Mississippi Economic Review and Outlook

Note to Readers

The times are difficult for many in our state. Coastal residents watch with dread as the oil spill in the Gulf wreaks its havoc. Farther north, many families continue to recover from devastating tornadoes that hit this spring. And throughout the state, the unemployed struggle to make ends meet. But Mississippians are resilient, and are working together with courage as they meet these challenges. An improving economy will make a difference in these efforts.

The Mississippi economy is emerging from recession, although the recovery will be a slow one. The nation's economy bottomed out a bit before Mississippi's, but the state's upswing in manufacturing, construction and most sectors will be closely linked to national trends. Details are in the articles on the state and national economic outlooks.

The passage of a health care reform package this year marks a major effort to address problems that have led to unsustainable trends in the health care sector. The content of the legislation, including proposed financing, are addressed in an article on the benefits and costs of health care reform by Marianne Hill. While several provisions in the bill attempt to address soaring health care costs, Hill argues in a second article that changes from within the industry will be critical to affordable health care in the future.

Barbara Logue, the State Demographer, writes on the 2010 Census, answering questions about its purpose, its uses, and where to find out more.

Comments and feedback are welcomed, and may be published. To subscribe to this *Review*, see the form on the next page. National projections are based on the forecast of IHS Global Insight. As always, the views expressed in the *Review* are those of the authors and do not necessarily represent the official position of the Center for Policy Research and Planning or the Mississippi Institutions of Higher Learning.

Marianne T. Hill, Ph.D.
mhill@mississippi.edu
Editor and Senior Economist

Now available on-line at
www.mississippi.edu/URC
Go to "Publications"

June 2010

In This Issue

Vol. 24, No. 2
ISSN 1530-5546

Published by the
Mississippi Institutions
of Higher Learning

Hank M. Bounds, Ph.D.
Commissioner

Philip W. Pepper, Ph.D.
State Economist

SUBSCRIBE NOW

SUBSCRIPTION RATES FOR
MISSISSIPPI ECONOMIC REVIEW AND OUTLOOK

	One Year	Two Years
Individual	**$10**	**$15**
Institution	**$20**	**$30**
Website access	**free**	**free**

Back issues are available for $4 each. All issues are available at the following website: http://www.mississippi.edu/urc/economics.html.

NOTE: Elected officials as well as libraries are eligible for a waiver. Please call to make necessary arrangements.

Please fill in the form below and mail it with a check or money order payable to **Mississippi Institutions of Higher Learning** at the following address:

Mississippi Institutions of Higher Learning
Center for Policy Research and Planning
3825 Ridgewood Road - 8th Floor Tower
Attention: Deborah Bridges
Jackson, MS 39211
Telephone (601) 432-6742

Name _____

Email Address _____
(Will notify when new publication is available at website.)

Institution/Firm _____

Street_____Address/P.O.Box _____

City/State/Zip Code_____

(Area Code) Telephone Number _____

Individual ___ Institution ___ One Year ___ Two Years ___Back Issues (specify date) _____

NATIONAL ECONOMIC OUTLOOK: RECOVERY INCHING FORWARD

The economy is climbing out of a deep hole. The unemployment rate is high, but economic indicators are turning positive. Gains in both output and job creation are strengthening.

The recovery is characterized by uneven progress. Nonresidential construction is declining, while residential construction is unsteadily rising. Consumers are spending more, but state and local governments are spending less. Exports are growing to some regions but not to others, as repercussions of the global financial crisis continue to play out.

A crucial milestone has been passed on the jobs front: there has been a net creation of jobs monthly since January and job gains have been increasing.

Credit remains tight. The value of commercial and industrial loans fell throughout most of 2009, and is just beginning to rise again.

There is progress in housing. Housing starts turned around in 2009 and, after a brief dip in Q4, have been on a strong upswing. Housing prices in some markets may not yet have hit bottom, on the other hand, and foreclosure rates rose again in Q1 .

Exports and imports are rising at a healthy clip after falling sharply in the first half of 2009. Imports, however, are growing more rapidly than exports, so that the net effect on GDP growth is muted.

Most of the $787 billion in federal stimulus funds will be spent by the end of 2010, before local economies are fully recovered. No further stimulus spending is expected, though various tax incentives may be granted or extended.

This year, higher energy prices are forecast to push the consumer price index up about 1.8%, but inflation will remain low. The Federal Reserve is expected to keep the federal funds rate near zero for the remainder of the year.

The major downside risks to the Global Insight projections presented here come from uncertainties remaining in world markets. Global Insight assigns a 20% probability to a double-dip recession. The possibility that the growth rate is substantially higher than forecast is estimated at 20% as well.

The economy is climbing out of a deep hole, but the numbers are encouraging. The growth rate of gross domestic product (GDP) has exceeded 3% for three quarters running and there has been a net creation of jobs every month this year. A double-dip recession is viewed as unlikely, although global financial instability and weak demand continue to threaten a smooth recovery.

Payroll employment is not expected to regain pre-recession numbers until early 2013 and this may be optimistic. Despite the slow growth of employment and incomes, retail sales are picking up. Nonresidential construction remains in decline, though, and budgetary pressures on state and local governments continue.

And, even after the recession's end, the huge federal debt will necessitate higher taxes and will probably result in higher interest rates, putting a damper on the economic upswing.

In A Nutshell

Despite obstacles, the recovery continues moving forward. A crucial milestone has been passed on the jobs front: there has been a net creation of jobs monthly since January. The unemployment rate peaked at 10% in the fourth quarter (Q4) of 2009 and job gains since then have been increasing. Since workers are returning to the job search as conditions improve, the unemployment rate is down only slightly from its 10% high.

Two of the four major components of gross domestic product (GDP) -- consumer purchases, investment spending, government expenditures and net exports – showed positive growth in the first quarter, as presented in Table 1, and the growth rate of GDP is expected to be positive over the forecast period (line 1). GDP will regain its pre-recession peak by the fall.

Consumers have surprised analysts, boosting their spending 3.6% in Q1, despite only a marginal increase in employment (line 2). By year's end, demand for many durable goods will be slackening as pent-up demand is met; still, consumer demand will continue to grow at a moderate pace over the course of the year (line 3).

Gross domestic investment dropped $710 billion, or 33%, between the summer of 2007 and the summer of 2009. This year, purchases of equipment & software and inventory replenishment led a 14% growth of **private investment** in Q1 (lines 6, 7 and 10). The rate of increase in investment spending is expected to remain at double-digit levels until Q4, even with the continuing decline in non-residential structures (line 8).

State and local governments are being hit hard by the recession, with revenues falling sharply while the demand for services increases. The expiration of stimulus support in FY2012 will mean continuing cuts in some programs as states struggle to meet basic obligations. The modest tax increases implemented in several states will be unable to support an increase in state spending in 2010 and, in 2011, as state and local government budgets recover, federal spending will slow. Only a 0.4% growth of government spending is forecast for 2011. Total government spending – federal, state and local – will be about the same at the end of this year as it was at the end of 2009 (lines 11, 12 and 13).

Net exports will be negative throughout 2010, as the growth of exports lags the growth of imports (line 14). This is due to the lift in demand for imports of consumer goods and producer inputs that is accompanying the recovery. The demand for U.S. exports has been hurt by the financial problems in Europe, and the global repercussions of this crisis will play out for some time.

Table 2 provides more detail on the likely course of the recovery. **Payroll employment**, which fell throughout 2008 and 2009, ended its decline in January and the pace of employment creation has been picking up since (line 1). After-tax compensation has been growing more slowly than employment, but that will change in the second half of 2010 (line 2). Retail sales will maintain much of the momentum with which they started the year all the way into 2011 (line 4).

The housing market continues to strengthen. **Housing starts** are forecast to increase 27% this year, as the number of homes started heads back towards the one million mark from the lowest numbers seen since World War II (line 5). Home sales will be resuming their upward path after a brief interruption following the expiration of homebuyer credits.

Industrial production, which rose a strong 7.6% in Q1, will be unable to maintain that pace and the overall increase for the year is forecast to be 5.8% (line 6).

Commercial and industrial loans fell through most of 2009, as lenders followed a strategy of risk avoidance. As the recovery has gained a stronger footing, loans are increasing but will not regain their $1.6 trillion peak (reached in 2008) until 2011 (line 7). Interest rates stay low throughout the year, with the prime rate averaging just over 3% (see Table 3).

After-tax profits will sag after surging past their pre-recession high in the first part of 2010, but are still above $1.4 trillion in Q4 (line 8).

Table 1. **TRENDS IN SELECTED NATIONAL EXPENDITURES**
(Billions of of dollars unless otherwise indicated)

	2010 Q1[P]	2010 Q2[P]	2010 Q3[P]	2010 Q4[P]
1. Gross Domestic Product (2005$)	$13,255	$13,399	$13,500	$13,591
(% change)	3.2	4.3	3.0	2.7
2. Consumer Expenditures (2005$)	$9,373	$9,459	$9,539	$9,615
(% change)	3.6	3.7	3.4	3.2
3. On Durable Goods (2005$)	$1,154	$1,193	$1,227	$1,251
(% change)	10.8	13.4	11.4	8.0
4. On Nondurable Goods (2005$)	$2,073	$2,093	$2,105	$2,118
(% change)	3.9	3.8	2.3	2.4
5. On Services (2005$)	$6,142	$6,175	$6,214	$6,255
(% change)	2.4	2.1	2.5	2.7
6. Gross Private Domestic Investment (2005$)	$1,678	$1,730	$1,790	$1,827
(% change)	14.0	12.4	14.0	8.2
7. In Equipment and Software (2005$)	$948	$990	$1,026	$1,061
(% change)	12.8	17.6	14.5	13.5
8. In Nonresidential Structures (2005$)	$348	$345	$337	$324
(% change)	-13.9	-6.4	-11.9	-17.8
9. In Residential Structures (2005$)	$343	$352	$364	$378
(% change)	-12.0	11.1	12.7	15.6
10. Change in Inventories (2005$)	$75.1	$57.0	$79.4	$70.7
(% change)	7.1	5.3	7.3	6.4
11. Government Purchases (2005$)	$2,565	$2,588	$2,590	$2,594
(% change)	-1.8	3.5	0.3	0.7
12. Federal Purchases (2005$)	$1,047	$1,064	$1,066	$1,067
(% change)	1.3	6.3	0.9	0.6
13. State & Local Purchases (2005$)	$1,522	$1,528	$1,528	$1,531
(% change)	-3.9	1.6	-0.1	0.8
14. Net Exports of Goods & Services (2005$)	-$367	-$380	-$417	-$441
(% change)	-21.8	-14.3	-39.3	-22.7
15. Exports (2005$)	$1,579	$1,633	$1,670	$1,698
(% change)	5.7	13.6	9.1	6.9
16. Imports (2005$)	$1,946	$2,013	$2,087	$2,139
(% change)	8.6	13.7	14.8	10.0

Note: This table shows a 3.2% increase in Q1 but this has recently been revised to 3.0%.
P= Preliminary or projected

Note: Percentage change refers to average annual rate, based on quarter-to-quarter growth rates multiplied by four.

SOURCE: IHS Global Insight, Inc., May 2010.

The **price of oil** rose in the first half of 2010, but the slow growth of the world economy is expected to push the per barrel price back below $80 in the second half of the year (line 9).

The **value of the dollar** was given a lift by the Greek financial crisis in Q2 and, though it may drop some from its peak this spring, the dollar will be higher at the year's end than it was last winter. The exchange rate of the dollar against other major currencies is forecast to decline very gradually, to about 0.90% of its 2005 value by 2012 (line 10).

Consumer prices fell in 2009 – the first time that this has happened since 1955. This year, higher energy prices are forecast to push

the consumer price index up about 1.8%, while the producer price index for finished goods will increase about 3.3%. With fears of inflation low, the Federal Reserve is expected to keep the federal funds rate near zero for the remainder of the year.

Stimulus Spending and the Federal Deficit

The **$787 billion stimulus package** included in the American Recovery and Reinvestment Act (ARRA) was intended to restore demand, after spending by consumers and business crashed in late 2008. About $500 billion of the $787 billion total will be spent by the year's end. It is estimated by IHS Global Insight that the stimulus has added about 0.9 percentage point to 2009 GDP growth and will add about 1.2 percentage points to 2010 growth, creating or saving just under 2.5 million jobs by the end of 2010. Another $226 billion of federal stimulus funds will continue to be pumped into the economy under on-going federal programs over the next few years. Nonetheless, the slow pace of recovery has been prompting calls for further stimulus spending. This is not expected to happen, due to the size of the federal deficit, although various tax incentives may be granted or extended.

Unemployment Hits Unequally

The national **unemployment rate** was 9.7% in March, but unemployment varied greatly by state and region. The West had the highest unemployment rate (11.0%) among the nation's four regions in March, while the Northeast had the lowest (9.1%). Mississippi's unemployment rate of 11.5% was above the South's average of 9.8% and ranked the state 7th highest among the states. The Midwest unemployment rate was 10.1%. (These figures are seasonally adjusted. The unadjusted unemployment rate nationally was 10.2%.)

Table 2. **OTHER QUARTERLY NATIONAL ECONOMIC INDICATORS**
(Billions of Dollars Unless Otherwise Indicated)

			2010P Q1	2010P Q2	2010P Q3	2010P Q4	2011P Q1
1.	Payroll Employment	(millions)	129.7	130.5	130.7	131.2	131.8
	(% change)		0.2	2.3	0.8	1.3	1.9
2.	Real After-tax Hourly Compensation	(2005$)	$17.58	$17.60	$17.66	$17.72	$17.63
	(% change)		-2.8	0.6	1.2	1.5	-2.2
3.	Index of Productivity		153.4	154.5	154.7	154.8	154.8
	(% change)		3.5	2.8	0.4	0.5	-0.1
4.	Retail Sales	(bill current $)	$4,300	$4,357	$4,437	$4,507	$4,570
	(% change)		7.1	5.3	7.3	6.4	5.6
5.	Housing Starts	(millions)	0.62	0.67	0.73	0.81	0.95
	(% change)		41.8	32.2	35.6	44.0	70.7
6.	Index of Industrial Production		101.4	103.1	104.8	106.1	107.4
	(% change)		7.6	6.6	6.7	4.9	4.7
7.	Commercial & Industrial Loans	(bill $)	1,258	1,285	1,324	1,367	1,401
	(% change)		-18.1	8.6	12.1	13.0	10.1
8.	After-Tax Profits	(2005$)	$1,395	$1,440	$1,440	$1,433	$1,304
	(% change)		39.4	12.8	0.2	-2.1	-36.1
9.	West Texas Intermediate Oil	($ per barrel)	$78.80	$80.25	$76.00	$78.33	$80.50
	(% change)		14.6	7.4	-21.2	12.3	11.1
10.	Exchange Rate (2005=1.00)		0.90	0.94	0.96	0.94	0.93
	Dollars vs Major Currencies	(% change)	10.6	15.1	10.2	-6.3	-4.8

*P = Preliminary or projected.
SAAR - seasonally average annual rate, based on quarter-to-quarter growth rates.
Note: Percentage change refers to average annual rate, based on quarter-to-quarter growth rates multiplied by four.
SOURCE: Global Insight, May 2010.

The industry hit hardest in terms of employment was **construction**, which had the dubious distinction of having more unemployed workers (2.3 million) in March than any other industry as well as the highest unemployment rate, at 25%. Wholesale and retail trade was the only other industry with more than 2 million unemployed, but the industry unemployment rate, 10.1%, was not above the national average. Manufacturing accounted for 1.9 million jobless workers, with an unemployment rate of 13%.

Business and professional services had an unemployment rate of 12.4%, with the bulk of jobs lost in this industry group being in administrative and waste services, including temporary help and services to buildings.

Education and Unemployment

The U.S. Department of Labor estimates that only 39% of the population with less than a high school diploma was employed in March, while 73% of the population with a bachelor's degree or above had jobs. The unemployment rate for those with a bachelor's degree or higher was only 4.9%, compared to an unemployment rate of 14.5% for those with less than a high school diploma.

However, most persons 25 and over who lacked a high school diploma were not in the labor force in March, and since workers not in the labor force are not counted among the unemployed, the education level of those who were considered to be unemployed was higher than would otherwise be the case. In fact, almost half of the unemployed 25 years of age and over (47%) had some college or a bachelor's degree or higher.

The **impact of unemployment** is particularly hard on those living in poverty. Blacks and women heads of household have high poverty rates, and their rates of unemployment are also above the U.S. average. When unemployed, they are less likely to qualify for unemployment benefits, since they are less likely to have worked full-time at the same job for a year or more before being laid off. The January issue of this *Review* provided data on unemployment rates by race, gender and age.

The overall US unemployment rate was 10% in December, but women who were heads of household had a 13% unemployment rate; black women had a 12% unemployment rate; black men's unemployment rate was 17%; and young people's unemployment rate at 27% was over twice as high as that for workers over 20 yrs of age. Both men and women are unemployed an average of almost 7 months, according to a report presented to the Joint Economic Committee.[1]

Strategies to address workers' needs and reduce social costs during this recession will be more effective if they take into account these and other characteristics of those most affected by unemployment.[2]

Financial Reforms

Proposed **financial reforms** are making their way through the Congressional pipeline as this is written. The jury is out on whether or not the regulatory changes will be sufficient to head off another financial crisis down the road, but at the end of May, Jeffrey Lacker, president of the Federal Reserve Bank of Richmond, VA, worried that this legislation may not "break the cycle of regulation, bypass, crisis and rescue".[3] He stressed the need to clarify the limits to government support, which he sees as necessary to avoiding the "too big to fail" problem. [Under the "too big to fail" rationale, taxpayers may be required to bail out failing financial giants or suffer a collapse of the banking system.]

Right now the House and Senate are in disagreement about whether to require banks to finance, in advance of problems, **a $150 billion fund** that would cover the cost of dismantling or restructuring institutions nearing failure.[4] Also, lawmakers are currently considering eliminating a provision that would bar financial exchange facilities from receiving taxpayer bailouts if they run into trouble (critics object, pointing out that AIG is an example of an institution that facilitates financial exchanges).[5]

Table 3. **U.S. ECONOMIC FORECAST 2009-2012**
(Percent change)

	2009	2010	2011	2012	2013
U. S. Gross Domestic Product (GDP)	-1.3	4.5	4.5	4.9	4.7
Real GDP	-2.4	3.5	2.9	3.1	2.7
GDP Price Index	1.2	1.1	1.5	1.8	2.0
Real Gross Domestic Investment	-23.2	15.0	11.5	12.6	8.4
Establishment Employment	-4.3	-0.3	1.9	2.6	2.1
Manufacturing	-11.3	-1.1	4.2	4.0	2.6
Contract Construction	-15.7	-8.7	-0.2	6.8	7.9
Transportation, Utilities	-5.3	-2.0	3.6	5.6	3.5
Wholesale, Retail Trade	-5.1	-0.5	0.6	2.6	2.2
Finance, Insurance, Real Estate	-4.7	-1.9	1.6	2.0	0.0
Health & Social Assistance	1.9	1.8	2.2	2.7	1.7
Business & Professional Services	-6.5	2.2	7.3	4.4	3.4
Leisure & Hospitality	-2.5	0.6	0.7	1.8	1.8
Government	0.2	-0.4	-1.3	0.5	1.2
Unemployment Rate[1]	9.3	9.6	9.1	8.3	7.7
Personal Income	-1.7	3.4	4.9	5.0	4.8
Consumer Price Level	-0.3	1.8	1.7	2.1	2.2
Prime Rate[1]	3.3	3.3	4.7	6.3	6.6

[1]Not percentage change.

SOURCE: IHS Global Insight, May 2010.

Recall that trades in financial products such as mortgage-backed securities and other derivatives, not backed by adequate reserves, were behind the crash in the fall of 2008. One provision in reform legislation addressing the problem of inadequate reserves requires that standardized credit derivatives be traded on exchanges through third parties. This third party oversight is intended to ensure transparency and adequate backing for such trades.

However, banks want to create and own the **exchanges** in which credit derivatives trade – if allowed, the desired transparency and protection afforded by such exchanges could suffer. In addition, current wording appears to allow derivative deals over the phone, outside of exchanges – again at the price of **increased risk** to the system.[6] Finally, another problem yet to be tackled by legislators is that of clarifying how regulators are to stop those financial transactions that they identify as risky.[7]

Two recent reports provide updates on the Federal Reserve and Treasury initiatives directed at the financial crisis, which are now being dramatically scaled back.[8]

Health Care Reform

The health care reform measure that passed in March will have little impact on government expenditures in the short-run, but by 2014, the increased demand for services will lead to pressures on **health care costs**, and so on governmental budgets, both state and federal. Tax dollars that would have been available for other programs will likely be diverted to health care. At the same time, private insurers and health care providers will find that new requirements (such as the prohibition on exclusions due to "pre-existing conditions" and new indexed caps on payments) will challenge their ability to provide services while maintaining profit-ability.

