes, which are a percentage of individual and business yearly earnings;
- Sales and use taxes, which are a percentage of the price of goods and services purchased in the state; and
- Special taxes on certain businesses (e.g., casinos) and goods (e.g., gasoline).

In FY 2010, Mississippi collected \$6.56 billion in state taxes. *Figure 19* shows Mississippi's tax revenue collections by source in FY 2010.

As shown in the figure, sales and use taxes made up the largest portion of state tax revenue at 44%. The second largest revenue stream was the personal income tax, which made up 26% of state revenue. The corporate income tax made up 7% of state tax revenue.

ADEQUACY

An adequate tax system is needed to maintain public investments (such as education, infrastructure, and public safety) that support the state's workforce. The adequacy of state resources in Mississippi was a challenge even before the recent recession and continues as significant budget cuts threaten the state's public structures. Compared with other states, Mississippi ranked 46th in taxes per capita, the average amount collected per person through all tax sources. *Figure 20* shows each state's per capita tax collections in FY 2009 (the latest data available from the U.S. Census).

MISSISSIPPI TAX COLLECTIONS BY SOURCE FY 2010

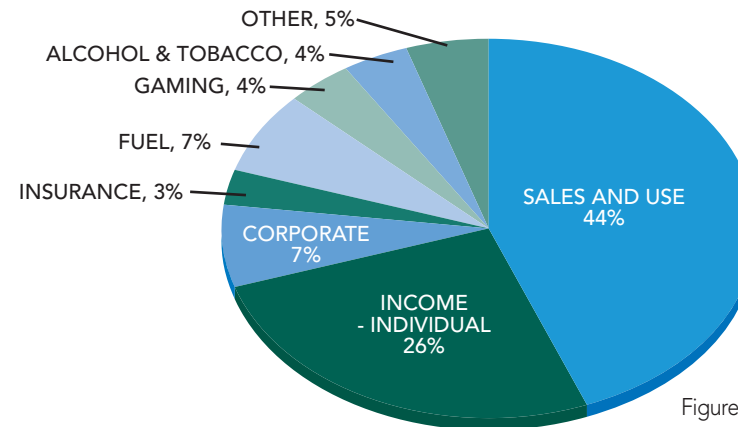
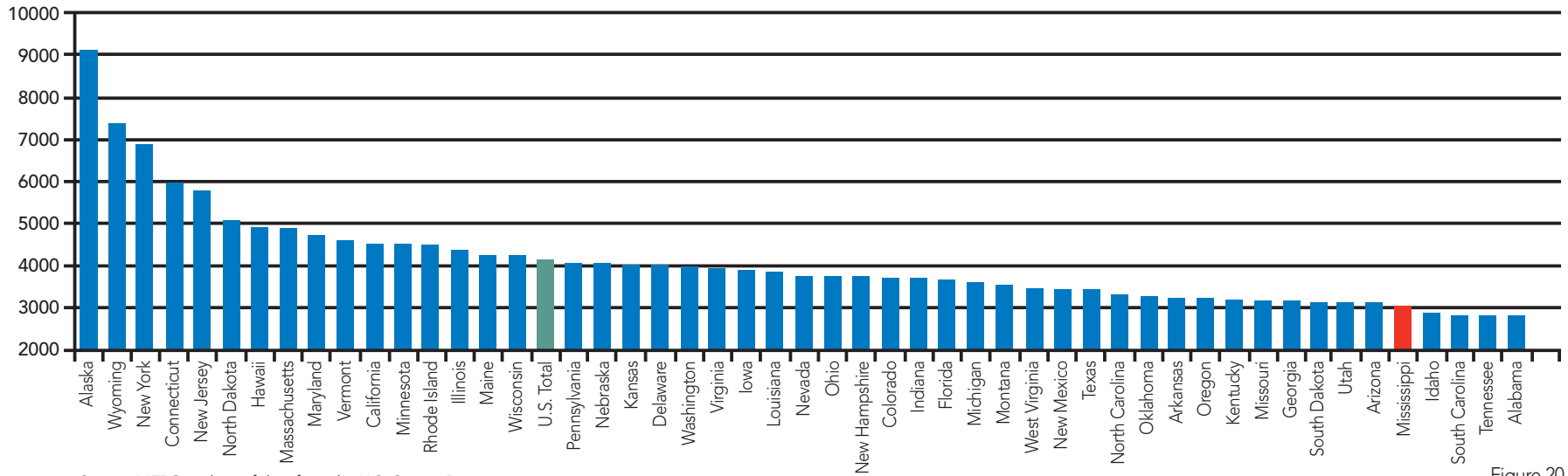


Figure 19

Source: MEPC analysis of MS Department of Revenue Annual Report FY 2010 data

STATE AND LOCAL TAXES COLLECTED PER CAPITA BY STATE IN FY 2009



Source: MEPC analysis of data from the U.S. Census Bureau

Figure 20

The 2007 recession triggered a sharp decline in state revenue, and revenues are still well below pre-recession levels. *Figure 21* shows general fund revenue collections during and following the recession.

