

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.

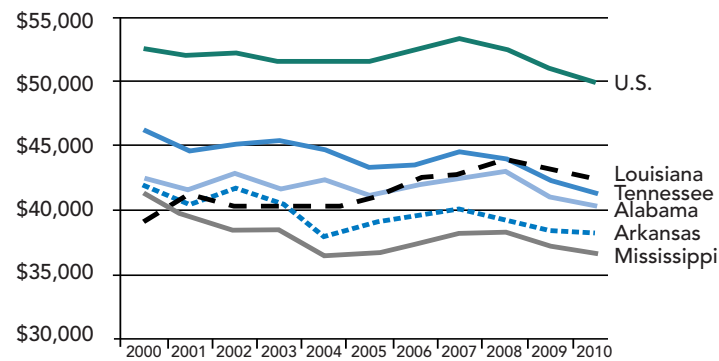
Figure 14 shows trends in median household income during the past decade for the U.S. and Mid South states. Across the Mid South, households earned lower median incomes than did U.S. families overall, but changes from the beginning to the end of the decade were not the same for states around the region.

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.^x 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.

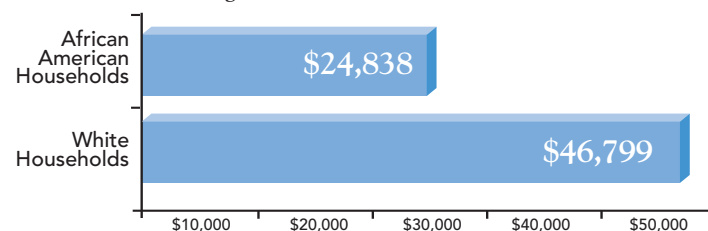
MEDIAN HOUSEHOLD INCOME 2000-2010
U.S. and MidSouth States (2010 Dollars)



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

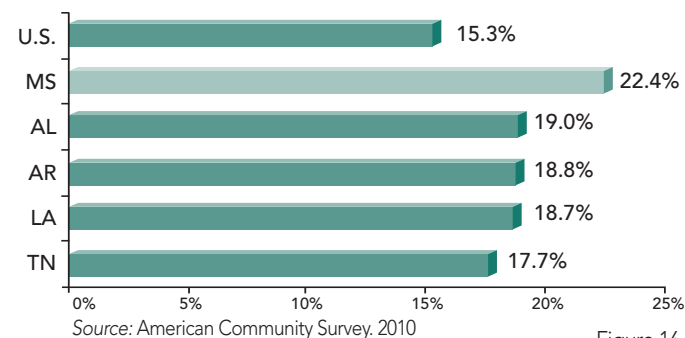
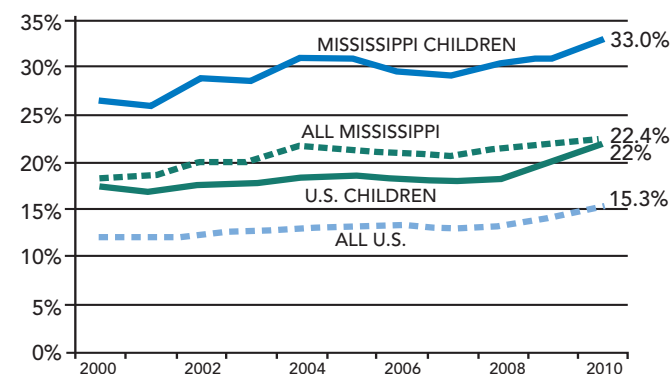


Figure 16

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

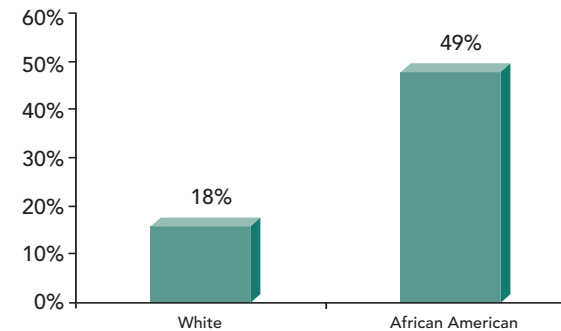
While the number of African-American children living in Mississippi is not that far apart from the number of white children, the rates of poverty for the two groups of children are vastly different (see *figure 18*). In Mississippi, 18% of white children live in poverty. The rate of poverty for white 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.

xiii 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.