There will be increasing pressure to contain health care costs, then, and both firms and government will be taking a hard look at how to improve efficiency. Reductions in administrative costs, in malpractice insurance rates, improvements in record-keeping, and bundled payment systems (with incentives for outcomes, not inputs), have the potential of reducing costs but entail widespread changes that at this point are far from implementation.

See accompanying articles on the provisions of the health care reform bill and on the problem of controlling health care costs.

U.S. Economic Forecast -- Baseline

The economy is now past the deepest of the downturn and the **recovery** is taking hold. The gross domestic product (GDP) is forecast to surge 3.5% this year, but the growth rate in 2011 will be a more moderate 2.9% and, in 2012, 3.1%, in line with the expectation of a slow, prolonged recovery. Real investment, after nose-diving 23% in 2009, is rapidly recovering as purchases of equipment and residential construction turn upward. A 15% increase in investment is expected this year, and an 11.5% increase in 2011. See Table 3.

Despite the upturn, several industries will lose workers in 2010. **Construction** employment will drop about 8.7%, and transportation, manufacturing and finance will decrease their payroll employment by at least 1%. Business and professional services have begun to rebound after a steep drop in 2009; a 2.2% increase in employment in this sector is forecast for this year and a 7.3% increase in 2011. The leisure & hospitality industry and retail trade may suffer from slow growth over the next two years, but gains are strong by 2012.

For the next few years, government employment will be affected by **budget shortfalls** at the state and local level, and by the growing debt at the federal level. Health care is expected to maintain a growth rate of employment of over 1.5% annually over the forecast period, reaching a 2.7% rate of growth in 2012.

The unemployment rate will peak in 2010, at 9.6% for the year, receding afterwards to 8.3% by 2012. As employment recovers, so will personal income. After falling in 2009, **personal incomes** manage to rise 3.4% this year as transfer payments and a recovering stock market add to the slow growth of employee compensation. By 2012, personal incomes are growing at a very healthy 5.0% rate.

Again this year**, inflation** is not a problem. Overall prices, as measured by the GDP price index, will rise only 1.1% this year, and consumer prices 1.8%. With the end to the recession in sight, economic activity will pick up in 2010 and consumer prices rise again. Inflation remains below 2.3% by either measure of inflation from 2010 through 2013. Interest rates are also low: the prime rate will average about 3.3% this year but is forecast to hit 4.7% in 2011, and 6.3% in 2012.

Alternative Scenarios

The baseline forecast presented above is assigned a **60% probability** by IHS Global Insight. But on-going global financial instability has the potential of derailing the recovery from its predicted path, and other factors may hasten or slow economic growth.

Table 4. **ALTERNATIVE SCENARIOS AND PROBABILITIES FOR NATIONAL ECONOMIC FORECAST**

	Rate of Growth of Real GDP			Probability
	2010	2011	2012	
Baseline	3.5	2.9	3.1	60%
Pessimistic	2.6	0.3	1.9	20%
Optimistic	4.0	4.6	3.8	20%

SOURCE: IHS Global Insight, May 2010.

On the positive side, a higher growth rate of productivity than in the baseline forecast, a stronger recovery in Europe, or a stronger increase in business investment could accelerate the growth rate of GDP. The alternative **optimistic scenario** (20% probability), shown in Table 4, is built on these assumptions and more. Other positives under this scenario include a more rapid growth of consumer demand, a quicker rise in commercial and business loan activity as financial markets stabilize, and a more rapid growth of residential investment as low interest rates combine with a stronger growth of employment to rev up housing demand. The faster growth brings somewhat higher energy prices, but inflation remains low.

Under these optimistic assumptions, the growth rate this year averages a strong 4.0%, increasing to 4.6% in 2011, and falling back slightly in 2012 to 3.8%. On the other hand, there is a 20% probability that the recovery slips and the economy slides into a second recessionary dip. The double-dip recession is presented as the **pessimistic scenario** in Table 4. The growth rate of 2.6% in 2010 under this scenario is due solely to the strength of GDP growth in the first half of the year. The cascading of negative events pulls the average growth rate down to 0.3% in 2011, and even the upswing registered in 2012 is muted, with a growth rate of GDP of only 1.9%.

This more pessimistic outcome is triggered in the IHS Global Insight model by assumptions regarding the global economy and developments within the U.S. The effects of the Greek debt crisis ripple across the global financial system, causing the value of the euro to fall and world trade to slow. Credit markets remain depressed longer than in the baseline forecast. The recovery in home sales is slower, business investors are more cautious, and employment growth is slower. Consumers retrench, with sales of light vehicles and consumer durables lower than in the baseline forecast. Inflation is low at first, under these assumptions, because of the weaker economy. However, with a slower growth of productivity and the higher interest rate required to finance the U.S. debt, inflation starts to creep up. The Fed stabilizes inflation at a higher level, rather than risk another recession by pursuing contractionary policies.

Written by Marianne Hill with input from members of the Center for Policy Research and Planning.

Notes

1. See report at http://jec.senate.gov/public/. May 10, 2010. "Understanding the Economy: Working Mothers in the Great Recession".

2. Besides the impact on individual workers and their families, unemployment impacts the broader economy in several ways. First, output is lower than it otherwise would have been – that is, fewer investment and consumer goods are produced and fewer services provided. This has a negative effect on the long-run growth of the economy, although since technologies are constantly changing, the drop in productive capacity due to reduced investment in both human and non-human capital may be offset by the adoption of new, post-recession technologies. Of equal weight, worker skills may become outdated, if unemployment endures for more than a few weeks. There is a negative impact on government revenues, due both to lower tax collections and to increased transfer payments to the unemployed. Finally, social costs are considerable.
http://tutor2u.net/economics/content/topics/unemp/costs_of_unemp.htm

3. Quoted in Morgenson (5/28/10).

4. Center for American Progress (6/01/10). Under another proposal, there would be a tax of 0.15% on certain liabilities of banks with over $50 billion in assets; it would affect about 50 companies. Depository accounts insured by the Federal Deposit Insurance Corporation (FDIC) would not be subject to the tax. The fee would generate about $9 billion per year over the coming decade and is intended to recoup taxpayer dollars that went

into the Troubled Asset Relief Program. While analysts agree that banks may cover this cost by offering lower interest rates on deposits or otherwise increasing fees, it will be difficult to isolate the impact of the tax, since there has been an upward trend in fees charged banking customers for over a decade. See New York Times, Center for American Progress, "Financial Reform End Game" by Pat Garofalo, 6/01/10.
www.americanprogress.org.

5. Morgenson (5/28/10).
6. Morgenson (5/28/10). There is an exception that allows trades outside of the exchanges by end-users. End-users could include banks which trade in swaps (that is, take out insurance) on assets they own or otherwise have a vested interest in. Or, alternatively, end-users could be limited to producers of physical commodities or assets, who use derivatives to protect their investments. Many commodity producers, who suffer from price fluctuations due to speculation in commodities by financial institutions, prefer this more restrictive definition of end-user (see signatories to the statement of Americans for Financial Reform).
7. New York Times editorial. 5/21/10.
8. From report of the Federal Reserve on its "Credit and Liquidity Programs", February 5: "In light of improved functioning of financial markets, many of the new policy tools described in this section have expired or been closed. These include the Money Market Investor Funding Facility, the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, the Term Securities Lending Facility, and the temporary liquidity swap arrangements between the Federal Reserve and other central banks."

From annual financial statement press release April 21: "Total Reserve Bank assets as of December 31, 2009 were $2.235 trillion, which represents a decrease of $11 billion from the previous year. Although the level of total Reserve Bank assets did not change significantly, the composition of the balance sheet changed notably. Because of improvements in funding markets, assets related to certain financial stability activities decreased during 2009, including a $543 billion decrease in central bank liquidity swaps, a $447 billion decrease in loans to depository institutions, and a $324 billion decrease in commercial paper held in the Commercial Paper Funding Facility. These decreases were offset, in part, by a $919 billion increase in holdings of Federal agency and government-sponsored enterprise (GSE) mortgage-backed securities (MBS), which were purchased to provide support to mortgage and housing markets and to foster improved conditions in financial markets more generally, and a $471 billion increase in holdings of Treasury securities and GSE debt securities."

A Government Accountability Office report, GAO-10-653CG, April 2010, reports on the Troubled Asset Relief Program under which Treasury had disbursed about $381 billion. About $198 billion remains owed to the program by financial institutions. The report gives the status of U.S. government ownership of five companies. The U.S. government owns 80% of common stock of AIG, 61% of GM, 56% of GMAC, 27% of Citigroup and 10% of Chrysler. It also holds preferred stock, warrants and direct loans to several companies. The Treasury has written off about $2.3 billion provided under the Capital Purchase Program (CPP).

The report also notes that "As of December 30, 2009, the amount of assistance available to AIG through the facility had dropped to $35 billion and the amount AIG owed the facility had dropped to $23.4 billion, while the amount of equity or equity interest held by the government increased to almost $95 billion. Consequently, the government's exposure to AIG is increasingly tied to the future health of AIG, its restructuring efforts, and its ongoing performance."

Sources and References

Americans for Financial Reform. http://ourfinancialsecurity.org/.

Center for American Progress, 6/01/10. "Financial Reform End Game" by Pat Garofalo. www.americanprogress.org.

Center on Budget and Policy Priorities, "Tax Trends for the Top 400 Taxpayers" and sections on "Health Care Reform" and "States and the Recession". www.cbpp.org.

Commonwealth Fund, Health Reform section, with timelines and side-by-side comparisons of Senate and Reconciliation bills, updated as of April. www.commonwealthfund.org.

Government Accountability Office (GAO). April 2010. "Troubled Asset Relief Program" GAO-10-475.

GAO. May 2006. "Budget Process: Better Transparency, Controls, Triggers, and Default Mechanisms" GAO-06-761T. David Walker, Comptroller General.

Federal Reserve Board. *Beige Book* and "Senior Loan Officer Survey" www.federalreserve.gov

Government Accountability Office. 4/23/10. "Oversight and Accountability in a time of Fiscal Stress". GAO-10-653CG.

IHS Global Insight, Inc. Forecasts and Reports. See www.ihsglobalinsight.com.

Morgenson, Gretchen. 5/28/10. "3,000 Pages of Financial Reform, but Still Not Enough".
4/16/10. "This Bailout Is a Bargain? Think Again"
4/16/10. "SEC Accuses Goldman of Fraud in Housing Deal" with Louise Story.
3/5/10. "The Swaps That Swallowed Your Town".
2/28/10. "It's Time for Swaps to Lose Their Swagger"
All in the *New York Times*.

National Coalition on Health Care. Fact Sheet: Cost. www.nchc.org

National Foreign Trade Council, at www.nftc.com.

New York Times editorial, 5/21/10. "Financial Reform".

Organization for Economic Cooperation and Development, AOECD Economic Outlook ", at www.oecd.org/eco.

Rockefeller Institute of Government. *State Revenue Reports*. www.rockinst.org.

U.S. Census Bureau.

U.S. Bureau of Labor Statistics, "Employment, Hours, and Earnings", Current Employment Statistics, B Tables. www.bls.gov/ces/cesbtabs.htm

U.S. Department of Commerce and U.S. Department of Labor reports.

U.S. Treasury. "OCC's Quarterly Report on Bank Trading and Derivatives Activities". Office of the Comptroller of the Currency. www.occ.treas.gov/deriv/deriv.htm

MISSISSIPPI ECONOMIC OUTLOOK: MANUVEURING THE DOLDRUMS

This recovery hardly deserves the name. The state's unemployment rate topped 11% in the first quarter of 2010 and still hovers near 10%. State revenues are down and budget cuts are being implemented. In FY2012, most stimulus funds shoring up state budgets will end, while state revenues will continue to fall short of needs. The pace of the recovery can be expected to remain slow.

Recent economic indicators show that the recovery, though weak, is beginning. Retail sales have been rising, job loss is slowing, gaming revenues are improving and the value of residential building permits issued has stabilized. General Fund tax collections were above year-ago figures in March for the first time in more than a year, although they fell below year-ago figures again in May.

The number of persons employed in the state has been rising since January, but employment remains more than 2% below year-ago numbers. Construction is the sector hardest-hit this year, with employment in the first quarter (Q1) 12% below the level for the same quarter of 2009. Manufacturing, business & professional activities, mining & logging and information suffered job losses of 5% or more in Q1 compared to a year earlier.

The oil spill in the Gulf, and the tornadoes that hit this spring, have added to the economic challenges facing the state. Even before the spill, both the seafood and tourism industries were struggling to regain pre-Katrina employment levels, and recovery is now expected to be further postponed. Tornado recovery efforts are being aided by federal disaster assistance.

The housing market is slowly improving. Home sales and prices rose last fall, and residential building permits appear to have halted their decline. Foreclosures were again up in Q1 of 2010, but Mississippi's foreclosure rate, at 3.1%, was well below the national average of 4.6%.

The Mississippi index of coincident indicators appears to be ending its year-long decline and the index of leading indicators has gradually been trending upwards.

The weakening of the euro is slowing U.S. exports, and the state will be affected. Mississippi exports dropped 14% in 2009, but were forecast to increase somewhat this year before the recent financial problems in Europe.

This recovery hardly deserves the name, but it is still good news that Mississippi's economy is finally turning the corner. Recent economic indicators show improvements on several fronts, and a recovery in jobs is expected to be well underway by summer's end. The unemployment rate, however, will remain near 10% as more workers re-enter the labor market.

Retail sales have been rising, several industries are adding jobs, gaming revenues are improving and the value of residential building permits issued has stabilized although they remain low. General Fund tax collections in March were above year-ago figures for the first time in more than 12 months, although again in May collections fell below figures reached the previous year.

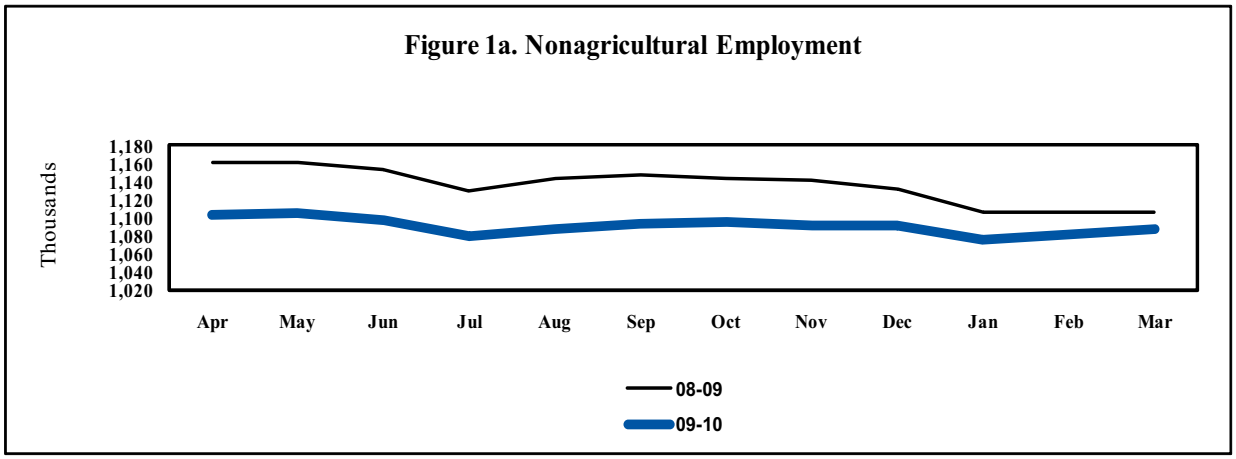


Figure 1a. Nonagricultural Employment
Thousands
1,180
1,160
1,140
1,120
1,100
1,080
1,060
1,040
1,020
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
08-09
09-10

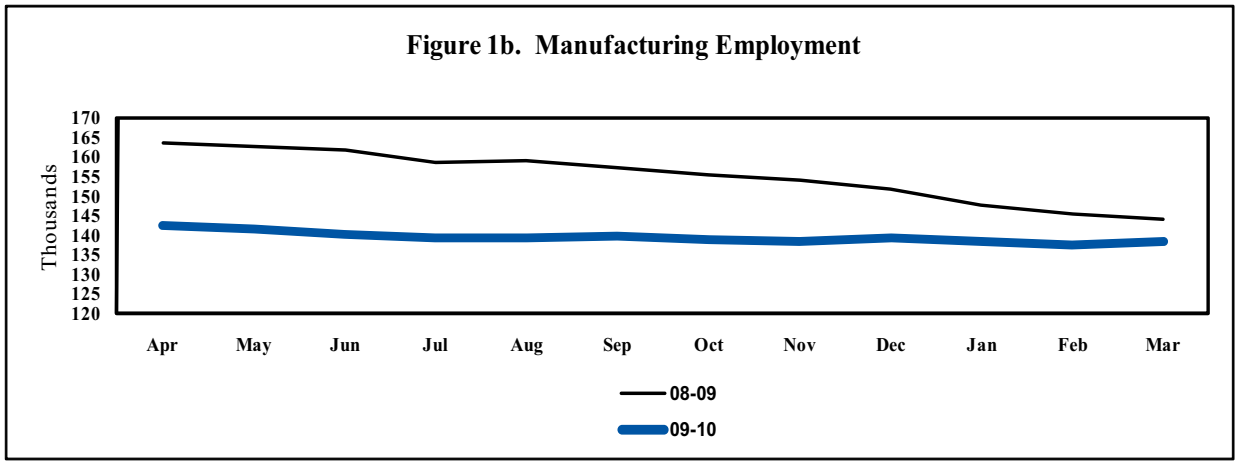


Figure 1b. Manufacturing Employment
Thousands
170
165
160
155
150
145
140
135
130
125
120
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
08-09
09-10

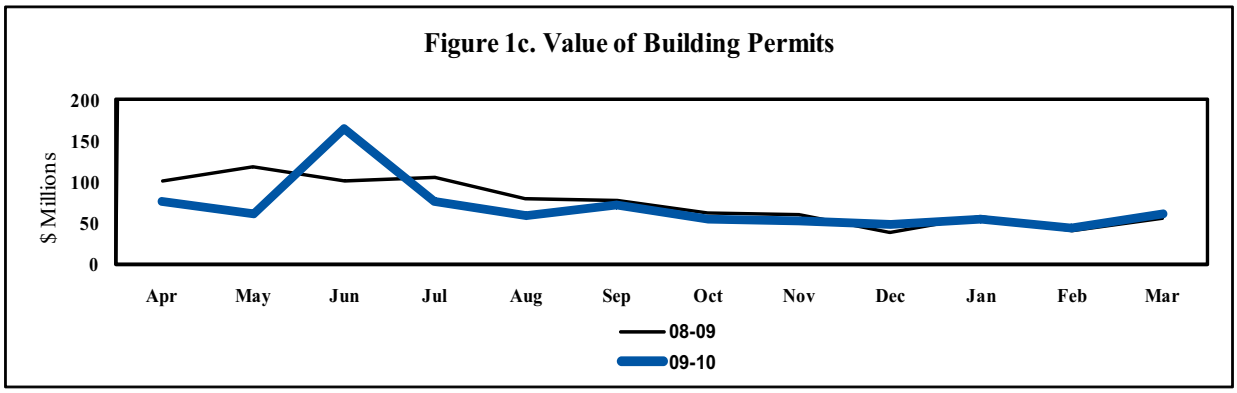


Figure 1c. Value of Building Permits
$ Millions
200
150
100
50
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
08-09
09-10

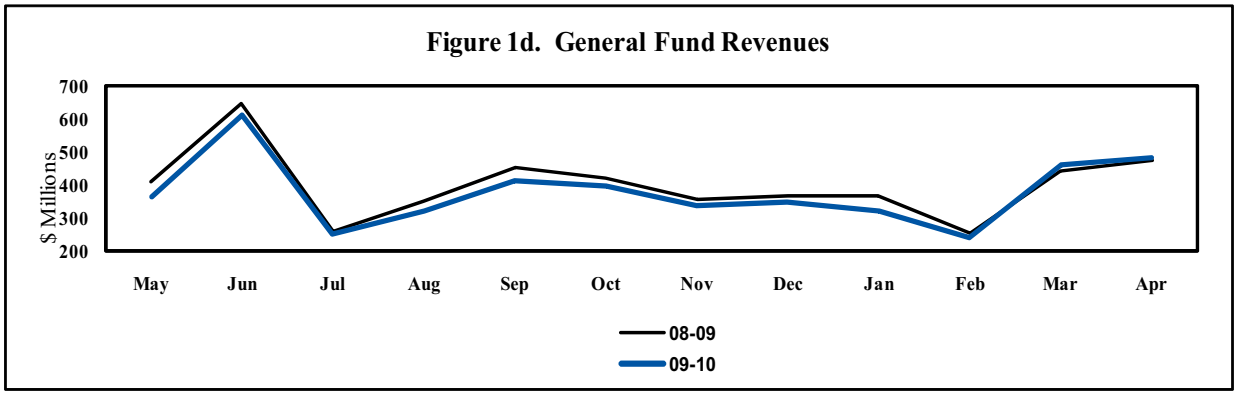


Figure 1d. General Fund Revenues
$ Millions
700
600
500
400
300
200
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
08-09
09-10