FY 2008, when revenues peaked after the boost to the state's economy from recovery spending following Hurricane Katrina, was the last year that the state has been able to fully fund the Mississippi Adequate Education Program, the funding formula for all of Mississippi's K-12 schools.

While federal American Recovery and Reinvestment Act funding helped the state avoid more drastic cuts during and after the 2007 recession, it did not cover the total shortfall. Lawmakers dealt with the revenue shortages with year after year of cuts to essential services. These cuts caused, among many other things, increases in some K-12 class sizes, tuition hikes at state universities, and a reduction in mental health services.

MISSISSIPPI GENERAL FUND REVENUE COLLECTIONS FY 2008-FY 2013

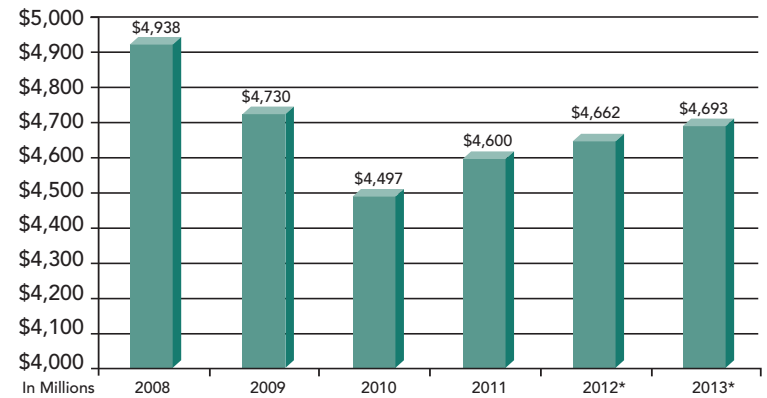


Figure 21

*Indicates the revenue collection amount is an estimate

Source: MEPC analysis of data from the Mississippi Revenue Estimating Group

TAX EQUITY

Tax reform is also necessary to improve the equity of the state's tax system for working Mississippians. While Mississippi's tax system has both progressive and regressive elements (see definitions in Key Terms box), as a whole the state's tax system is regressive. Earners with lower incomes (less than \$39,000 per year) pay over 10% of their income in state and local taxes, while those earning over \$70,000 pay less (see figure 22). The top 1% of earners (those earning \$319,000 or more annually) pay only 6.3% of their income in taxes.

DEFINING KEY TERMS

Regressive Tax Structure: A tax system is regressive if persons with lower incomes pay a higher percentage of their income in taxes than those with higher incomes.

Progressive Tax Structure: A tax system is progressive if persons with higher incomes pay a greater percentage of their income in taxes than those with lower incomes.

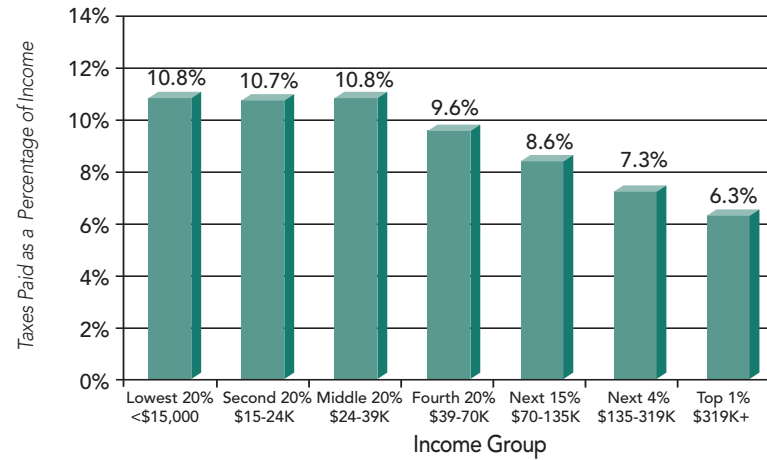
Two key features cause Mississippi's tax system to be regressive overall:

- A heavy reliance on the sales tax, which takes a higher percentage of lower income residents' earnings than it does from the high-income residents. The discrepancy is made worse due to the sales tax's inclusion of groceries and exclusion of many services that are less frequently used by low- and moderate-income households. Mississippi is one of only two states (Alabama is the other) that extend the full sales tax to groceries without any offsetting credits. In contrast, many services, including pet grooming and massage services, are not taxed.
- An effectively flat income tax with a top bracket that starts at \$10,000 of taxable income. With standard exemptions and deductions, a family of four would begin to owe income taxes at \$19,600 in income, even though their income is below the federal poverty level. That same family of four, if they earned just \$10,000 more, would enter the top bracket at \$29,600 and pay the highest tax rate on income above that threshold. Families making \$30,000 or \$3,000,000 are in the same tax bracket.

The regressive tax structure exacerbates the state's already significant income inequality. Income tax brackets have not been updated in more than 25 years. During that time, persons with higher incomes experienced substantial income gains compared with low-income residents. Figure 23 shows income growth by income group over the last two decades.

