

## 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

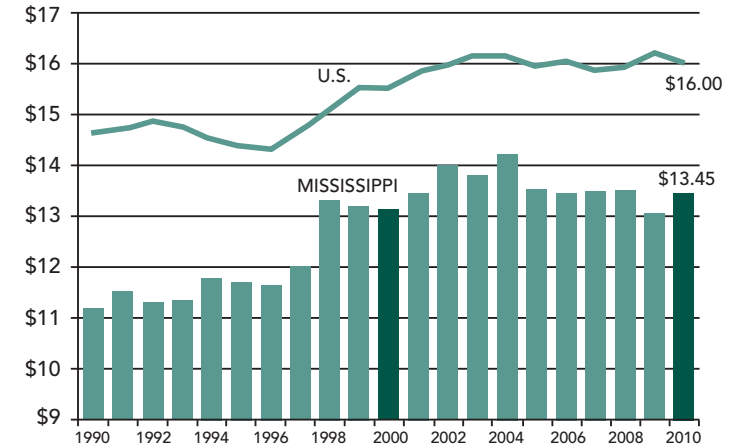


Figure 12

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
<b>GENDER</b>							
Men	\$12.64	↑	\$15.41	→	\$15.53	↓	\$14.29
Women	\$9.64	↑	\$10.96	↑	\$11.91	↑	\$12.75
<b>RACE</b>							
White	\$12.44	↑	\$15.10	→	\$15.40	→	\$15.66
African American	\$9.00	↑	\$10.38	↑	\$11.36	↓	\$11.02
<b>EDUCATION</b>							
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)

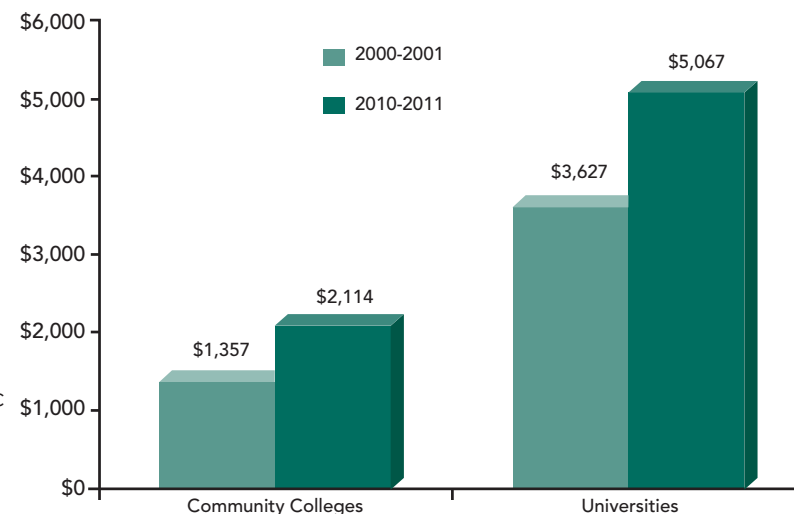


Figure 13

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.