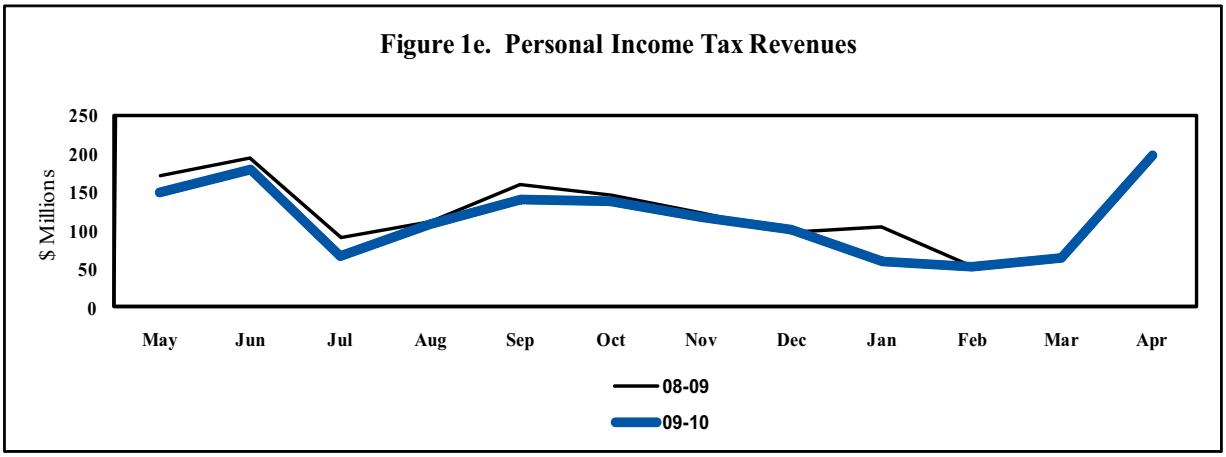


Figure 1e. Personal Income Tax Revenues
$ Millions
250
200
150
100
50
0
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
08-09
09-10

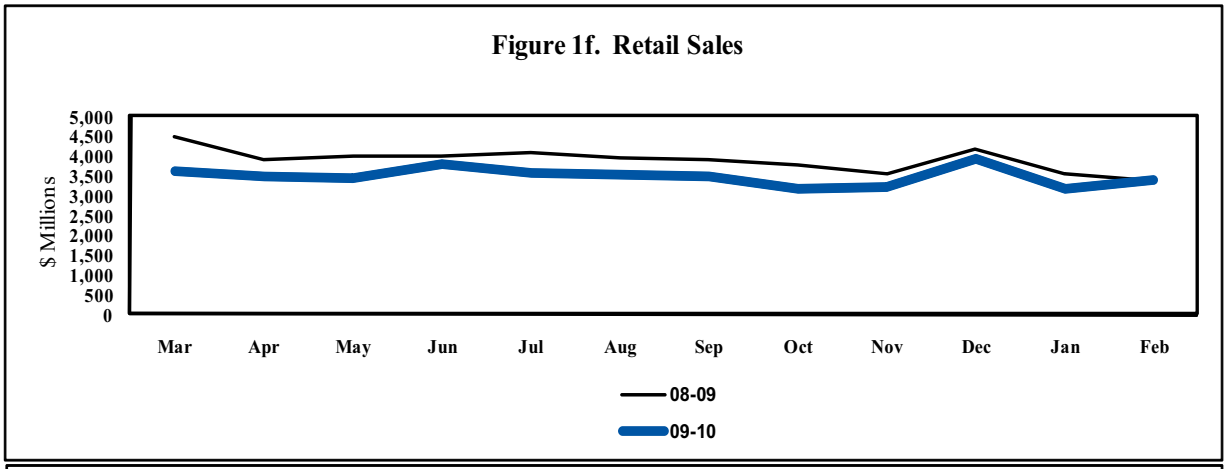


Figure 1f. Retail Sales
$ Millions
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
08-09
09-10

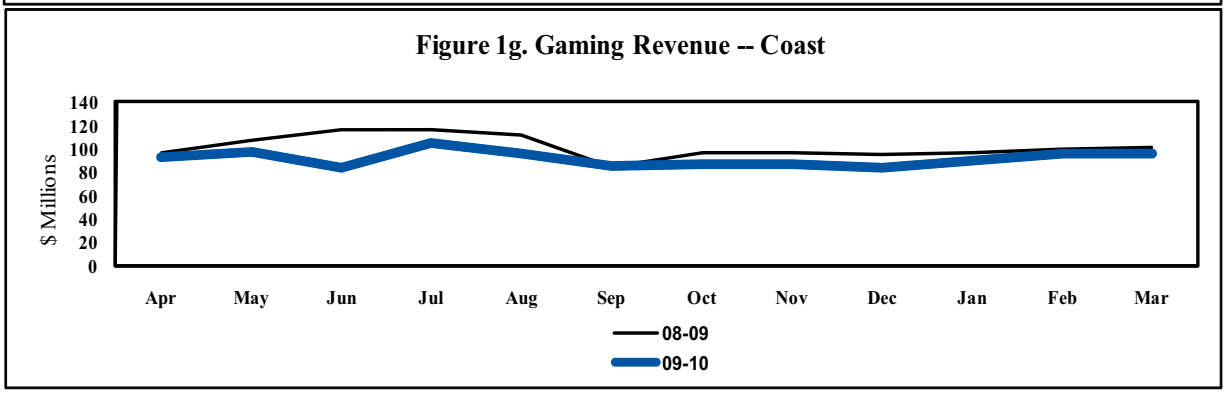


Figure 1g. Gaming Revenue -- Coast
$ Millions
140
120
100
80
60
40
20
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
08-09
09-10

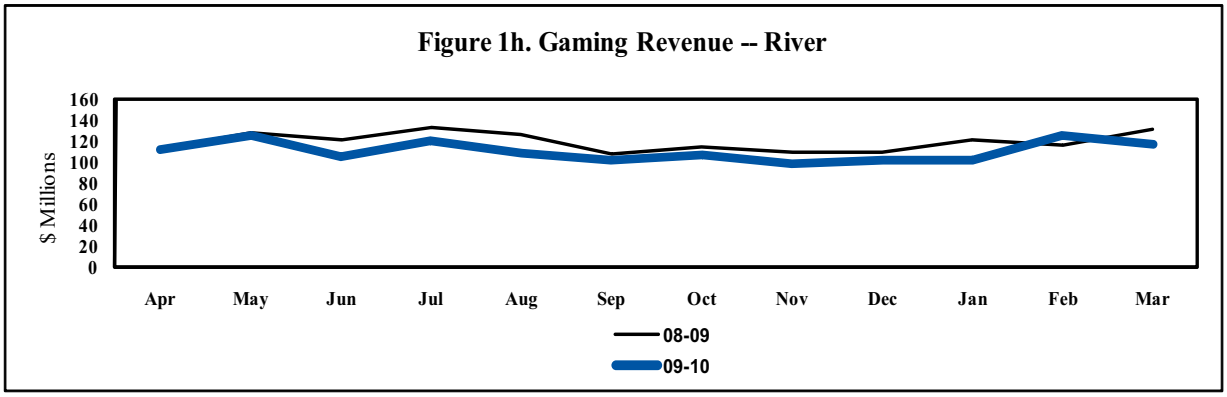


Figure 1h. Gaming Revenue -- River
$ Millions
160
140
120
100
80
60
40
20
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
08-09
09-10

Several **major investment projects** and post-Katrina reconstruction are boosting economic activity. Among on-going projects are a $950 million reconstruction and renovation of Keesler Air Force Base, a $570 million port upgrade at Gulfport, a $1 billion natural gas pipeline (Spectra Energy and CenterPoint Energy), a $300 million plant to produce steel pipe (Schulz Xtruded Products), expansions at both SeverStal and Chevron, and a $1.3 billion auto plant (Toyota). Start-up and completion dates on some of these projects, however, have been postponed.

State **budget shortfalls** continue to dampen the growth rate of the economy. Falling revenues and increasing demands from programs including the state retirement plan, Medicaid, education and others, are expected to result in growing gaps in the state budget over the next two years. When stimulus funds for the state end in FY2012, the shortfall in the overall state budget relative to projected needs may reach $1.0 billion, according to estimates made by the Governor's Office.[1]

Stimulus funds have helped to reduce the shortfall this year. The state was awarded $479 million for fiscal stabilization under the **stimulus** plan and another $824 million for Medicaid funding. Other programs bring the formula funding total to over $2 billion.[2] Non-formula stimulus grants of over $750 million are also available and have been supporting several projects in the state.

A Graphic Overview

The recession brought a sharp drop in consumer purchases, employment and construction. The state of the economy is summarized graphically in Figures 1a to 1h. The dramatic decline in nonagricultural employment can be seen in Figure 1a: the average level of **employment** in 2009 was 4.4% lower than in 2008. More recent figures indicate a notable improvement, however, with the number of payroll jobs in April only 1.4% lower than in the same month a year ago.

Manufacturing has been hit especially hard, with 7,700 fewer persons employed in Q1 of 2010 than in the same quarter of 2009, a drop of 5.3%. However, employment in this sector is stabilizing (Figure 1b).

The value of residential **building permits** issued appears to have halted its decline, although it remains well below the value of permits issued in early 2008 (Figure 1c). The recovery in housing will continue to be slow. Housing starts and prices were up in the fall, but the market both here and nationally seems to have slowed down after the expiration of

Table 1. **VALUE OF PRODUCTION AND NUMBER OF WORKERS EMPLOYED IN MISSISSIPPI SEAFOOD PROCESSING PLANTS, 2003**

Category	Value of Production ($)[1]	Number of Workers[1]
Shrimp	$73,402,922	503
Oysters	$9,181,372	288
Crabs	$838,128	78
Finfish and Other Foodfish	$254,441,324	1,713
TOTAL	**$337,863,746**	**2,582**

[1]National Marine Fisheries Service (2004).

SOURCE: B. Posadas, "Economic Assessment of the Impacts of Hurricane Katrina on Mississippi Seafood Processors and Dealers," Information Bulletin 435, Mississippi State University Experiment Station, March 2007.

Table 2. **MISSISSIPPI EMPLOYMENT BY SECTOR**

	Jan - Mar 2010	Jan - Mar 2009	Number Change	Percent Change
Residence Based Amounts				
Civilian Labor Force	1,294,200	1,286,700	7,500	0.6%
Unemployed	152,200	114,600	37,600	32.8%
Rate	11.8	8.9	2.9	xxxx
Employed	1,142,000	1,172,100	(30,100)	(2.6%)
Establishment Based Amounts				
Total Nonfarm	**1,081,500**	**1,106,000**	**(24,500)**	**(2.2%)**
Total Private	829,600	855,600	(26,000)	(3.0%)
Goods Producing	192,200	206,900	(14,700)	(7.1%)
Service-Providing	889,300	899,200	(9,900)	(1.1%)
Private Service Providing	637,400	648,700	(11,300)	(1.7%)
Mining & Logging	**8,400**	**9,000**	**(600)**	**(6.7%)**
Construction	**45,900**	**52,200**	**(6,300)**	**(12.1%)**
Manufacturing	**137,900**	**145,600**	**(7,700)**	**(5.3%)**
Durable Goods	87,900	94,100	(6,200)	(6.6%)
Wood Product Mfg.	8,700	10,500	(1,800)	(17.1%)
Sawmill-Wood Preserve	3,800	4,300	(500)	(11.6%)
Fabricated Metal Products	8,800	9,900	(1,100)	(11.1%)
Machinery Manufacturing	9,800	11,200	(1,400)	(12.5%)
Electrical Equipment, Appliance & Component Mai	7,000	8,500	(1,500)	(17.6%)
Electrical Equipment Manufacturing	4,700	5,100	(400)	(7.8%)
Transportation Equipment	23,200	23,700	(500)	(2.1%)
Motor Vehicle Parts	2,700	3,500	(800)	(22.9%)
Ship and Boat Building	15,200	14,800	400	2.7%
Furniture and Related	18,100	17,600	500	2.8%
Non-Durable Goods	50,000	51,500	(1,500)	(2.9%)
Food Manufacturing	23,500	24,200	(700)	(2.9%)
Animal Slaughtering	17,600	17,600	0	0.0%
Paper Manufacturing	4,200	4,500	(300)	(6.7%)
Plastics and Rubber	5,700	5,900	(200)	(3.4%)
Trade, Transportation,and Utilities	**212,500**	**215,700**	**(3,200)**	**(1.5%)**
Wholesale Trade	35,300	35,300	0	0.0%
Retail Trade	131,900	133,100	(1,200)	(0.9%)
Food and Beverage Stores	17,700	18,000	(300)	(1.7%)
Grocery Stores	16,100	16,300	(200)	(1.2%)
General Merchandise Stores	36,800	36,300	500	1.4%
Department Stores	7,100	7,300	(200)	(2.7%)
Other General Merchandise	29,700	29,000	700	2.4%
Trans,Warehouse, Utilities	45,300	47,300	(2,000)	(4.2%)
Utilities	7,600	7,700	(100)	(1.3%)
Transport & Warehouse	37,700	39,600	(1,900)	(4.8%)
Warehousing and Storage	8,700	9,200	(500)	(5.4%)
Information	**12,500**	**13,200**	**(700)**	**(5.3%)**
Telecommunications	6,600	6,900	(300)	(4.3%)
Financial Activities	**44,700**	**46,200**	**(1,500)**	**(3.2%)**
Finance and Insurance	33,000	34,300	(1,300)	(3.8%)
Credit Intermediation	21,200	21,600	(400)	(1.9%)
Depository Credit	15,600	15,700	(100)	(0.6%)
Insurance Carriers	10,800	11,100	(300)	(2.7%)

Table 2. **MISSISSIPPI EMPLOYMENT BY SECTOR (continued)**

	Jan - Mar 2010	Jan - Mar 2009	Number Change	Percent Change
Real Estate and Rental	11,700	11,900	(200)	(1.7%)
Professional and Business Activities	**83,500**	**89,400**	**(5,900)**	**(6.6%)**
Professional, Scientific and Technical Services	30,700	33,600	(2,900)	(8.6%)
Management of Companies	9,900	9,800	100	1.0%
Administrative and Support	42,900	46,000	(3,100)	(6.7%)
Educational and Health Services	**133,200**	**129,400**	**3,800**	**2.9%**
Educational Services	13,400	14,100	(700)	(5.0%)
Health Care and Social Assistance	119,800	115,300	4,500	3.9%
Hospitals	31,900	30,500	1,400	4.6%
Nursing and Residential Care	23,200	22,600	600	2.7%
Leisure and Hospitality	**115,500**	**119,400**	**(3,900)**	**(3.3%)**
Arts, Entertainment, and Recreation	11,600	11,400	200	1.8%
Amusement, Gambling	10,500	10,400	100	1.0%
Accommodation and Food services	103,900	108,100	(4,200)	(3.9%)
Accommodation	28,600	30,200	(1,600)	(5.3%)
Food Services and Drive Ins	75,300	77,800	(2,500)	(3.2%)
Other Services	**35,500**	**35,400**	**100**	**0.3%**
Repair and Maintenance	9,000	9,000	0	0.0%
Government	**251,800**	**250,400**	**1,400**	**0.6%**
Federal Government	26,500	26,500	0	0.0%
State Government	63,700	61,700	2,000	3.2%
State Govt. Education	22,400	21,400	1,000	4.7%
Local Government	161,700	162,200	(500)	(0.3%)
Local Govt Education	88,700	88,900	(200)	(0.2%)

SOURCE: Mississippi Employment Security Commission, June 2010, Preliminary figures.

Residence employment estimates are based on household surveys, whereas establishment data are based on jobs reported at places of work. A person with two jobs will generally be counted twice by establishment data, but not by the household data. A person residing in Mississippi but employed outside of the state will be included in residence-based data, but not in establishment data. The self-employed are also better captured by residence-based data.

the original homebuyers' tax credit. Some improvement has been seen this spring. The weakness in the housing market is reflected in the drop in construction employment, which was 7.1% lower this April than in the same month a year ago.

Foreclosures continue to rise. The foreclosure rate was up in Q1, but, at 3.1%, Mississippi's rate was well below the national average of 4.6% (the state ranks 32nd in the nation). Overall, the state's housing market is in better shape than is the case in much of the country. The median price of existing homes in the fall was just 5% below the spring 2007 value, versus an average drop of 20% for the U.S. as a whole.

Like most states, Mississippi is scrambling to deal with a steep drop in tax collections. Nationally, **state revenues** in the fourth quarter of 2009 were down 4.2% in comparison to the same quarter of the previous year. In the state, as Figures 1d shows, **revenues** have been below year ago levels for most of FY2010 (which runs from July through June). During the first eleven months of FY2010, the shortfall below

estimate was 8.2%. The two largest revenue sources – the sales tax and the personal income tax – were down 2.6% and 13.6% respectively , compared to the same period in FY2009 (Figure 1e). Sales tax collections were down as the result of a fall in retail sales, shown in Figure 1f.

There has been a drop-off in revenues at both coastal and Mississippi River **casinos**. Gross gaming revenues in 2009 were $2.5 billion, down 9% from 2008. In the first four months of 2010, gross revenues were down 5.4% compared to 2009. This has adversely affected state gaming taxes, which were 10.5% below FY2009 levels through April. See Figures 1g and 1h.

The Mississippi index of coincident indicators appears to have ended its year-long decline, and the index of leading indicators has been gradually trending upwards.

Mississippi's **exports** dropped 14% last year, very close to the U.S. average of 15%, but were on track to increase somewhat this year until the recent financial problems in Europe following the crisis in Greece. A modest rise in exports is still possible.

Many sectors are showing improvement, then, but given the depth of this downturn, progress will be slow and painful in comparison to other post- World War II recessions.[3]

Tornado Devastation Brings Federal Aid

Natural and man-made disasters are impacting the state. Twelve counties in the state have been declared federal disaster areas after **tornados** hit in April and May. A total of 16 persons were killed as a result of the severe weather and over 400 homes were demolished or severely damaged. Timber loss was estimated at $19 million by the State Forestry Commission.

Five counties were hit April 24th and subsequently declared federal disaster areas: Attala, Choctaw, Holmes, Warren and Yazoo Counties. Residents of another three counties affected by the same storm are eligible for individual assistance: Monroe, Oktibbeha and Union. The following weekend, tornadoes hit the northern Mississippi counties of Alcorn, Benton, Marshall, Prentiss, Tippah, Tishomingo and Union Counties, which were also declared disaster areas.

Oil Spill Disaster in Gulf

The Deep Horizon oil rig – the offshore drilling platform under contract with British Petroleum (BP) – exploded April 20 killing 11 workers and causing millions of gallons of oil to begin pouring into the Gulf of Mexico. The **economic and ecological impact** of the spill in the Gulf will not be known for some time. Oil and dispersants are affecting water quality, marine life, fisheries, wetlands and wildlife – which in turn impact the livelihood and health of coastal communities.

Even before the spill, the **seafood and tourism industries** on the coast were struggling to return to pre-Katrina employment levels, and recovery is now expected to be further postponed. While Mississippi's seafood industry does not employ as many persons as Louisiana's, pre-Katrina there were an estimated 6,200 persons involved in the production of seafood and another 10,588 workers in distribution. About 1,800 persons worked in harvesting seafood in 2003, and another 2,582 workers were employed at 69 seafood processing plants (see Table 1). The even-larger leisure and hospitality industry employed over 29,000 persons pre-Katrina in Gulfport-Biloxi alone -- 25,000 in mid-2007. Several businesses have been reporting that tourism is down, and this was true even before oil from the spill hit the beaches. The leisure & hospitality industry accounts for over 20% of employment in the Gulfport-Biloxi area.