The top 20% of earners have experienced more than twice as much income growth as earners in the bottom and middle groups. In order to capture this growth and make the income tax more progressive, a new, higher bracket should be added to the state's income tax. Adding a new income tax bracket would also raise revenue to fund services needed to build Mississippi's economy.

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



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

Figure 22

MS INCOME GROWTH IN THE LAST TWO DECADES BY INCOME GROUP

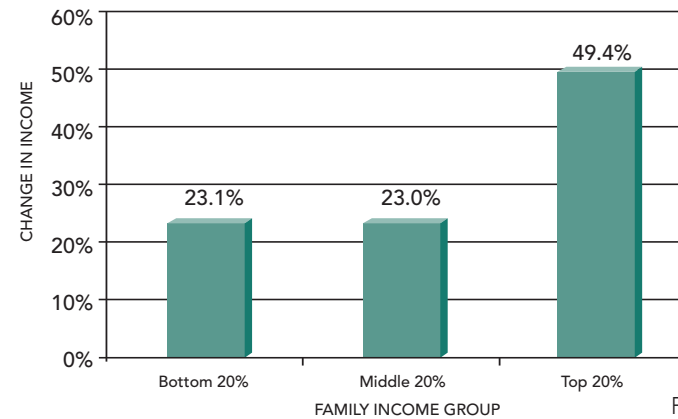


Figure 23

Source: Center on Budget and Policy Priorities, "Pulling Apart: A State by State Analysis of Income Trends," April 2008.

Note: This chart includes income data through the mid-2000s but does not include income data from the recent recession. Income disparity may have widened further due to the recession.

TRANSPARENCY

Many of the state's economic development programs, which are designed to attract corporations to do business in the state, are administered through the income tax code as tax exemptions or tax credits. In addition to the personal income tax, the state collects a corporate income tax on business profits. A corporation's income tax liability may be reduced by one of many allowed deductions or one of the state's many corporate tax credits. In Mississippi, tax credits are provided to corporations for a wide variety of actions, including creating new jobs, providing child/dependent care for employees, and producing motion pictures in the state.

Partly due to these deductions and credits, most corporations in Mississippi pay no income tax. Research from the state legislature's Performance Evaluation and

Expenditure Review Committee in 2011 found that approximately 80% of corporations operating in Mississippi pay no state corporate income tax, and close to 70% of the state's largest corporations pay no income tax.^{xv}

While these tax credits are enacted to support a public purpose (i.e., economic development), for many of them data is not available to allow for review of the tax credit's effectiveness. For example, the Jobs Tax Credit has provided corporations with tax credits between \$5 million and \$20 million annually for the last three years, but data is not available on the number of jobs created by the tax credit. These kinds of data are necessary to evaluate the effectiveness of these credits. Public access to these data would make the tax system more transparent.

RECOMMENDATIONS

Public investments should provide a quality education for all students, a healthy workforce and an infrastructure for business development that creates more jobs with quality wages. As Mississippi's leaders seek ways to strengthen the state's workforce in the wake of the recession, they should include ways to increase revenues that would lift Mississippi and its workforce to greater economic competitiveness while improving the tax system's equity.

- **UPDATE THE INCOME TAX** to create higher income tax brackets and make the tax more progressive. A new rate of 6% on taxable income over \$45,000 (which is \$64,600 of total earnings for a family of 4) and 7.5% on income over \$100,000 would bring in an estimated \$117 million through the personal income tax and \$150 million through the corporate income tax.
- **BROADEN THE SALES TAX** to include more services. Including 21 new services in the sales tax as recommended by the Governor's Tax Study Commission would bring in an estimated \$98 million, and including all services used by households would bring in an estimated \$287 million annually.
- **CLOSE CORPORATE INCOME TAX LOOPHOLES.** While there is no publicly available estimate of the amount of money lost to corporate tax loopholes, the measure would bring in additional revenue and make corporate taxes more fair for local businesses.
- **REQUIRE MORE REGULAR REVIEW** of corporate tax credits and provide information to the public in order to determine whether the tax breaks really create jobs and help the economy.

^{xv} Performance Evaluation and Expenditure Review, letter to Representative Cecil Brown dated January 18, 2011

CHAPTER 5. ADVANCING TO A STRONGER WORKING MISSISSIPPI

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

INCREASE EMPHASIS ON REGIONAL SECTOR INITIATIVES

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

KEEP POST-SECONDARY EDUCATION AFFORDABLE

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

SUPPORT WEALTH CREATION AND ASSET BUILDING

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

BUILD A PIPELINE FROM BASIC EDUCATION TO COLLEGE COURSES

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

STRENGTHEN WORK SUPPORTS

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

RESTORE PUBLIC STRUCTURES BY REFORMING TAX SYSTEM

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

MORE MISSISSIPPI ECONOMIC POLICY CENTER RESOURCES

for advancing the State of Working Mississippi

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

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