Scientists, researchers and others working at the state's four public research institutions have created the Mississippi Research Consortium Deep Horizon Response Team (DHRT), which is assisting in **monitoring and mitigating** the oil spill. The Mississippi Research Consortium (MRC), formed by the four Mississippi research universities (JSU, MSU, UM and USM), created the DHRT shortly after Southern Miss established a team to coordinate the response to the spill across the university system. The DHRT is

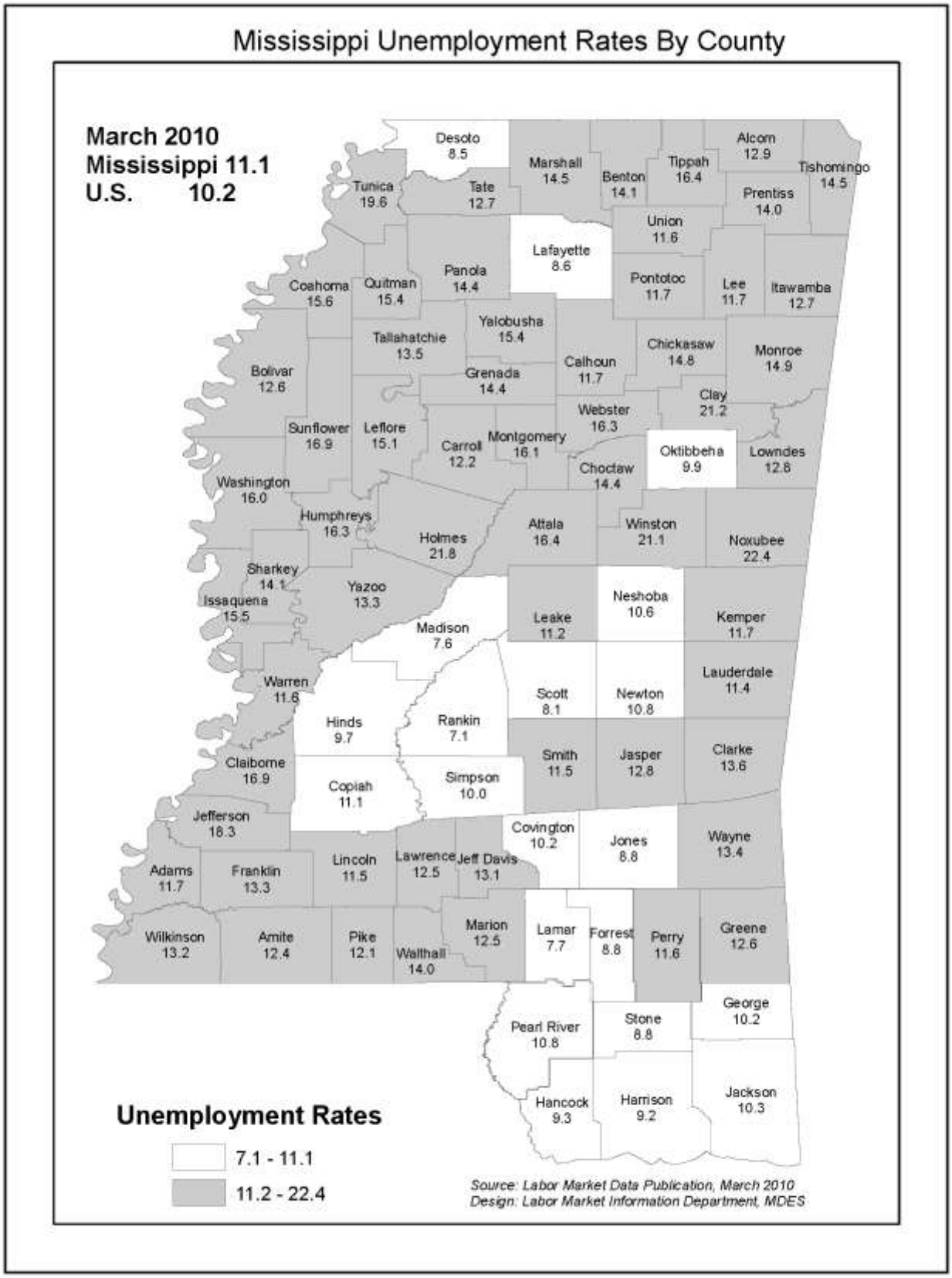

Mississippi Unemployment Rates By County
March 2010
Mississippi 11.1
U.S. 10.2
Desoto 8.5
Marshall 14.5
Benton 14.1
Tippah 16.4
Alcorn 12.9
Tishomingo 14.5
Tunica 19.6
Tate 12.7
Prentiss 14.0
Union 11.6
Lafayette 8.6
Panola 14.4
Pontotoc 11.7
Lee 11.7
Itawamba 12.7
Coahoma 15.6
Quitman 15.4
Yalobusha 15.4
Tallahatchie 13.5
Chickasaw 14.8
Monroe 14.9
Calhoun 11.7
Bolivar 12.6
Grenada 14.4
Clay 21.2
Webster 16.3
Sunflower 16.9
Leflore 15.1
Carroll 12.2
Montgomery 16.1
Oktibbeha 9.9
Lowndes 12.8
Choctaw 14.4
Washington 16.0
Humphreys 16.3
Attala 16.4
Winston 21.1
Holmes 21.8
Noxubee 22.4
Sharkey 14.1
Yazoo 13.3
Issaquena 15.5
Neshoba 10.6
Leake 11.2
Kemper 11.7
Madison 7.6
Lauderdale 11.4
Warren 11.6
Scott 8.1
Newton 10.8
Hinds 9.7
Rankin 7.1
Smith 11.5
Jasper 12.8
Clarke 13.6
Claiborne 16.9
Copiah 11.1
Simpson 10.0
Jefferson 18.3
Covington 10.2
Jones 8.8
Wayne 13.4
Adams 11.7
Franklin 13.3
Lincoln 11.5
Lawrence 12.5
Jeff Davis 13.1
Wilkinson 13.2
Amite 12.4
Pike 12.1
Walthall 14.0
Marion 12.5
Lamar 7.7
Forrest 8.8
Perry 11.6
Greene 12.6
George 10.2
Pearl River 10.8
Stone 8.8
Hancock 9.3
Harrison 9.2
Jackson 10.3
Unemployment Rates
7.1 - 11.1
11.2 - 22.4
Source: Labor Market Data Publication, March 2010
Design: Labor Market Information Department, MDES

Table 3. **ECONOMIC FORECAST FOR 2010 - 2013**
(Percent Change)

	2010	2011	2012	2013
Mississippi				
Gross State Product	3.3	4.5	4.9	4.5
Real Gross State Product	2.0	2.7	2.9	2.5
Price Level	1.3	1.7	1.9	1.9
Payroll Employment	-1.1	1.0	1.8	1.8
Unemployment Rate[1]	10.4	9.3	8.9	8.2
Personal Income	2.7	3.7	4.3	4.4
Consumer Price Level-South	1.8	2.0	2.3	2.1
United States				
Gross Domestic Product	4.5	4.5	4.9	4.7
Real Gross Domestic Product	3.5	2.9	3.1	2.7
Gross Domestic Product Index	1.1	1.5	1.8	2.0
Payroll Employment	-0.3	1.9	2.6	2.1
Unemployment Rate[1]	9.6	9.1	8.3	7.7
Personal Income	3.4	4.9	5.0	4.8
Consumer Price Level	1.8	1.7	2.1	2.2

[1]Not percentage change.

SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, May 2010, Global Insight, May 2010.

comprised of two representatives from each research university.

"This response team will help us stay organized in sharing knowledge and resources by managing requests for assistance and identifying the best person or group to respond," said Dr. Alice Clark, Vice Chancellor for Research at the University of Mississippi and the MRC Chair. The current efforts of the Response Team include:

- Observing and forecasting the coastal movement and impact of the spill;
- Environmental monitoring of water quality, marine life and fisheries;
- Analyzing impacts at the spill site; Analyzing impacts to human and wildlife health;
- Analyzing the socio-ecological and socio-economic impacts of oil on coastal communities;
- Filming and documenting the development of events; and
- Coordinating community education and outreach.

UM and USM are a part of the National Institute for Undersea Science and Technology (NIUST), which is leading the study of the impact at the spill site. Researchers from Mississippi State University (MSU) and USM are also working with other Gulf Coast institutions such as Louisiana State University, Florida State University and the Dauphin Island Sea Lab on research related to land, ocean and atmosphere interactions through the Northern Gulf Institute (NGI).

Employment by Sector

In 2009, the state suffered a drop of 4.4% in payroll employment, which was similar to the 4.3% drop in payroll jobs in the U.S. This year, **payroll employment** in the first quarter was 2.2% below that for the same period in 2009.

The only major sectors showing positive growth in Q1 compared to the same period last year have been educational & health

services, which added 3,800 jobs, for a growth rate of 2.9%, and government, which added 1,400 jobs, all at the state level, for a growth rate of 0.6%. In manufacturing, the **ship and boat building** and **furniture** industries enjoyed growth rates of about 2.8%. General merchandise stores; arts, entertainment, and recreation; and management of companies were industries that increased employment by 1% or more.

Jobs in construction in the first quarter of 2010 were down 12% compared to the same quarter in 2009, and manufacturing jobs were down 5%. The **business and professional services** sector also suffered major losses. The number employed in that sector was 6.6% lower in the first quarter than in the same period last year. Other sectors with job losses of 5% or more during the first quarter included mining & logging and information. Just-released numbers for April show some improvement in most cases. Table 2 provides the detailed numbers for Q1.

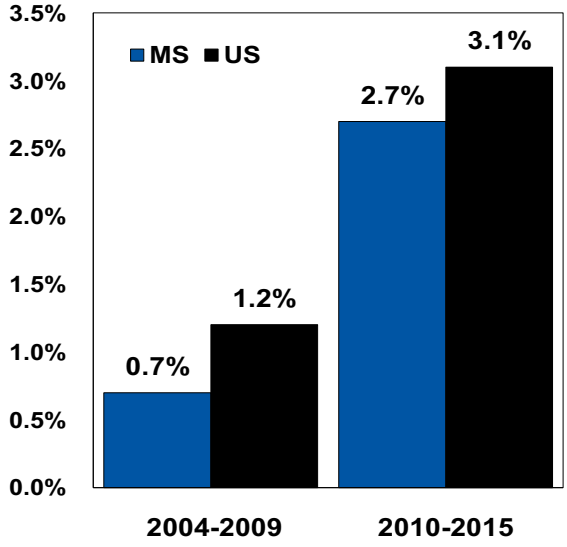
The numbers were worse last year: between 2008 and 2009, employment fell 4.4%. The drops in employment were greatest in construction (15%) and in manufacturing (12%). Over the two-year period dating from April 2008 to April 2010, there was a 6.3% fall. There were 74,800 fewer persons employed this April than in April of 2008, and 19,200 fewer persons in the labor force.

Unemployment and the Unemployed

Unemployment rates in the state vary by region. Mississippi's four metropolitan statistical areas (MSAs) have consistently had unemployment rates below the state average. The map (Figure 2) accompanying this article confirms that rural areas have been hit especially hard. All of the counties with unemployment rates of 15% or higher in March are relatively sparsely populated, with the exception of Washington County, which had a population density of about 90 per square mile, according to the last Census – this was about the state average.

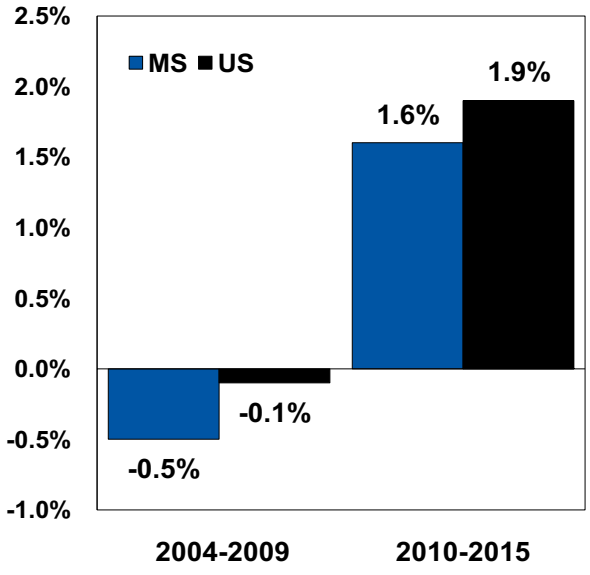
Six percent of Mississippi's labor force was unemployed for 15 weeks or longer over the period Q2:2009 to Q1:2010 (5.3% was the

Figure 3. ACTUAL AND PROJECTED CHANGES IN REAL GSP AND REAL GDP



SOURCE: Center for Policy Research and Planning, May 2010.

Figure 4. ACTUAL AND PROJECTED ANNUAL CHANGES IN EMPLOYMENT



SOURCE: Center for Policy Research and Planning, May 2010.

U.S. average). Benefits have been running out for many of the **long-term unemployed** and total benefits paid are declining as a result. Even as the number of unemployed rose to a peak of 157,100 in February in Mississippi, total benefits paid continued declining from the high of $36 million paid in June of last year, when 100,200 persons were unemployed. (Total benefits paid in February were $23 million.)

The unemployment rate in Mississippi will remain high even as job creation figures improve. A large number of persons who have dropped out of the labor force and so are not considered unemployed will once again be looking for employment as jobs are created. This will add to the number of unemployed persons. Mississippi ranks high among the states both in terms of the relative number of **discouraged workers** and in the share of the long-term unemployed among the jobless, according to the Bureau of Labor Statistics (BLS).

Even as the number of unemployed rose to a peak of 157,100 in February, total benefits paid continued to decline from the high of $36 million paid in June 2009, when 100,200 persons were unemployed.

There are also workers who are working part-time but would prefer to be employed fulltime, as well as other marginally attached workers who have sought work within the past 12 months but did not look for work within the four-week period previous to the BLS survey because of a lack of transportation or other problems. If these workers were to be counted as unemployed, the state's unemployment rate would have been not **10.3% but 17.4%** over the 2009:Q2 to 2010:Q1 period.[4]

Most unemployed workers in Mississippi do not qualify for unemployment benefits typically. See the June 2009 issue of this *Review* for more details and for information on stimulus funds available for expanded coverage of the unemployed.

Short-Term Outlook

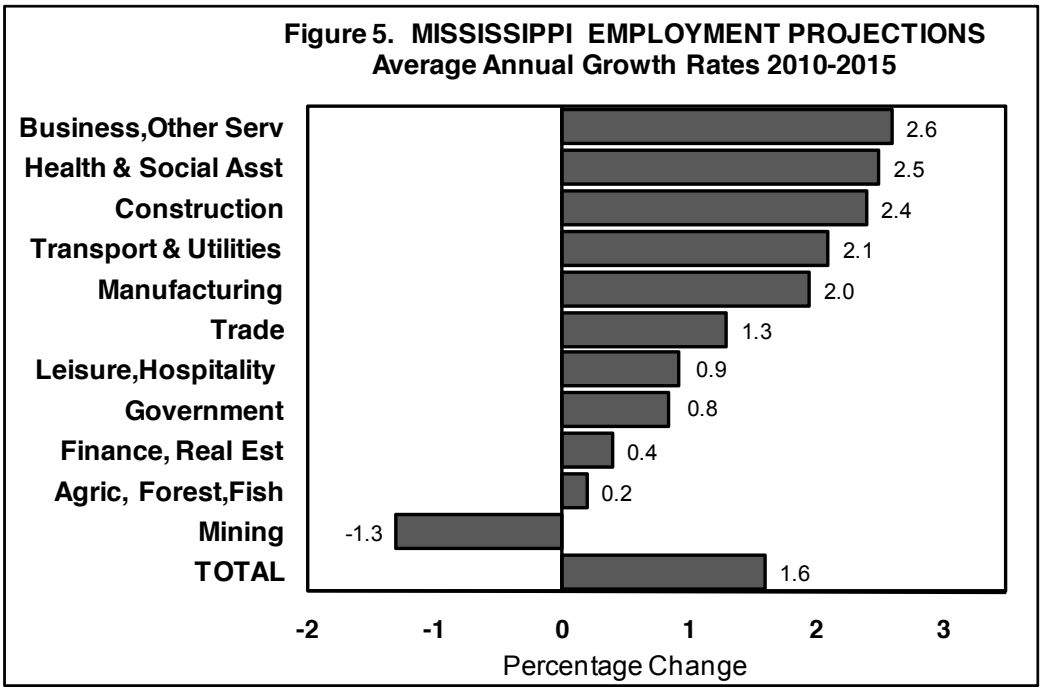
The state's recovery from recession is expected to coincide with that of the nation as a whole. The growth rate of **gross state product** (GSP) is forecast to be a positive 2.0% in 2010 as the national economy picks up steam, and by 2011, the growth rate will reach 2.7%. Employment will slip 1.1% in 2010, but by 2011, the upswing will bring job gains of about 1.0%, with a strong 1.8% increase expected in 2012. There is about **a 20% probability** that growth rates will exceed these numbers, but also a 20% probability of slower growth.

Personal income will follow a similar path. After dropping 0.5% in 2009, **personal income** increases 2.7% in 2010, and 3.7% in 2011. As consumer confidence grows and investment spending increases, the pace of activity in the economy will pick up, and the state will be back on its long-run growth path by 2013. See Table 3.

Nationally, the upturn in employment lagged the upturn in output by several months, but **job creation** is now picking up. In Mississippi, signs of job recovery were evident in the first quarter, with the household employment survey showing job gains every month since January. Despite the positive trends, it won't be until after 2014 that payroll employment finally surpasses its previous peak of 1153.6 thousand, reached in 2000. In 2007, the year the recession began, there were 1152.7 thousand persons employed.

The **unemployment rate** will drop as job creation gains momentum. It is expected to average about 10.4% this year, then is forecast to drop to 9.3% in 2011, after which it gradually decreases, falling to 7.7% by 2014.

Total personal income is forecast to increase 2.7% this year, after falling slightly in 2009. This is in line with trends in employment and output. **Wage and salary** payments are expected to rise only 1.7% in 2010, but property income and nonfarm proprietors' income will fare somewhat better. Wage and salaries increase a stronger 3.5% in 2011 and 4% in 2012, supporting personal income increases of 3.7% in 2011, and 4.3%



SOURCE: Mississippi Center for Policy Research, May 2010.

in 2012. Appendix A, Table 5, gives more details. By 2014, personal income is growing at an annual rate of 4.5%.

This state forecast is predicated on the national and international trends underlying the Global Insight baseline scenario, as presented in the "National Economic Outlook" article. Under this scenario, the financial system continues to stabilize, with credit to businesses and households slowly rising. The housing market maintains slow but sure improvement, and employers resume hiring to meet the growing demand.

The more quickly business investment picks up and the more rapid recovery in the rest of the world, the stronger the upswing in the national economy and in Mississippi will be. If the opposite holds and positive trends peter out, the recovery is slower, and the possibility of a **second downturn** cannot be ruled out.

Consumer prices have been rising slowly in recent months, but the expectation is that the increase in the consumer price index, both for the South and nationally, will remain under 2.4% until 2015 or beyond. Inflation as measured by the price index of the gross state product will remain under 2% until 2014. Appendix A provides tables with detailed forecasts of trends in the state over the 2010-2015 period.

Five-Year Forecast, 2010-2015

The upswing in Mississippi will mirror national trends. Figures 3 and 4 summarize the five-year outlook. Picking up from last year's recession low, the state's economy gradually gathers momentum, averaging an annual growth rate of GSP of 2.7% over the next five years, versus a growth rate of 3.1% in the U.S. The higher growth rate over the 2010-2015 period than during the previous five years is due both to the low-point hit in 2009, the end of the previous five-year period, and to the "catch-up" that is typical of a recovery.

Slow progress is expected in employment: although the average annual growth rate of employment is 1.6% from 2010 to 2015, it is not until 2015 that Mississippi surpasses the level of payroll employment attained in 2000.

The growth rate of U.S. employment at 1.9% remains higher than that for the state over the forecast period, as it was during the

previous five years. **Productivity** growth in both the U.S. and Mississippi is lower than during the previous five years, averaging about 1.1% in each over the forecast period, as measured by output per worker. Employment and productivity growth combine to explain the forecasts for output growth shown in Figure 3.

The rate of employment increase by sector is shown in Figure 5. **Health and social assistance**, which maintained a positive rate of increase throughout the recession, will average an annual growth rate of about 2.5% over the next five years. Business, professional and other services, which has lost thousands of jobs during the downturn, will have a strong recovery as the economy picks up, averaging a 2.6% annual growth rate of employment, the highest among the 11 sectors shown. Transportation and utilities, whose fate is closely linked to overall production, will also experience a strong rebound, with an average growth rate of approximately 2.1%.

Construction employment will be affected for some time by the nationwide slowdown in commercial and industrial construction which will not end until next year. Despite the sector's expected average annual growth rate of employment of 2.4%, it will not have regained pre-recession levels at the end of the period, 2015. This is also the case in manufacturing, which has an expected average growth rate of employment of 2% over the forecast period. Wholesale and retail trade, which has not suffered as severe a drop, will have an average growth rate of 1.3%, but will surpass 2007 employment levels by 2014. The remaining sectors will grow more slowly, at rates below 1%; this slow growth will keep employment levels in the **leisure & hospitality**, finance and mining sectors below 2007 levels even at the end of the forecast period.

A Period of Painful Adjustment

The recession has made it more difficult for individuals, businesses and government to meet their commitments and balance their budgets. **Several Mississippi studies** address the economic challenges facing the state during this period of painful adjustment. The need for more efficient use of government revenues is highlighted in Report 518 of the Joint Legislative Committee on Performance Evaluation and Expenditure Review, "Enterprise Mississippi: A Vision for State Government." The experiences of other states are reviewed and recommendations made for Mississippi in areas including planning, information technologies and human resources.

The Commission for a New Mississippi stresses the need for performance evaluation in relation to strategic priorities, given current and future fiscal realities. The Mississippi Economic Policy Center, the Mississippi Center for Justice, Inside Mississippi, the Mississippi Commission on the Status of Women and the Center for Social Inclusion all provide access to reports on Mississippi's unemployed, minorities, renters and others at their websites. See the reference section at the end of this article for website information.

Written by Marianne Hill with input from members of the Center for Research and Planning.

Notes

1. Public education is the largest single item financed by general funds, and there is concern that teachers' salaries, which account for about 30% of school budgets, may be impacted by budget cuts. Here are some figures on revenues and expenditures in K through 12 education that provide a starting point for discussion of where savings can be found. Keep in mind that about 55% of school budgets are funded by the state – other funds are local (29%) and federal (16%).

A total of $3.6 billion was spent by public schools in 2003-04. Salaries paid to fulltime-equivalent (FTE) classroom teachers were $1.1 billion (or 31% of total expenditures) and salaries paid personnel who were not classroom teachers were $0.6 billion (or 17% of the total). (Based on all public school personnel 2003-04 employed by a school

district Board of Education, as reported in the *2005 Annual Report of the Superintendent of Education.*)

There was a grand total of 62,506 employees (FTE); and of these the number of classroom teachers was 31,611 (FTE) and not-classroom-teachers was 30,895 (FTE). These totals do not include employees of firms doing contract work for the schools.

After Instruction (68% of total expenditures), the next largest expense is Support Services (16%) (building operation & maintenance, student transportation, other), followed by Non-instructional Services (6%) predominantly food service), school administration (6%), and general administration (4%) (Board of Education, other). (Based on 2007-08 figures.) See http://orshome.mde.k12.ms.us/ors/reports.html.

2. Under the American Recovery and Reinvestment Act, Mississippi's state and local governments will receive over $2.8 billion. In addition, tax relief will likely total more than a billion dollars – substantially more if Mississippians take advantage of tax credits for green energy, college and other new tax breaks. And government agencies and private firms will have access to the many billions set aside for grants to encourage investment in broadband, smart electricity grids, Superfund clean-ups, health information systems, renewable energy, greener transportation, and more. Federal agencies, such as the Department of Homeland Security, the Department of Defense and the Army Corps of Engineers, are also receiving funds for projects in the state. See the June 2009 *Review* for more detailed information.

3. Another positive piece of data: individual bankruptcy filings were down in the state in Q4 of 2009, according to the Federal Deposit Insurance Corporation.

4. There are many persons who do not meet the official definition of unemployment but who are interested in getting a job. These individuals—referred to as "marginally attached to the labor force"—wanted and were available for work and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not actively searched for work in the past 4 weeks, whether due to discouragement, illness, transportation or other problems. The number of persons who were marginally attached to the labor force increased sharply during the current recession. See BLS: "Ranks of Discouraged Workers and Others Rise", April 2009 at: http://www.bls.gov/opub/ils/pdf/opbils74.pdf.

References and Sources

Agricultural Economic and Policy Perspectives, Mississippi State University, Department of Agricultural Economics. At http://msucares.com/newsletters Center

Boyd, J. and L. Dadayan. 4/10. "Revenue Declines Less Severe, But States' Fiscal Crisis Is Far From Over". Rockefeller Institute State Revenue Report. **www.rockinst.org** Center on Budget and Policy Priorities. 4/28/10. "Budget Cuts or Tax Increases at the State Level: Which Is Preferable When the Economy Is Weak?" by Nicholas Johnson. www.cbpp.org.

Center for Social Inclusion, "Tough Times in Mississippi: Housing and Poverty, A Census Snapshot". www.centerforsocialinslucion.org.

Conference Board Report on Help Wanted Online. Mississippi second highest in U.S. in ratio of job seekers per job advertised in March. http://www.conferenceboard.org/economics/helpwanted-online.cfm.

Council of State Governments. www.staterecovery.org.

Biloxi School District Enrollment Figures. http://www.biloxischools.net/comparison_of_enrollment_figures.htm.

Federal Deposit Insurance Corporation. Mississippi State Profile. www.fdic.gov/bank/analytical/stateprofile.

Federal Reserve Board of Atlanta, Regional Economic Information Network, and *State of the States*, *EconSouth*, 2010. www.frbatlanta.org.

Gulf Restoration Network. www.healthygulf.org.

IHS Global Insight, Inc. National and regional forecasts and reports. 2010.

Inside Mississippi, a project of the Public Policy Center of Mississippi. www.insidemississippi.org.

Jackson Free Press, June 3-9 Special issue on oil spill.

Kaiser Foundation. "Measures of State Economic Distress: Housing Foreclosures and Changes in Unemployment and Food Stamp Participation by State". www.statehealthfacts.org.

Kennesaw State University Econometric Center, "Purchasing Managers Index Report – Mississippi". http://econometric-center.org.

Mississippi Business, published by the Mississippi Institutions of Higher Learning, available at www.mississippi.edu/URC – go to Publications.

Mississippi Center for Justice www.mscenterforjustice.org.

Mississippi Commission on the Status of Women. www.msstatusofwomen.org.

Mississippi Economic Policy Center www.mepconline.org.

Mississippi Joint Committee on Performance Evaluation and Expenditure Review, Report 518, "Enterprise Mississippi: A Vision for State Government", 12/9/08 www.peer.state.ms.us.

Office of the Lieutenant Governor, Report of the Commission for a New Mississippi. 11/9/09. www.ltgovbryant.com/newms.

Mississippi Department of Employment Security. www. mdes.ms.gov.

Mississippi Development Authority. New and expanded facilities report at: http://crossmatch.mississippi.org/NEFReport/.

Mississippi Economic Policy Center, "Estimates of Economic Effects by Type of Stimulus", "Mississippi Allocations Through the ARRA", and other Mississippi Economic Recovery Resources. www.mepconline.org

Mississippi State University, *Economy Watch*. http://www.economywatch.msstate.edu/news.html

Mississippi Stimulus Information. www.stimulus.ms.us.gov.

Mississippi State Tax Commission. Data at http://www.mstc.state.ms.us/info/stats/divers.htm

Office of the Governor, State of Mississippi. News releases. http://www.governorbarbour.com.

Posadas, B. 10/05. "Economic Impact of Mississippi Seafood Industry 2003". Mississippi State University Coastal Research and Extension Center.

3/07. "Economic Assessment of the Impacts of Hurricane Katrina on Mississippi Seafood Processors and Dealers," Information bulletin 435, Mississippi State University Experiment Station.

Tax-News.Com www.taxnews.com/news/State_Tax_Revenues_Recover_42591.html 4/6/10. 4 sp.

U.S. Small Business Administration. State Profiles. http://www.sba.gov/advo/research/profiles/and http://www.sba.gov/advo/stats/sbei_tab03_v971.xls

U.S. Census.

U.S. Department of Labor and Bureau of Labor Statistics http://www.ows.doleta.gov/unemploy/finance.asp for data by state on benefits, finances, recipiency rates and more.

Data by state on weekly benefit claims. http://www.ows.doleta.gov/unemploy/claims.asp.

Appendix Table. UNEMPLOYMENT RATES

March 2010

(County Rankings)

1	Rankin	7.1	42	Tate	12.7
2	Madison	7.6	43	Jasper	12.8
3	Lamar	7.7	44	Lowndes	12.8
4	Scott	8.1	45	Alcorn	12.9
5	DeSoto	8.5	46	Jeff Davis	13.1
6	Lafayette	8.6	47	Wilkinson	13.2
7	Forrest	8.8	48	Franklin	13.3
8	Jones	8.8	49	Yazoo	13.3
9	Stone	8.8	50	Wayne	13.4
10	Harrison	9.2	51	Tallahatchie	13.5
11	Hancock	9.3	52	Clarke	13.6
12	Hinds	9.7	53	Prentiss	14.0
13	Oktibbeha	9.9	54	Walthall	14.0
14	Simpson	10.0	55	Benton	14.1
15	Convington	10.2	56	Sharkey	14.1
16	George	10.2	57	Choctaw	14.4
17	Jackson	10.3	58	Grenada	14.4
18	Neshoba	10.6	59	Panola	14.4
19	Newton	10.8	60	Marshall	14.5
20	Pearl River	10.8	61	Tishomingo	14.5
21	Copiah	11.1	62	Chickasaw	14.8
22	Leake	11.2	63	Monroe	14.9
23	Lauderdale	11.4	64	Leflore	15.1
24	Lincoln	11.5	65	Quitman	15.4
25	Smith	11.5	66	Yalobusha	15.4
26	Perry	11.6	67	Issaquena	15.5
27	Union	11.6	68	Coahoma	15.6
28	Warren	11.6	69	Washington	16.0
29	Adams	11.7	70	Montgomery	16.1
30	Calhoun	11.7	71	Humphreys	16.3
31	Kemper	11.7	72	Webster	16.3
32	Lee	11.7	73	Attala	16.4
33	Pontotoc	11.7	74	Tippah	16.4
34	Pike	12.1	75	Claiborne	16.9
35	Carroll	12.2	76	Sunflower	16.9
36	Amite	12.4	77	Jefferson	18.3
37	Lawrence	12.5	78	Tunica	19.6
38	Marion	12.5	79	Winston	21.1
39	Bolivar	12.6	80	Clay	21.2
40	Greene	12.6	81	Holmes	21.8
41	Itawamba	12.7	82	Noxubee	22.4

Mississippi - 11.1

SOURCE: Mississippi Department of Employment Security.

NEWS AND NOTES ON MISSISSIPPI

For more information on recent business news, visit the Mississippi Development Authority at www.mississippi.org or the Mississippi Economic Development Council at www.medc.ms/News.html.

Almost $800 million of planned investments in manufacturing facilities was announced during the January to April period by the Mississippi Development Authority. This was more than twice the value announced during the same time in 2009. However, only $512 million in non-manufacturing investments was announced, a substantial drop, so that total projected investments, at **$1.3 billion**, were lower than during the same period in 2009.

The largest single investment, planned by Schulz Xtruded Products, is a $300 million plant in Tunica, which will produce **steel pipe and tubes**, and employ 500 workers. Other major investments include: a $279 million expansion by the Enterprise for Innovative Geospatial Solutions in Oxford, which will generate 160 new jobs in instrumentation and instruments related to geospatial mapping and a $98 million expansion by GE Aviation, which will create 350 jobs in aircraft parts and equipment.

Several multi-million dollar investments in **educational facilities** are planned. Universities expanding include the University of Mississippi ($55 million), Mississippi State University ($37 million), the University of Southern Mississippi ($25 million), the Mississippi University for Women ($24 million), and Jackson State University ($15 million). Gluckstadt High School ($40 million) in Madison County and Bates Elementary and Cardoza Middle Schools in Hinds County ($30 million) are also building new facilities. Federal stimulus dollars are supporting at least some of these projects.

Also among the largest investments are a $49 million expansion of the Mississippi Army Ammunition Plant at Stennis Space Center, a $45 million expansion of the Palace Casino in Biloxi and a new $26 million museum, the **Lower Mississippi River Museum** to be located in Vicksburg.

In addition to jobs created by the investments already named, new and expanded facilities in furniture manufacturing will be generating about 600 jobs. **Furniture firms** that will be hiring more workers include Lane Furniture (186 jobs), United Furniture (176 jobs), HomeStretch (140 jobs) and Max Home (100 jobs). In related news, Kidz World Furniture in Calhoun City recently began operations. It now employs 50 workers in the manufacture of children's upholstered furniture with licensed logos from sports teams, Mossy Oak camouflage and Nickelodeon cartoon characters, such as Dora the Explorer and SpongeBob Square-pants.

The U.S. Army's 158th Infantry Brigade, with about 250 soldiers and their families, will relocate to **Camp Shelby** near Hattiesburg by August. This unit provides training assistance and support to Army Reserve and National Guard units. The move will bring the Camp's total employment to 3,850. The state will provide about $6.7 million in infrastructure for the base.

Going Solar

Twin Creeks Technologies, a venture-backed solar technology company, will build a **solar panel** manufacturing facility in Sentobia. The facility will create 512 jobs in two phases over the next five years and represents a company investment of more than $175 million. The company, which has a portfolio of more than

50 patents, is changing the economics of crystalline silicon photovoltaic technology. The State of Mississippi provided loan assistance totaling $50 million through the Mississippi Major Economic Impact Authority, and the state and the city of Senatobia will provide $4 million for infrastructure improvements at the site.

Spotlight on Entertainment

Mississippi Film Studios will be located in an existing building in Canton. The film studio, with sound stage and production office space, will be managed by Los-Angeles-based RoadTown Enterprises and could employ up to 250 workers when a film production is underway. The Canton Convention and Visitors Bureau and Film Office has undertaken this project in concert with the city, county, and state.

The motion picture, ***The Help***, based on a novel by Mississippian Kathryn Stockett, will be filmed in Greenwood and Leflore Counties beginning this summer. About 500 cast and crew will be involved in the DreamWorks Studios production, and another 200 jobs could be created for extras, caterers, and other service providers. *The Help* will hit movie theaters in 2011. The film production will be eligible for income tax rebates under an incentive program of the Mississippi Development Authority.

Hard Rock Hotel and Casino Biloxi was named the **2009 Property of the Year** at the Hard Rock Leadership Conference in Orlando in February. The award is based on overall customer service and increased scores in service and hotel occupancy, among other criteria. Hard Rock International has a total of 154 venues in 52 countries.

As part of National Train Day May 6, Amtrak sponsored a **'Blues Train'** that went from New Orleans to Chicago, stopping at several Mississippi cities along the way. Muddy Waters' sons "Mud" and "Big Bill" were among them musicians playing during the trip. A free live performance at Chicago's Union Station concluded the celebration. Other musicians with Mississippi roots included harmonica player Grady Champion and singer Bobby Rush.

BENEFITS AND COSTS OF THE HEALTH CARE REFORM BILL

Marianne Hill, Ph.D.

Recently-passed health care legislation is, in effect, only the starting point for reform of our health system. Ten years from now, the reforms in place may bear only a passing resemblance to those enacted this year. Areas where further change is likely, needed or both are pointed out after this discussion of the costs and benefits of the Patient Protection and Affordable Care Act (PPAC).

What are the major provisions benefiting consumers in the health care reform bill?

- The Patient Protection and Affordable Care Act imposes new regulations on the insurance industry regarding pre-existing conditions, annual and lifetime payout limits, required coverage and the pricing of premiums.

Details: Starting in 2010, insurers must cover children with pre-existing conditions and are prohibited from arbitrarily dropping persons from coverage. They must also provide dependent coverage until age 26 and plans must include free coverage of certain recommended preventive services and screenings. From 2010 to 2014, there will be a national program to provide coverage to persons with pre-existing conditions via a high-risk pool.

By 2014, all insurers will be prohibited from denying coverage due to pre-existing conditions, and annual and lifetime limits on benefits will also be prohibited. Certain basic benefits will also be required. Also, by 2014, premiums may take into account age, tobacco use, geography, family composition, and participation in a health promotion program but not health status. Large-group health plans will be required to refund enrollees for premiums spent on items other than medical care, once those expenditures exceed 15% of the total (starting in 2011). For small-group plans, the percentage will be 20%.

- PPAC increases the percentage of persons with health care by requiring states to set up Insurance Exchanges, by providing subsidies for insurance premiums, by providing tax credits for employers, and by expanding coverage under Medicaid.

Details: Effective 1/1/14, states will have set up Insurance Exchanges, through which individuals and small businesses with up to 100 employees can purchase qualified coverage from insurers. (This can be extended to larger firms starting in 2017, if a state so chooses.) States will oversee these Exchanges, and subsidies will be available – paid to insurers through the Internal Revenue Service. See Note 1 below for details about subsidy levels and tiers of coverage.[1]

Employees who are offered coverage by an employer cannot participate in an Exchange plan *unless* the employer plan offers inadequate coverage (as defined) or unless the employee share of the premium exceeds 9.5% of income. Qualifying employees are eligible for premium tax credits.

Medicaid will be available to eligible individuals under age 65 (children, pregnant women, parents and adults without dependent children) with incomes up to 133% of the federal poverty level (undocumented immigrants are excluded).

- The Mississippi Health Advocacy Program estimates that over 300,000 persons in Mississippi who would have been uninsured will have access to health insurance as a result of these reforms. The U.S. Department of Human Services has similar figures.[2] Nationally, by 2019 about 94% of the nonelderly popu-

lation (excluding undocumented immigrants) will be covered by insurance, compared to 83% currently. There will be 32 million persons covered who otherwise would have lacked insurance; at the same time, 23 million persons will remain uninsured, according to Congressional Budget Office (CBO) estimates (3/10).

Who is paying what to cover the cost of this expanded health care coverage?

- There are several sources of finance, depending on who the newly-covered individuals are. Some parents will be keeping children on their policies for a bit longer (up to age 26) – in this case, the families and their employers will be paying the bulk of the cost. The federal government (i.e. taxpayers) will be paying the full cost of families newly- eligible for **Medicaid** initially, with a state contribution gradually phasing in.

  Low-income individuals will eventually be required to purchase health care coverage, but the cost will be heavily subsidized -- so, both the individuals covered and taxpayers will be paying.

- And in yet other cases, individuals and firms will buy health care insurance through **insurance Exchanges**, in some cases paying the full premiums themselves, but in other cases premiums will be subsidized. Some gaps in current coverage will be closed: insurance plans will be required to offer coverage in instances where they did not before, and the infamous "donut-hole", which requires seniors on Medicare to fully fund their prescription drug purchases in some cases, will be closed gradually.

- Federal and state subsidies will be financed through a variety of revenue sources. In addition, the cost of health care will be reduced via several measures, as explained below.

So, what are the new taxes on individuals?

- The bulk of new taxes are on businesses, but there are some tax increases for individuals. Starting in 2013, the Medicare Hospital Insurance tax, which is a part of payroll taxes, will be increased by 0.9% for individuals with adjusted gross incomes over $200,000; these taxpayers will also be subject to a 3.8% Medicare tax on investment income (including capital gains). There will be a limit of $2,500 on flexible spending arrangements in employee "cafeteria" plans in 2013, which will be indexed to inflation (as measured by the consumer price index). The threshold to deduct medical expenses will be raised to 10% of adjusted income in 2013.

- Under the **individual mandate**, which requires most individuals to have health insurance coverage, those not in compliance will be subject to a penalty, phased in at 1% of income or a maximum of $95 in 2014, but rising to 2.5% of income or a maximum of $695 by 2016 for those with incomes at or above 400% of the poverty level. There will be a hardship exemption.[3]

On employers?

- Employers with more than 50 fulltime employees must provide health insurance coverage with essential benefits or pay a **penalty**. The basic penalty will be $2,000 per fulltime equivalent employee (with the first 30 workers exempted). There will also be a penalty if any full-time employee receives a premium subsidy on insurance purchased through the Exchange ($3,000 per employee receiving a premium credit excluding the first 30 employees). Smaller firms will not face penalties. There will be tax credits for firms with fewer than 25 employees and for tax-exempt organizations. (Effective 2014.)

  Larger firms, with more than 200 employees, must enroll employees into employer health insurance plans.

On firms more generally?
Various tax benefits are reduced and tax loopholes closed; new taxes on health-related firms are imposed.[4]

Some of the major changes are:

- An annual fee on large **pharmaceutical manufacturers** will yield about $27 billion by 2019. There will also be an excise tax on sales of medical device manufacturers beginning in 2013 that will bring in $20 billion over 2013-2019. Firms and other entities paying corporations will be required to report those payments to the IRS beginning in 2012. $17 billion is expected.

- **Insurers** will pay an annual fee, based on market share, starting in 2014. A yield of $60 billion is predicted over 2014-2019. Insurers will also face a 40% excise tax on high-cost insurance plans starting in 2018. A high-cost plan is one with premiums in excess of $10,200 for individuals or $27,500 for families in 2018, but indexed to inflation. Over $12 billion is expected annually from this tax, whose purpose is to encourage more cost-efficiency in the provision of health services.

- In addition to these new fees, there are several smaller new revenue sources. Transactions undertaken by firms primarily to avoid taxes are now subject to the **economic substance doctrine**, as laid out in the health reform legislation. If a transaction lacks economic substance, and the firm is found to have underpaid taxes owed, there will be a penalty. Over $4 billion is expected from this provision over the coming decade. A 10% tax on indoor tanning services starting July 1 is expected to bring in over $2 billion over 2010-2019. Reductions in the biofuel producer credit for certain waste by-products will bring in about $24 billion by 2019.

And, just as importantly, how are costs being reduced?
About $545 billion is expected to be saved by provisions that result in reduced federal expenditures on health care from 2010-2019. The CBO estimates that these savings will be more important in financing the reforms than are increased taxes and fees, which in contrast are expected to bring in a net $525 billion.

Reductions will be made in federal payments to some private insurers under Medicare Advantage. Currently the government is paying private insurers more on average for offering seniors the same coverage as Medicare, and this gap will be gradually eliminated. $136 billion in savings is projected by CBO.

More significant, and more hotly-contested, is the provision for reducing the rate of increase in Medicare payments as productivity growth reduces costs. In 2019, over $40 billion is expected to be saved as a result of this **productivity provision** – and $157 billion over the 2010-2019 period. See accompanying article on health care costs for more details.

The CBO notes that increases in payment rates for many providers would be held below the rate of inflation, in expectation of ongoing productivity improvements in the delivery of health care. But it warns that "It is unclear whether such a reduction in the growth rate of spending…..would be accomplished through greater efficiencies in the delivery of health care or through reductions in access to care or the quality of care."

Any closing thoughts on the future of health care reform?
Individuals who are newly-covered by an insurance plan as a result of PPAC, and those newly-eligible for treatment of pre-existing conditions, stand to benefit substantially from health reform.

But, as in Massachusetts where similar legislation has been in effect since 2006, the problem of rising costs, and so rising premiums, is likely to be a major hurdle for the reform effort.[5] In addition, successful implementation will require the development of new areas of expertise in the states. States are charged with enforcing many of the new regulations, and with establishing and overseeing insurance Exchanges. Some states are better-equipped to handle this challenge than others. Several states have already set up high-risk pools and have experience in the area (although results of these efforts have been mixed). Medicaid matching funds must also be found, a challenge that may involve an overhaul of state tax systems.

A strong commitment to the health of its citizens will be necessary for the states, and the nation, to negotiate the twists and turns that lie ahead. Modifications to the new legislation are inevitable, but the experience gained through concentrated efforts to expand coverage and control costs will be valuable in achieving much-needed improvements in the health care system.

Notes

1. Subsidies will be given to individuals and families who purchase insurance through Exchanges that will be set up so that the contributions they make are limited to at most:

2% of income, if income is at or below 133% of federal poverty level (FPL);
3 - 4% of income, for incomes 133 – 150% FPL;
4 – 6.3% of income, for incomes 150 – 200% FPL ;
6.3 – 8.05% of income, for incomes 200 – 250% FPL;
8.05% - 9.5% of income, for incomes 250 – 300% FPL;
9.5% of income, for incomes 300 – 400% FPL.

(The Federal Poverty Level is $22,000 for a family of four.) Funding will be available to the states to establish these exchanges until January 1, 2015.

Plans available through Exchanges can be set up to cover 70%, 80%, or 90% of costs that are expected actuarially, with the higher coverage costing more. (This is the oft-discussed tier system.) Persons under 30 years of age, and persons for whom coverage would absorb more than 8% of income, also have the choice of purchasing catastrophic coverage only.

2. U.S. Department of Health and Human Services. http://www.healthreform.gov/reports/statehealthreform/mississippi.html

3. Most individuals who lack health insurance coverage will be required to purchase health insurance, or pay a fine by 2014. The major exceptions are Native Americans, those for whom the required premium would be a financial hardship, and poor undocumented immigrants who are not eligible for subsidized health coverage (even if they meet the income requirements for Medicaid coverage).

Individuals at or below 133% of the federal poverty level will be eligible for a version of Medicaid with certain 'benchmark' benefits, starting in 2014. There will initially be federal funding to assist states with the increased costs that result.

Persons who are between 133% and 400% of the federal poverty level will receive subsidies to help finance their health care premiums.

A problem bears mentioning here: there seems to be no easy way to stop individuals from signing up for coverage when faced with the need for costly medical treatment and then dropping coverage immediately afterward.

4. See www.commonwealthfund.org, "Timeline for Health Care Reform Implementation: Revenue Provisions" for a complete listing of tax changes.

5. The experience of Massachusetts shows some of the problems that lie ahead for cost containment. The New York Times (4/21/10), in an editorial entitled "Reform and Massachusetts", states that two-thirds of Massachusetts voters told pollsters that they supported the state's health reforms. These reforms included an expansion of Medicaid, which requires matching funds from the state – and the current budget squeeze makes meeting this bill difficult. Insurers have requested premium increases that were largely rejected by regulators, but costs must be controlled if insurers are to continue to meet minimum coverage requirements. The fee-for-service system, in which doctors and hospitals are paid for the volume of care they provide whether or not it is high quality or needed, is under attack. There is talk of 'bundling' services so that one fee covers whatever care a patient needs over the course of a year. Greater regulation of provider payments is also being discussed. The apparent consensus is that the incentive to rein in costs has increased, now that about 97% of residents are enrolled in a health care plan.

Sources

American Academy of Actuaries, March 2010 "Premium Setting in the Individual Market" addresses the need for actuarial soundness. www.actuary.org

Commonwealth Fund, Congressional Health Reform Bills, Comparison of Senate and Reconciliation Bills. www.commonwealthfund.org.

Congressional Budget Office (CBO), March 20, 2010 letter to Speaker Nancy Pelosi, found at: http://www.cbo.gov/publications/collections/health.cfm

Henry J. Kaiser Family Foundation. April 2010. "Summary of New Health Reform Law", (#8061). www.kff.org.

U.S. Department of Health and Human Services. http://www.healthreform.gov/reports/statehealthreform/mississippi.html

U.S. House of Representatives, http://edlabor.house.gov/newsroom/2010/03/chairman-miller-today-americas.shtml On the March 30 reforms contained in the Health Care and Education Affordability Reconciliation Act of 2010, signed March 23.

Woolhandler, S. , M.D., et al. 8/21/03. "Costs of Health Care Administration in the U.S. and Canada", *New England Journal of Medicine*.

HEALTH CARE COSTS: GOING DOWN FIGHTING

Marianne Hill, Ph.D.

The dust is settling after the passage of health care reform legislation. Controversy continues to rage, but on one point there is agreement: we need to take steps to stem rising health care costs. Employer family health insurance premiums rose 119% from 1999 to 2008 versus a rise of less than 30% in the median family income.[1] The costs of Medicare and Medicaid have also been rising fast -- faster than the growth rate of national income. More and more of every dollar spent is going to health care.

The shrinking percentage of our workforce with health care coverage is tied to the high cost of health insurance. In Mississippi, 52% of private employers do not offer health insurance; nationally, the figure is somewhat lower, at 44%, but is still high.[2] Since health care is basic to well-being, this lack of access to appropriate care is hurting the U.S. quality of life. It also harms worker productivity and firm competitiveness.

There are effective ways to slow the rapid rise of health care costs. These fall into two categories: changes that increase efficiency on the supply side and changes that reduce demand. Reducing demand through prevention of health problems holds promise. Consider, for example, that the Centers for Disease Control estimate that health care costs for chronic disease treatment account for over 75% of national health expenditures.[3] Programs and incentives to promote healthy lifestyles can reduce obesity and other problems that contribute to chronic disease. Increased efficiency in the delivery of health care can be promoted by changes that link payments to the quality of outcomes, and not only to the quantity of services supplied. Improved use of information technologies in administration and medical malpractice reforms also hold promise. The Patient Protection and Affordable Care Act (PPAC) contains several programs and initiatives that hold promise of being effective in reining in rising costs.

The Scope of the Problem

Health care will continue to absorb an increasing proportion of output and income even if the costs of PPAC are fully financed as estimated by the Congressional Budget Office. Health plans have been raising premiums at rates that greatly exceed the growth rate of income; as a result, average family premiums for group policies rose from 11 percent to 18 percent of median family income between 1999 and 2008.[4]

It is simply not feasible for health care to continue absorbing an ever-increasing percentage of national income indefinitely.

Most private sector employers in Mississippi do not offer health care coverage.

What are the cost-reducing proposals in PPAC? How promising are they?

There are several pilot projects in the health care reform bill aimed at lowering costs. Consider medical malpractice. "The medical tort system does not deter medical errors, compensates a small percentage of patients affected by negligent care, and is driving shortages in specialty care through rapidly rising insurance rates. New approaches, including an administrative system of health courts, may address these issues and improve patient safety", according to the Robert Woods Johnson Foundation.[5] One suggestion by experts involves setting up medical courts where judges or other trained professional would handle malpractice suits.[6]

The PPAC, in response to such suggestions, awards five-year grants to the states to develop, implement and evaluate alternatives to current tort litigations while maintaining incentives to enhance patient safety. Reduced threat of inappropriate court outcomes could reduce the cost of malpractice insurance for most doctors and could also cut back the number of unnecessary medical procedures, while protecting patient rights.

The insurance Exchanges are intended to lower the cost of insurance to individuals and firms through increasing competition and spreading costs over a larger insured population. The experience of Massachusetts, which has had programs in place since 2006 targeting a similar population, has been that initially manageable costs have increased and accelerated over time. Broadening the insurance base and increasing competition, in short, have not been sufficient to control the cost problem.

The Independent (Medicare) Payment Advisory Board established under the bill is considered likely to be effective. Under this provision of PPAC, by 2018, if Medicare per capita spending exceeds the growth rate of GDP per capita by more than 1%, the Board will submit proposals to Congress for immediate consideration. Congress cannot modify or filibuster these proposals, and if it wants to reject them, it must find another way to save the same amount of money. [7]

To cut back administrative costs, health care plans are required to report the proportion of premiums spent on items other than medical care starting this year and by 2011, health plans are required to refund enrollees for non-claims costs that exceed 15% of costs in the large-group market. Since administrative costs (including provider overhead as well as that of insurance companies) in the U.S. are about $1,000 higher per capita than in Canada, potential savings from reducing administrative costs are great.[8] Improved electronic record-keeping in PPAC can help with this.

Pilot and Prevention Programs

One of the more promising pilot programs involves "bundling" of payments to health care providers. Instead of getting paid on a per service basis, a hospital would get paid once for all the services provided over a certain period of time related to, say, a heart attack or diabetes. There would be no reward, then, for unnecessary services.

There is a Prevention and Public Health Fund charged with expanding and sustaining funding for prevention and public health programs, as well as grants for prevention, wellness, and public health activities ($7 billion is allocated for FY2010 through FY2015 and $2 billion per year thereafter.) Employers can offer employees rewards of up to 30% of the cost of coverage to employees who participate in wellness programs and meet health-related standards. Insurance companies can consider participation in a health promotion program in determining an individual's rating (age, tobacco use, family composition, and geography are other factors that can be considered).

Funds are provided for developing a national quality improvement strategy by examining patient outcomes, and for conducting research that compares the clinical effectiveness of alternative medical treatments.

Problematic Provisions: Some Examples

Productivity improvements can make possible a slower growth of health care costs per capita. PPAC has a provision that reduces the growth rate of Medicare provider payments, in the expectation of productivity and efficiency increases.[9] However, if providers cannot or do not institute improvements in

productivity at a sufficiently rapid rate, the lower payments to providers will be a burden that could force them to reduce the quantity and/or quality of their services. For some providers, such as hospice care providers, the rate of increase in efficiency is likely to be below the nationwide average and unless these caregivers also provide services enjoying rapid technological advance, hospice patients would have to supplement Medicare payments to ensure quality is maintained.

Another problematic provision is one that limits the ratio of the most expensive to the least expensive premium, based on age differences alone, to 3:1 on the insurance Exchanges. This may cause financial losses for insurers, who are required to provide certain basic services. The viability of this cap on premiums depends on productivity advances that reduce costs and/or on the health of the population that is insured through the Exchanges.

States have a major role to play in implementing reforms, including the creation and supervision of insurance exchanges. Medicaid matching funds must also be found. The expense will be considerable by 2020 and is a source of concern across the nation.

Several studies have long stressed the need to revamp the budgeting process in the states to avoid looming deficits.[10] Revenue sources need to be more aligned with the sources of economic growth in state economies, and improved oversight and performance measures are also needed. Until this happens, the increased obligations under health reform are likely to contribute to fiscal stress in the states, as well as at the federal level.

In Summary

In sum, the initiatives directed at cost containment are broad-ranging. Two of the most significant are the insurance Exchanges and the Payment Advisory Board in Medicare. But in the long-run, changes tested under pilot programs and incentives promoting and rewarding healthy lifestyle choices may be just as important in reducing costs. Some experts believe that a decade from now, the system actually in place will differ greatly from that laid out under PPAC. Amendments and supplemental legislation are inevitable. But we learn from experience and improvements in coverage and cost control depend on taking first steps.

An accompanying article provides details about who will be covered and who will pay for the expanded services that will be available under health care reform legislation.

Commentary: Doing nothing to address soaring health care costs and falling coverage is not an option.

High and growing health care costs are absorbing more and more of our national income, of our federal and state budgets, and of family incomes.[11] These spiraling costs contribute to a rising percentage of workers without adequate access to health care.

The growing cost of health care affects both those without and those with coverage. Those who do have coverage often find that when they most need health services, their coverage is inadequate. In fact, most personal bankruptcies are due to medical expenses and most individuals filing for bankruptcy due to health-related reasons had health insurance coverage.[12]

Individuals without coverage can find their life savings depleted by a serious accident and once their resources are exhausted, their ability to get the care they need to maintain their health is in jeopardy. It is no surprise to physicians that excess mortality rates have been documented for the uninsured.[13]

Treatable conditions are often left untreated among the uninsured until a crisis stage is reached. This not only harms the individual; it is an inefficient approach to health services delivery.

It is not only the uninsured individual who suffers; their families and employers are adversely affected as well. Employers who rely on employees without health insurance find that their businesses suffer when employees do not have the resources required to deal with adverse health events in their families. Firms unable to offer coverage are at a competitive disadvantage in recruiting and in relation to competitors abroad, where health care may be provided to all at heavily subsidized rates.

PPAC may prove to be only the first in a series of steps on the long road to the restructuring of our health care system; it is a step with both perils and opportunity. What we learn in the coming years about how to reduce costs while improving outcomes can stand us in good stead. The response of private health care providers and insurers to the challenge of improving efficiency and expanding coverage will be critical to the success or failure of PPAC. There are models within the U.S. and around the world showing that lowering costs while improving outcomes is possible. (See "Mississippi and Health Care Reform" in the January issue of this *Review*.)

We could all go down the tubes together, but at least we're going somewhere! *Jack Lewin, CEO, College of Cardiology*

Only time will tell if the incentive to cure our health care ills is strong enough. Jack Lewin, CEO of the College of Cardiology offers a perspective that seems to resonate among health care providers:

"The keys to keep the (PPAC) law's good intentions from becoming a nightmare are basically two: 1. Devising cost containment strategies that do not undermine the patient physician relationship and also improve quality – only we know how to do this – Congress has no idea. 2. Creating payment reforms that incentivize quality improvement and protect the viability of physician practices, hospitals, and ongoing clinical innovation…Are these not interesting times to be involved in health care? We could all go down the tubes together, but at least we're going somewhere!" [14] He exhorts cardiologists to assume leadership in pointing out how to improve quality and reduce unnecessary spending in the most expensive ailment covered by Medicare – cardiovascular care. If such efforts are undertaken across the private sector by health care providers, substantial progress in cost containment and in the quality of care becomes likely.

Notes

1. Employer family health insurance premiums rose 119% from 1999 to 2008 versus a rise of less than 30% in the median family income (see Davis, Karen. "Why Health Reform Must Counter the Rising Costs of Health Insurance Premiums", at www.commonwealthfund.org.)

2. See www.statehealthfacts.org on health coverage. A Kaiser Family Foundation website.

3. See Koot, A. et al. "2009 Almanac of Chronic Disease" at the following site: www.fightchronicdisease.org/pdfs/2009PFCCDAlmanac.pdf.

4. Davis, ibid.

5. Robert Woods Johnson Foundation (www.rwjf.org – search on medical malpractice).

6. Betsy McCaughey, "Medical Courts Would health Infirmities of Legal System", in *Investor's Business Daily*, July 17, 2003. At http://commongood.org.

7. See Ezra Klein, "How Health Care Reform Reduces the Deficit in 5 Not-So-Easy Steps", *Newsweek*, 3/21/10.

8. According to a 2003 study by Woolhandler et al., "The gap between U.S. and Canadian spending on health care administration has grown to $752 per capita", indicating large potential savings through reducing administrative costs. In 2010 dollars, this $752 would be about $955. Per capita, U.S. administrative costs were $1,059 in 1999 versus $307 in Canada. Between 1969 and 1999, the share of the U.S. health care labor force accounted for by administrative workers grew from 18.2% to 27.3%. In Canada, this percentage was 19% in 1996. This excludes insurance-industry personnel. After exclusions, administration accounted for 31% of U.S. health care expenditures, versus 16.7% in Canada in 1999. Private insurers had overhead costs of 13.2% in the U.S. Providers also accounted for administrative costs.

As to U.S. versus Canadian health care outcomes, an Urban Institute article reviews several studies of U.S. health care. The article by E. Docteur and R. Berenson, "How Does the Quality of U.S. Health Care Compare Internationally?" (8/20/09), concludes that U.S. health care outcomes are uneven across categories in comparison to other countries. For example, Canada is a country whose health care system has been extensively researched in comparison to that of the U.S. One of the works cited, Guyatt et al., identified 38 studies comparing populations of patients in Canada and the United States. Studies addressed diverse problems, including cancer, coronary artery disease, chronic illnesses and surgical procedures. Of 10 studies that included extensive statistical adjustment and enrolled broad populations, five favored Canada, two favored the United States, and three showed equivalent or mixed results. Note: The high rate of obesity in the U.S. may contribute to the more unfavorable ranking of the U.S. in relation to Canada and other countries in studies.

9. The rate of increase would be adjusted by a ten-year moving average multifactor productivity index of the total nonfarm economy, and would apply to payments for dialysis, prosthetics, hospice and other services individually, regardless of actual advances in those specific areas. The White House proposal was slightly different: see www.whitehouse.gov/medicarefactsheetfinal/ Recently, productivity has been growing at about a 3% annual rate, but that rate is expected to drop substantially as job creation picks up.

10. GAO document GAO-07-1080SP. See also GAO-09-210T on rising health care expenditures by states and GAO-08-957.

11. Between 1991 and 2004, health care expenditures per person in the U.S. increased at an average annual rate of 5.5% and, in Mississippi, at 6.7%. This was faster than the growth rates of per capita incomes for both the U.S. and Mississippi. The Government Accountability Office estimates that the growth rate of health expenditures by the states will outpace the growth of GDP over the coming decade as well (see footnote 9).

12. Harvard Medical School news release 2/2/05 on *Health Affairs* article "Illness and Injury as Contributors to Bankruptcy" by David Himmelstein et al.

13. Reuters News Service, "Study links 45,000 U.S. deaths to lack of insurance", 9/18/09, by Susan Heavey.

14. Lewin, Jack, Chief Executive Officer, American College of Cardiology. 4/5/10. "How to Keep Health Reform from Becoming a Nightmare." http://lewinreport.acc.org.

Sources

Commonwealth Fund, "Congressional Health Reform Bills, Comparison of Senate and Reconciliation Bills." www.commonwealthfund.org.

Congressional Budget Office, March 20, 2010 letter to Speaker Nancy Pelosi, found at: http://www.cbo.gov/publications/collections/health.cfm

Henry J. Kaiser Family Foundation. April 2010. "Summary of New Health Reform Law", (#8061). www.kff.org.

Mississippi Legislature, SB 2554, creating a Health Insurance Exchange Study Committee.

Robert Woods Johnson Foundation. "Massachusetts Health Reform", 1/09, by J. Holahan and L. Blumberg. www.rwjf.org

U.S. House of Representatives, http://edlabor.house.gov/newsroom/2010/03/chairman-miller-today-americas.shtml On the Health Care and Education Affordability Reconciliation Act of 2010.

Woolhandler, S., M.D., et al. 8/21/03. "Costs of Health Care Administration in the U.S. and Canada", *New England Journal of Medicine*.

THE 2010 CENSUS AND THE AMERICAN COMMUNITY SURVEY

Barbara Logue, Ph.D.

In March, census forms were delivered to every residence in the nation – more than 130 million addresses. Individuals were asked to spend about ten minutes answering ten short questions and then mail the questionnaire back to the Census Bureau. The questions included the name, gender, age, race, ethnicity and relationship of household members and whether they owned or rented their home. Because only 72 percent of households nation wise (67 percent in Mississippi) responded to the mail questionnaire, additional efforts are required to assure a complete count. Thus, between May 1 and July 10, census takers will make as many as three visits to the homes of people who failed to respond; they may also try to telephone three times.

As mandated by the U.S. Constitution, the aim of the 2010 Census is to count everyone living in the country. The resulting data will be used to apportion congressional seats to the various states, to distribute billions of dollars in federal funds to tribal, state, and local governments, and to make decisions about important community services such as roads, schools, and hospitals.

The confidentiality of all census answers is protected by law and information is not shared with anyone outside the Census Bureau. In this context, it is important to point out the types of questions the census does *not* ask. There are no queries about social security numbers, bank accounts, credit cards, or citizenship status. Federal law mandates that no information identifying particular individuals may be released to anyone, including law enforcement entities, the Internal Revenue Service, and other government agencies.

The 2010 Census questionnaire was one of the shortest in our nation's history.[1] Recent censuses have included both a "short form"

Table 1. **MAJOR GEOGRAPHIC AREAS AND TYPE OF ACS ESTIMATES RECEIVED**

		Percent of total areas receiving…		
Type of geographic area	**Total number of areas**	**1-year, 3-year & 5-year estimates**	**3-year & 5-year estimates only**	**5-year estimates only**
States and District of Columbia	51	100.0	0.0	0.0
Congressional districts	435	100.0	0.0	0.0
Metropolitan statistical areas	363	99.4	0.6	0.0
Micropolitan statistical areas	576	24.3	71.2	4.5
Counties and county equivalents	3,141	25.0	32.8	42.2
Urban areas	3,607	10.4	12.9	76.7
School districts (elementary, secondary, and unified)	14,120	6.6	17.0	76.4
American Indian Areas, Alaska Native areas, and Hawaiian homelands	607	2.5	3.5	94.1
Places (cities, towns, and census designated places)	25,081	2.0	6.2	91.8
Townships and villages (minor civil divisions)	21,171	0.9	3.8	95.3
ZIP Code tabulation areas	32,154	0.0	0.0	100.0
Census tracts	65,442	0.0	0.0	100.0
Census block groups	208,801	0.0	0.0	100.0

SOURCE: U.S. Census Bureau, 2008. This tabulation is restricted to geographic areas in the United States. It was based on the population sizes of geographic areas from the July 1, 2007, Census Bureau Population Estimates and geographic boundaries as of January 1, 2007. Because of the potential for changes in population size and geographic boundaries, the actual number of areas receiving 1-year, 3-year and 5-year estimates may differ from the numbers in this table.

Table 2. **SUBJECTS INCLUDED IN THE AMERICAN COMMUNITY SURVEY**

Demographic Characteristics	**Social Characteristics**	**Housing Characteristics**
Age	Marital Status and Marital History	Year Structure Built
Sex	Fertility	Units in Structure
Hispanic Origin	Grandparents as Caregivers	Year Moved Into Unit
Race	Ancestry	Rooms
Relationship to Householder (e.g., spouse)	Place of Birth, Citizenship, and Year of Entry	Bedrooms
	Language Spoken at Home	Kitchen Facilities
Economic Characteristics	Educational Attainment and School Enrollment	Plumbing Facilities
Income	Residence One Year Ago	House Heating Fuel
Food Stamps Benefit	Veteran Status, Period of Military Service, and	Telephone Service Available
Labor Force Status	VA Service-Connected Disability Rating	Farm Residence
Industry, Occupation and Class of Worker	Disability	**Financial Characteristics**
Place of Work and Journey to Work		Tenure (Owner/Renter)
Work Status Last Year		Housing Value
Vehicles Available		Rent
Health Insurance Coverage		Selected Monthly Owner Costs

SOURCE: U. S. Census Bureau, 2008.

and a "long form," with the latter asking detailed questions about social, economic, and housing characteristics of a sample of households. In 2010, the "long form" was eliminated because it has been replaced by the American Community Survey (ACS). The ACS "is ushering in the most substantial change in the decennial census in more than 60 years."[2] It is "a nationwide, continuous survey designed to provide communities with reliable and timely demographic, housing, social, and economic data every year," as opposed to earlier census "long form" data collected only every ten years.[3]

For areas with a population of 65,000 or more, ACS information has been published starting with the 2005 sample. The first three-year estimates, based on data from the 2005, 2006, and 2007 surveys for geographic areas with 20,000 or more people, were released in 2008. The first five-year estimates, for geographic areas down to the block level, will be released later this year. The five-year estimates will then be updated every year after 2010 by removing the earliest year and adding the latest year.

The ACS is based on nearly two million interviews each year. Its sample size is considerably smaller than the census "long form" sample that it replaces. This means that population and housing data for multiple years must be combined in order to yield reliable numbers for smaller geographical areas, such as many of Mississippi's towns and counties. To provide annual information for geographic entities of various sizes, the ACS provides 1-, 3-, and 5-year estimates as detailed in Table 1. As shown, the least populated areas (ZIP Code tabulation areas, census tracts, and census block groups) receive only 5-year estimates and these estimates may be limited in scope.

The topics covered in the ACS are listed in Table 2. Like census responses, strict confidentiality laws protect all the information collected in the survey. Once the information is processed, it is available free of charge on the Census Bureau's website to policymakers, researchers, the media, businesses, and other interested parties.[4] Much of the data is made available for subgroups based on age, sex, race, and Hispanic origin. Thus, for example,

Table 3. **SELECTED 2010 CENSUS DATA PRODUCTS - AT A GLANCE**

Planned Release Date[1]	Data Products	Lowest Level Geography
States: FEB 2011 – MAR 2011 National: APR 2011	**2010 Census Redistricting Data (P.L. 94-171) Summary File:** ▪ State population counts for race and Hispanic or Latino categories ▪ State housing unit counts by occupancy status (occupied units, vacant units) **National Summary File of Redistricting Data:** ▪ Population and housing unit counts for the U.S., regions, divisions, and American Indian, Alaska Native, and Native Hawaiian Areas	Blocks American Indian, Alaska Native, and Native Hawaiian areas
May 2011	**Demographic Profile:** ▪ Selected population and housing characteristics ▪ Includes Congressional Districts of the 111th Congress	Places/Functioning Minor Civil Divisions[2]
States: JUN 2011 – AUG 2011	**Summary File 1 (SF 1):** ▪ Population counts for 63 race categories and Hispanic or Latino ▪ Population counts for many detailed race and Hispanic or Latino categories, and American Indian and Alaska Native tribes ▪ Selected population and housing characteristics	Blocks Census Tracts Blocks/Census Tracts
MAR 2011 – FEB 2012	**2010 Census Briefs** ▪ Analysis of topics including graphs and tables ▪ Topics based on 2010 Census questions ▪ Similar to the Census 2000 Briefs series	Largest Places
JUN 2011 – JUN 2013	**2010 Census Special Reports** ▪ Detailed analysis of topics including graphs, tables, and maps ▪ Similar to the Census 2000 Special Report series ▪Includes an "Atlas"	Largest Places
To be determined	**Public Use Microdata Sample (PUMS) Files** ▪ Includes age, sex, race, Hispanic or Latino origin, household type and relationship, and tenure data with identifying information removed	PUMAs of 100,000+ population
	Many other data products will be released from 2011 to 2013. Go to the Census website for details.	

Footnotes:
[1]The dates in this column refer to the first medium of release.
[2]Functioning Minor Civil Divisions (MCDs) in 20 states.

Note:
The 2010 Census data products meet a variety of data needs for different segments of the data user community. The data products described here provide a summary of the general tabulation and publication program for the 50 states, the District of Columbia, and Puerto Rico (which is treated as a state equivalent for most data products).

Summary Files will include all or some of the following: quick tables (including demographic profiles), geographic comparison tables, and ranking tables. Thematic maps will be available as a function in DADSII. Download capability includes FTP and DADSII download options.

SOURCE: U.S. Census Bureau, 2009. www.census.gov.

if government researchers wish to compare poverty rates for children and the elderly or men versus women, they can readily do so. For research questions that cannot be addressed through the published tabulations, analysts may turn to the ACS Public Use Microdata Samples available on the Census Bureau's website.

Data users have different levels of expertise and experience in analyzing statistical information. For this reason, the Census Bureau provides guidance in the form of educational handbooks geared to particular types of data users, such as state and local governments, the media, and high school teachers. Differing in language and style, these can be downloaded as needed from the Bureau's website as part of *The ACT Compass Products*.

In summary, the ACS will collect "long-form" type information every year from a representative sample of the population, instead of once in a decade like the decennial census. For the first time in our nation's history, annual estimates of demographic, economic, social, and housing characteristics will be available. Governments and businesses now have the up-to-date statistical data they need for more timely decision making and more efficient use of scarce resources.

Notes

1. Censuses have been conducted every ten years in the United States since 1790.

2. U.S. Census Bureau, *A Compass for Understanding and Using American Community Survey Data: What General Users Need to Know* (U.S. Department of Commerce, Economic and Statistics Administration, October 2008), p. 1.

3. Ibid.

4. www.census.gov.

Appendix A
MISSISSIPPI ECONOMETRIC MODEL
TABLE OF FORECAST VALUES
2010 THROUGH 2013

The forecast numbers in these tables represent the mathematical solution of the state econometric model in which future values of variables are predicted on the basis of past and current trends in the U.S. and Mississippi economies. The U.S. forecasts (Tables 8 and 9) are from IHS Global Insight, Inc., which changes its forecasts monthly. The state model is re-solved as new data becomes available.

Table 1-A

Mississippi Econometric Model
Selected Indicators

Description	2010	2011	2012	2013	2014	2015
Gross State Product(Mill $)	$94603	$98819	$103625	$108263	$113061	$117882
Gross State Product(Mill Constant$)	$71957	$73884	$76042	$77976	$79855	$81741
Gross State Product Deflator (2000=1.00)	1.31	1.34	1.36	1.39	1.42	1.44
Total Employment, Residents(Thous)	1156.8	1173.2	1194.4	1216.8	1236.7	1248.3
Civilian Labor Force(Thous)	1291.2	1294.1	1311.1	1325.9	1339.2	1348.5
Unemployment Rate(Percent)	10.4	9.3	8.9	8.2	7.7	7.4
Total Personal Income(Mill $)	$91317	$94652	$98713	$103059	$107708	$112546
Total Personal Income(Mill Constant$)	$72172	$73333	$74746	$76443	$78192	$80017
Per Capita Income ($)	$30801	$31803	$33035	$34346	$35743	$37191
Per Capita Income(Constant$)	$24343	$24640	$25014	$25476	$25948	$26441
Consumer Price Deflator(South) (2000=1.00)	1.27	1.29	1.32	1.35	1.38	1.41
Population (Mill)	2.96	2.98	2.99	3.00	3.01	3.03

Table 1-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Gross State Product(Nominal)	3.3	4.5	4.9	4.5	4.4	4.3
Gross State Product(Real)	2.0	2.7	2.9	2.5	2.4	2.4
Gross State Product Deflator	1.3	1.7	1.9	1.9	2.0	1.9
Total Employment, Residents	-1.0	1.4	1.8	1.9	1.6	0.9
Civilian Labor Force	-0.0	0.2	1.3	1.1	1.0	0.7
Unemployment Rate	9.6	-10.3	-4.7	-7.5	-7.0	-2.9
Total Personal Income(Nominal)	2.7	3.7	4.3	4.4	4.5	4.5
Total Personal Income(Real)	0.9	1.6	1.9	2.3	2.3	2.3
Per Capita Income(Nominal)	2.3	3.3	3.9	4.0	4.1	4.1
Per Capita Income(Real)	0.5	1.2	1.5	1.8	1.9	1.9
Consumer Price Deflator(South)	1.8	2.0	2.3	2.1	2.2	2.1
Population	0.4	0.4	0.4	0.4	0.4	0.4

Table 2-A

Mississippi Econometric Model
Output
(Millions of Current$)

Description	2010	2011	2012	2013	2014	2015
GROSS STATE PRODUCT	$94603	$98819	$103625	$108263	$113061	$117882
Goods-Producing Sectors						
Manufacturing	$13729	$14512	$15356	$16151	$17049	$17819
Durable Goods	$8005	$8505	$9057	$9606	$10156	$10700
Nondurable Goods	$5724	$6007	$6299	$6546	$6893	$7119
Contract Construction	$4241	$4397	$4657	$4970	$5239	$5511
Natural Resources, Mining	$3666	$3860	$4075	$4290	$4529	$4763
Agric, Forestry & Fishing	$2217	$2269	$2311	$2283	$2300	$2354
Services-Producing Sectors						
Transportation,Utilities	$6300	$6574	$6878	$7203	$7519	$7829
Wholesale,Retail Trade	$12127	$12650	$13220	$13785	$14356	$14927
Finance, Insurance, Real Estate	$11601	$12003	$12481	$12926	$13370	$13832
Health Care & Social Assistance	$7184	$7548	$7949	$8320	$8705	$9134
Leisure & Hospitality	$4739	$4992	$5277	$5568	$5857	$6147
Business & Other Services	$11622	$12203	$12850	$13467	$14087	$14733
Government	$17176	$17811	$18571	$19299	$20049	$20835

Table 2-B

Mississippi Econometric Model
Output
Growth Rates
(Percent)

Description	2010	2011	2012	2013	2014	2015
GROSS STATE PRODUCT	3.3	4.5	4.9	4.5	4.4	4.3
Goods-producing Sectors						
Manufacturing	4.5	5.7	5.8	5.2	5.6	4.5
Durable Goods	4.2	6.2	6.5	6.1	5.7	5.4
Nondurable Goods	4.9	4.9	4.9	3.9	5.3	3.3
Contract Construction	-2.1	3.7	5.9	6.7	5.4	5.2
Natural Resources, Mining	4.1	5.3	5.6	5.3	5.6	5.2
Agric, Forestry & Fishing	-0.6	2.3	1.8	-1.2	0.7	2.4
Services-producing Sectors						
Transportation,Utilities	4.0	4.4	4.6	4.7	4.4	4.1
Wholesale, Retail Trade	3.3	4.3	4.5	4.3	4.1	4.0
Finance, Insurance, Real Estate	2.8	3.5	4.0	3.6	3.4	3.5
Health Care & Social Assistance	4.4	5.1	5.3	4.7	4.6	4.9
Leisure & Hospitality	4.4	5.3	5.7	5.5	5.2	4.9
Business & Other Services	3.7	5.0	5.3	4.8	4.6	4.6
Government	3.1	3.7	4.3	3.9	3.9	3.9

Table 3-A

Mississippi Econometric Model
Real Output (Millions of Constant$)

Description	2010	2011	2012	2013	2014	2015
GROSS STATE PRODUCT	$71957	$73884	$76042	$77976	$79855	$81741
Goods-Producing Sectors						
Manufacturing	$11389	$11841	$12320	$12747	$13210	$13585
Durable Goods	$7570	$7921	$8304	$8669	$9017	$9353
Nondurable Goods	$3819	$3920	$4016	$4078	$4193	$4232
Contract Construction	$2396	$2428	$2512	$2618	$2693	$2766
Natural Resources, Mining	$993	$1024	$1059	$1092	$1129	$1162
Agric, Forestry & Fishing	$1800	$1826	$1843	$1804	$1800	$1826
Services-Producing Sectors						
Transportation,Utilities	$4399	$4522	$4658	$4803	$4932	$5057
Wholesale,Retail Trade	$11578	$11915	$12239	$12561	$12865	$13172
Finance, Insurance, Real Estate	$9155	$9311	$9510	$9675	$9823	$9982
Health Care & Social Assistance	$5548	$5727	$5920	$6083	$6244	$6432
Leisure & Hospitality	$3581	$3694	$3820	$3943	$4054	$4163
Business & Other Services	$9462	$9750	$10063	$10338	$10587	$10853
Government	$11656	$11847	$12098	$12313	$12519	$12744

Table3-B

Mississippi Econometric Model
Real Output
Growth Rates (Percent)

Description	2010	2011	2012	2013	2014	2015
GROSS STATE PRODUCT	2.0	2.7	2.9	2.5	2.4	2.4
Goods-producing Sectors						
Manufacturing	2.9	4.0	4.0	3.5	3.6	2.8
Durable Goods	2.8	4.6	4.8	4.4	4.0	3.7
Nondurable Goods	3.1	2.6	2.5	1.5	2.8	0.9
Contract Construction	-3.8	1.3	3.4	4.2	2.9	2.7
Natural Resources, Mining	2.5	3.2	3.4	3.1	3.3	3.0
Agric, Forestry & Fishing	-1.5	1.5	0.9	-2.1	-0.2	1.4
Services-producing Sectors						
Transportation,Utilities	2.7	2.8	3.0	3.1	2.7	2.5
Wholesale, Retail Trade	2.6	2.9	2.7	2.6	2.4	2.4
Finance, Insurance, Real Estate	1.4	1.7	2.1	1.7	1.5	1.6
Health Care & Social Assistance	2.9	3.2	3.4	2.7	2.6	3.0
Leisure & Hospitality	2.7	3.1	3.4	3.2	2.8	2.7
Business & Other Services	2.0	3.0	3.2	2.7	2.4	2.5
Government	1.5	1.6	2.1	1.8	1.7	1.8

Table 4-A

Mississippi Econometric Model
Employment

(Thousands)

Description	2010	2011	2012	2013	2014	2015
Nonfarm Employment, Wage and Salary	1085.6	1096.1	1116.1	1136.1	1153.5	1171.4
Manufacturing	137.7	140.9	144.2	146.7	149.3	151.1
Durable Goods	87.9	90.3	93.1	95.4	97.5	98.8
Nondurable Goods	49.8	50.6	51.1	51.3	51.8	52.2
Contract Construction	46.5	45.5	47.4	49.1	50.9	52.1
Natural Resources, Mining	8.5	8.5	8.4	8.2	7.9	8.0
Transportation,Utilities	45.3	46.3	47.5	48.5	49.3	50.1
Wholesale,Retail Trade	169.1	171.4	174.4	177.1	179.0	180.3
Finance, Insurance, Real Estate	44.6	44.9	45.5	45.5	45.1	45.4
Health Care & Social Assistance	119.7	122.5	125.2	128.2	131.4	134.8
Leisure & Hospitality	118.4	118.5	120.0	122.3	122.9	123.9
Business & Other Services	146.6	150.8	155.1	158.9	162.2	166.0
Government	249.2	246.8	248.5	251.5	255.5	259.8

Table 4-B

Mississippi Econometric Model
Employment
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Nonfarm Employment, Wage and Salary	-1.1	1.0	1.8	1.8	1.5	1.5
Manufacturing	-2.5	2.3	2.4	1.8	1.7	1.2
Durable Goods	-3.0	2.7	3.1	2.5	2.2	1.3
Nondurable Goods	-1.6	1.6	1.0	0.5	0.8	0.9
Contract Construction	-8.9	-2.2	4.2	3.7	3.5	2.4
Natural Resources, Mining	1.5	0.1	-2.1	-2.4	-3.4	1.2
Transportation,Utilities	-2.4	2.3	2.6	2.0	1.8	1.6
Wholesale, Retail Trade	0.6	1.3	1.7	1.6	1.1	0.7
Finance, Insurance, Real Estate	-2.8	0.8	1.3	0.0	-0.9	0.6
Health Care & Social Assistance	2.5	2.3	2.2	2.4	2.5	2.6
Leisure & Hospitality	-1.3	0.1	1.3	1.9	0.5	0.8
Business & Other Services	-1.7	2.8	2.8	2.5	2.1	2.3
Government	-0.4	-0.9	0.7	1.2	1.6	1.7

Table 5-A

Mississippi Econometric Model
Personal Income

(Millions of Current$)

Description	2010	2011	2012	2013	2014	2015
Total Personal Income	$91317	$94652	$98713	$103059	$107708	$112546
Wages & Salaries	$41457	$42899	$44624	$46681	$48806	$50929
Other Labor Income	$11316	$11733	$12224	$12778	$13368	$13977
Proprietors' Income	$7363	$7772	$8107	$8438	$8806	$9194
Farm Proprietors	$953	$972	$1007	$1017	$1042	$1064
Nonfarm Proprietors	$6409	$6800	$7100	$7421	$7764	$8130
Property Income	$12199	$12845	$13762	$14492	$15235	$16093
Transfer Payments	$23387	$23933	$24734	$25655	$26712	$27781
Less: Social Security Payments	$6912	$7134	$7452	$7827	$8197	$8534
Plus: Residence Adjustment	$2508	$2602	$2714	$2842	$2978	$3106
Less: Individual IRS Collections	$4501	$5089	$5720	$6321	$6682	$7053
Less: Ind. State & Local Taxes	$1554	$1664	$1760	$1868	$1966	$2097
Equals: Disposable Personal Inc.	$85262	$87898	$91233	$94870	$99059	$103396

Table 5-B

Mississippi Econometric Model
Personal Income
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Total Personal Income	2.7	3.7	4.3	4.4	4.5	4.5
Wages & Salaries	1.7	3.5	4.0	4.6	4.6	4.3
Other Labor Income	2.3	3.7	4.2	4.5	4.6	4.6
Proprietors' Income	2.7	5.6	4.3	4.1	4.4	4.4
Farm Proprietors	-2.7	2.0	3.6	1.0	2.4	2.1
Nonfarm Proprietors	3.6	6.1	4.4	4.5	4.6	4.7
Property Income	2.5	5.3	7.1	5.3	5.1	5.6
Transfer Payments	4.7	2.3	3.3	3.7	4.1	4.0
Less: Social Security Payments	2.3	3.2	4.5	5.0	4.7	4.1
Plus: Residence Adjustment	2.1	3.8	4.3	4.7	4.8	4.3
Less: Individual IRS Collections	5.2	13.1	12.4	10.5	5.7	5.5
Less: Ind. State & Local Taxes	3.2	7.1	5.7	6.1	5.3	6.6
Equals: Disposable Personal Inc.	2.6	3.1	3.8	4.0	4.4	4.4

Table 6-A

Mississippi Econometric Model
Real Personal Income

(Millions of Constant$)

Description	2010	2011	2012	2013	2014	2015
Total Personal Income	$72172	$73333	$74746	$76443	$78192	$80017
Wages & Salaries	$32765	$33237	$33789	$34625	$35431	$36209
Other Labor Income	$8944	$9091	$9256	$9478	$9705	$9937
Proprietors' Income	$5819	$6022	$6138	$6259	$6393	$6537
Farm Proprietors	$753	$753	$763	$754	$756	$756
Nonfarm Proprietors	$5066	$5269	$5376	$5505	$5636	$5780
Property Income	$9641	$9952	$10421	$10749	$11060	$11441
Transfer Payments	$18484	$18543	$18728	$19029	$19392	$19751
Less: Social Security Payments	$5463	$5527	$5642	$5805	$5951	$6068
Plus: Residence Adjustment	$1982	$2016	$2055	$2108	$2162	$2208
Less: Individual IRS Collections	$3557	$3943	$4331	$4688	$4851	$5014
Less: Ind. State & Local Taxes	$1228	$1290	$1333	$1386	$1428	$1491
Equals: Disposable Personal Inc.	$67386	$68101	$69082	$70369	$71914	$73511

Table 6-B

Mississippi Econometric Model
Real Personal Income
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Total Personal Income	0.9	1.6	1.9	2.3	2.3	2.3
Wages & Salaries	-0.0	1.4	1.7	2.5	2.3	2.2
Other Labor Income	0.5	1.6	1.8	2.4	2.4	2.4
Proprietors' Income	0.9	3.5	1.9	2.0	2.1	2.3
Farm Proprietors	-4.4	-0.1	1.3	-1.1	0.3	0.0
Nonfarm Proprietors	1.8	4.0	2.0	2.4	2.4	2.6
Property Income	0.7	3.2	4.7	3.1	2.9	3.4
Transfer Payments	2.9	0.3	1.0	1.6	1.9	1.9
Less: Social Security Payments	0.5	1.2	2.1	2.9	2.5	2.0
Plus: Residence Adjustment	0.3	1.7	1.9	2.6	2.6	2.2
Less: Individual IRS Collections	3.4	10.8	9.9	8.2	3.5	3.4
Less: Ind. State & Local Taxes	1.4	5.0	3.4	4.0	3.0	4.4
Equals: Disposable Personal Inc.	0.8	1.1	1.4	1.9	2.2	2.2

Table 7-A

Mississippi Econometric Model
Selected Indicators--Fiscal Years

Description	2010	2011	2012	2013	2014	2015
Gross State Product(Mill $)	$93098	$96711	$101222	$105944	$110662	$115471
Gross State Product(Mill Constant$)	$71268	$72921	$74963	$77009	$78916	$80798
Gross State Product Deflator (2000=1.00)	1.31	1.33	1.35	1.38	1.40	1.43
Total Employment, Residents(Thous)	1162.8	1165.0	1183.8	1205.6	1226.7	1242.5
Civilian Labor Force(Thous)	1291.4	1292.6	1302.6	1318.5	1332.5	1343.8
Unemployment Rate(Percent)	10.0	9.9	9.1	8.6	7.9	7.5
Total Personal Income(Mill $)	$90118	$92984	$96683	$100886	$105383	$110127
Total Personal Inc.(Mill Constant$)	$71842	$72752	$74040	$75594	$77318	$79105
Per Capita Income ($)	$30454	$31302	$32419	$33691	$35044	$36467
Per Capita Income(Constant$)	$24278	$24492	$24827	$25245	$25712	$26195
Consumer Price Deflator(South) (2000=1.00)	1.25	1.28	1.31	1.33	1.36	1.39
Population (Mill)	2.96	2.97	2.98	2.99	3.01	3.02

Table 7-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Gross State Product(Nominal)	1.5	3.9	4.7	4.7	4.5	4.3
Gross State Product(Real)	0.0	2.3	2.8	2.7	2.5	2.4
Gross State Product Deflator	1.5	1.5	1.8	1.9	1.9	1.9
Total Employment, Residents	-2.2	0.2	1.6	1.8	1.8	1.3
Civilian Labor Force	-0.3	0.1	0.8	1.2	1.1	0.8
Unemployment Rate	21.7	-0.8	-7.6	-6.1	-7.3	-5.0
Total Personal Income(Nominal)	1.1	3.2	4.0	4.3	4.5	4.5
Total Personal Income(Real)	0.4	1.3	1.8	2.1	2.3	2.3
Per Capita Income(Nominal)	0.7	2.8	3.6	3.9	4.0	4.1
Per Capita Income(Real)	0.0	0.9	1.4	1.7	1.8	1.9
Consumer Price Deflator(South)	0.7	1.9	2.2	2.2	2.1	2.1
Population	0.4	0.4	0.4	0.4	0.4	0.4

Table 8-A

U.S. Economic Indicators
Global Insight, Inc.-- May 2010

Description	2010	2011	2012	2013	2014	2015
Gross Domestic Product(Bill $)	$14904	$15567	$16332	$17097	$17926	$18774
Gross Domestic Product(Bill Constant$)	$13436	$13823	$14247	$14628	$15031	$15440
GDP Price Deflator (2005=1.00)	110.9	112.6	114.6	116.9	119.3	121.6
Total Civilian Employment(Mill)	139.8	142.3	144.9	147.4	149.4	151.2
Unemployment Rate(Percent)	9.6	9.1	8.3	7.7	7.3	6.9
Personal Income(Bill $)	$12437	$13044	$13691	$14350	$15211	$16057
Prime Rate(Percent)	3.3	4.7	6.3	6.6	7.6	7.7
30-Year Mortgage Rate (Percent)	5.0	5.5	6.1	6.3	7.1	7.1
State and Local Total Receipts(Bill $)	$1315	$1381	$1452	$1517	$1583	$1652
Consumer Price Index (1982=100)	218.5	222.2	226.9	231.9	237.0	242.0
Per Capita Income ($)	$40009	$41560	$43202	$44846	$47084	$49227

Table 8-B

U.S. Economic Indicators
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Gross Domestic Product(Nominal)	4.5	4.5	4.9	4.7	4.8	4.7
Gross Domestic Product(Real)	3.5	2.9	3.1	2.7	2.8	2.7
GDP Price Deflator	1.1	1.5	1.8	2.0	2.0	2.0
Total Civilian Employment	-0.0	1.8	1.8	1.7	1.4	1.2
Unemployment Rate	4.0	-5.7	-8.3	-7.7	-5.6	-5.4
Personal Income	3.4	4.9	5.0	4.8	6.0	5.6
Prime Rate	1.6	42.2	35.1	3.2	16.0	2.0
30-Year Mortgage Rate	-1.4	10.1	11.3	3.5	13.0	0.4
State and Local Total Receipts	4.1	5.1	5.1	4.5	4.3	4.4
Consumer Price Index	1.8	1.7	2.1	2.2	2.2	2.1
Per Capita Income	2.4	3.9	3.9	3.8	5.0	4.6

Table 9-A

U.S. Economic Indicators--Fiscal Years
Global Insight, Inc.-- May 2010

Description	2010	2011	2012	2013	2014	2015
Gross Domestic Product(Bill $)	$14580	$15236	$15950	$16715	$17511	$18350
Gross Domestic Product(Bill Constant$)	$13212	$13630	$14035	$14438	$14830	$15236
GDP Price Deflator (2005=1.00)	110.3	111.8	113.6	115.8	118.1	120.4
Total Civilian Employment (Mill)	139.9	141.1	143.6	146.1	148.4	150.3
Unemployment Rate(Percent)	9.5	9.4	8.7	8.0	7.5	7.1
Personal Income(Bill $)	$12232	$12741	$13368	$14020	$14780	$15634
Prime Rate(Percent)	3.3	4.0	5.5	6.4	7.1	7.7
30-Year Mortgage Rate (Percent)	5.0	5.2	5.8	6.2	6.7	7.1
State and Local Total Receipts(Bill $)	$1289	$1348	$1416	$1484	$1550	$1617
Consumer Price Index (1982=100)	216.5	220.3	224.5	229.4	234.5	239.5
Per Capita Income ($)	$39537	$40785	$42381	$44024	$45965	$48156

Table 9-B

U.S. Economic Indicators
Growth Rates

(Percent)

Description	2010	2011	2012	2013	2014	2015
Gross Domestic Product(Nominal)	1.6	4.5	4.7	4.8	4.8	4.8
Gross Domestic Product(Real)	0.5	3.2	3.0	2.9	2.7	2.7
GDP Price Deflator	1.1	1.3	1.7	1.9	2.0	2.0
Total Civilian Employment	-1.9	0.9	1.8	1.7	1.5	1.3
Unemployment Rate	25.4	-0.9	-6.9	-8.0	-6.7	-5.5
Personal Income	0.8	4.2	4.9	4.9	5.4	5.8
Prime Rate	-21.4	22.1	38.1	16.8	9.7	8.5
30-Year Mortgage Rate	-9.7	4.3	10.7	7.2	8.3	6.3
State and Local Total Receipts	-0.8	4.6	5.1	4.8	4.4	4.4
Consumer Price Index	0.7	1.8	1.9	2.2	2.2	2.1
Per Capita Income	-0.2	3.2	3.9	3.9	4.4	4.8

Appendix B
MISSISSIPPI ECONOMETRIC MODEL
TABLE OF HISTORICAL VALUES
1999 THROUGH 2009

The historical data in these tables, which are subject to revision, are from the U.S. Bureau of Economic Analysis, the U.S. Bureau of the Census, and the U.S. Bureau of Labor Statistics or are constructed from these sources by the Center for Policy Research and Planning. IHS Global Insight, Inc. also uses official sources for its U.S. data, and updates this data as new data become available. These tables use chained price indexes, unlike the forecast tables, and so will not link up exactly with the numbers presented in Appendix A in many cases.

Table 1-A

Mississippi Econometric Model
Selected Indicators

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross State Product(Mill $)	$63034	$64267	$65959	$68147	$72263	$76498	$79516	$83778	$87656	$91781	$91594
Gross State Product(Mill Constant$)	$64666	$64266	$63981	$64583	$66644	$68063	$68917	$70065	$70901	$71903	$70579
Gross State Product Deflator	0.97	1.00	1.03	1.06	1.08	1.12	1.15	1.20	1.24	1.28	1.30
Total Employment, Residents(Thous)	1218.2	1233.4	1220.0	1210.0	1223.0	1229.6	1219.1	1204.3	1216.8	1210.0	1168.8
Civilian Labor Force(Thous)	1286.0	1307.4	1292.5	1297.2	1306.7	1312.9	1321.7	1291.4	1297.7	1299.1	1291.5
Unemployment Rate (Percent)	5.3	5.7	5.6	6.7	6.4	6.3	7.8	6.7	6.2	6.9	9.5
Total Personal Income(Mill $)	$58138	$61397	$65104	$66158	$68798	$72603	$77776	$81136	$86314	$89332	$88919
Total Personal Inc.(Mill Constant$)	$60004	$61397	$63620	$63829	$64878	$66772	$69061	$69676	$72029	$71575	$71513
Per Capita Income ($)	$20536	$21555	$22812	$23132	$23967	$25144	$26832	$27959	$29523	$30372	$30107
Per Capita Income(Constant$)	$21195	$21555	$22292	$22318	$22601	$23125	$23825	$24010	$24637	$24335	$24214
Consumer Price Deflator(South)	0.97	1.00	1.02	1.04	1.06	1.09	1.13	1.16	1.20	1.25	1.24
Population (Mill)	2.83	2.85	2.85	2.86	2.87	2.89	2.90	2.90	2.92	2.94	2.95

Table 1-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross State Product(Nominal)	4.2	2.0	2.6	3.3	6.0	5.9	3.9	5.4	4.6	4.7	-0.2
Gross State Product(Real)	2.1	-0.6	-0.4	0.9	3.2	2.1	1.3	1.7	1.2	1.4	-1.8
Gross State Product Deflator	2.0	2.6	3.1	2.4	2.8	3.7	2.7	3.6	3.4	3.2	1.7
Total Employment, Residents	0.9	1.2	-1.1	-0.8	1.1	0.5	-0.8	-1.2	1.0	-0.6	-3.4
Civilian Labor Force	0.7	1.7	-1.1	0.4	0.7	0.5	0.7	-2.3	0.5	0.1	-0.6
Unemployment Rate	-3.6	7.5	-0.8	19.7	-4.7	-1.0	22.4	-13.1	-7.6	10.0	38.5
Total Personal Income(Nominal)	3.9	5.6	6.0	1.6	4.0	5.5	7.1	4.3	6.4	3.5	-0.5
Total Personal Income(Real)	2.0	2.3	3.6	0.3	1.6	2.9	3.4	0.9	3.4	-0.6	-0.1
Per Capita Income(Nominal)	3.1	5.0	5.8	1.4	3.6	4.9	6.7	4.2	5.6	2.9	-0.9
Per Capita Income(Real)	1.1	1.7	3.4	0.1	1.3	2.3	3.0	0.8	2.6	-1.2	-0.5
Consumer Price Deflator(South)	1.9	3.2	2.3	1.3	2.3	2.5	3.6	3.4	2.9	4.2	-0.4
Population	0.8	0.6	0.2	0.2	0.4	0.6	0.4	0.1	0.7	0.6	0.4

Table 2-A

Mississippi Econometric Model
Output

(Millions of $)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT	$63034	$64267	$65959	$68147	$72263	$76498	$79516	$83778	$87656	$91781	$91594
Goods-Producing Sectors											
Manufacturing	$11984	$11345	$10871	$10825	$11836	$12094	$12470	$13742	$13735	$13729	$13143
Durable Goods	$7027	$6672	$6290	$6327	$6859	$7340	$7533	$8207	$8297	$8181	$7684
Nondurable Goods	$4957	$4673	$4581	$4498	$4977	$4754	$4937	$5535	$5438	$5548	$5459
Contract Construction	$2917	$2889	$2894	$3159	$3046	$3105	$3683	$4169	$3997	$4438	$4333
Natural Resources, Mining	$502	$788	$941	$938	$1321	$1676	$1630	$2192	$2764	$3322	$3522
Agric, Forestry & Fishing	$1709	$1584	$1765	$1366	$2004	$2565	$2392	$1618	$2278	$2232	$2230
Services-Producing Sectors											
Transportation,Utilities	$3925	$4011	$4116	$4222	$4419	$4988	$5111	$5459	$5642	$6037	$6055
Wholesale,Retail Trade	$9156	$9097	$9202	$9440	$9831	$10376	$10904	$11842	$11927	$11963	$11736
Finance, Insurance, Real Estate	$7973	$8534	$9087	$9564	$9737	$9868	$10050	$10288	$10765	$11332	$11283
Health Care & Social Assistance	$3886	$4112	$4447	$4776	$5107	$5466	$5651	$5973	$6353	$6709	$6884
Leisure & Hospitality	$3544	$3596	$3602	$3764	$3810	$4044	$4156	$4100	$4464	$4620	$4541
Business & Other Services	$7205	$7486	$7822	$8164	$8467	$8918	$9530	$10113	$10597	$11322	$11207
Government	$10234	$10826	$11212	$11929	$12684	$13399	$13938	$14283	$15132	$16077	$16659

Table2-B

Mississippi Econometric Model
Output
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT	4.2	2.0	2.6	3.3	6.0	5.9	3.9	5.4	4.6	4.7	-0.2
Goods-producing Sectors											
Manufacturing	3.3	-5.3	-4.2	-0.4	9.3	2.2	3.1	10.2	-0.1	-0.0	-4.3
Durable Goods	1.6	-5.1	-5.7	0.6	8.4	7.0	2.6	9.0	1.1	-1.4	-6.1
Nondurable Goods	5.8	-5.7	-2.0	-1.8	10.6	-4.5	3.8	12.1	-1.7	2.0	-1.6
Contract Construction	1.3	-1.0	0.2	9.2	-3.6	1.9	18.6	13.2	-4.1	11.0	-2.4
Natural Resources, Mining	16.2	57.0	19.4	-0.3	40.8	26.9	-2.7	34.5	26.1	20.2	6.0
Agric, Forestry & Fishing	-4.7	-7.3	11.4	-22.6	46.7	28.0	-6.7	-32.3	40.8	-2.0	-0.1
Services-producing Sectors											
Transportation,Utilities	3.0	2.2	2.6	2.6	4.7	12.9	2.5	6.8	3.4	7.0	0.3
Wholesale, Retail Trade	4.2	-0.6	1.2	2.6	4.1	5.5	5.1	8.6	0.7	0.3	-1.9
Finance, Insurance, Real Estate	6.4	7.0	6.5	5.2	1.8	1.3	1.8	2.4	4.6	5.3	-0.4
Health Care & Social Assistance	2.1	5.8	8.1	7.4	6.9	7.0	3.4	5.7	6.4	5.6	2.6
Leisure & Hospitality	10.9	1.5	0.2	4.5	1.2	6.1	2.8	-1.4	8.9	3.5	-1.7
Business & Other Services	1.6	3.9	4.5	4.4	3.7	5.3	6.9	6.1	4.8	6.8	-1.0
Government	6.4	5.8	3.6	6.4	6.3	5.6	4.0	2.5	5.9	6.2	3.6

Table 3-A

Mississippi Econometric Model
Real Output

(Millions of Constant$)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT	$64666	$64266	$63981	$64583	$66644	$68063	$68917	$70065	$70901	$71903	$70579
Goods-Producing Sectors											
Manufacturing	$12086	$11346	$10597	$10538	$11467	$11645	$11588	$12526	$12440	$11843	$11064
Durable Goods	$6987	$6673	$6192	$6224	$6763	$7151	$7302	$8014	$8169	$7911	$7361
Nondurable Goods	$5099	$4673	$4405	$4314	$4704	$4494	$4286	$4512	$4271	$3933	$3703
Contract Construction	$3109	$2889	$2691	$2804	$2574	$2420	$2547	$2589	$2332	$2569	$2489
Natural Resources, Mining	$732	$788	$809	$754	$791	$870	$625	$740	$913	$960	$968
Agric, Forestry & Fishing	$1605	$1583	$1682	$1396	$1862	$2062	$2205	$1535	$1731	$1793	$1827
Services-Producing Sectors											
Transportation,Utilities	$3887	$4010	$3812	$3879	$4032	$4421	$4360	$4327	$4379	$4390	$4285
Wholesale,Retail Trade	$9238	$9097	$9490	$9611	$9930	$10218	$10846	$11571	$11637	$11570	$11281
Finance, Insurance, Real Estate	$8261	$8534	$8789	$8935	$8830	$8688	$8654	$8641	$8824	$9148	$9029
Health Care & Social Assistance	$4024	$4111	$4229	$4406	$4597	$4777	$4816	$4988	$5108	$5305	$5392
Leisure & Hospitality	$3660	$3596	$3475	$3531	$3530	$3616	$3579	$3404	$3557	$3595	$3487
Business & Other Services	$7454	$7487	$7595	$7774	$7964	$8211	$8662	$8934	$9010	$9466	$9277
Government	$10610	$10825	$10812	$10955	$11067	$11135	$11035	$10810	$10969	$11264	$11480

Table3-B

Mississippi Econometric Model
Real Output
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT	2.1	-0.6	-0.4	0.9	3.2	2.1	1.3	1.7	1.2	1.4	-1.8
Goods-producing Sectors											
Manufacturing	1.6	-6.1	-6.6	-0.6	8.8	1.6	-0.5	8.1	-0.7	-4.8	-6.6
Durable Goods	-0.4	-4.5	-7.2	0.5	8.7	5.7	2.1	9.8	1.9	-3.2	-7.0
Nondurable Goods	4.6	-8.4	-5.7	-2.1	9.0	-4.5	-4.6	5.3	-5.3	-7.9	-5.8
Contract Construction	-4.5	-7.1	-6.9	4.2	-8.2	-6.0	5.2	1.6	-9.9	10.2	-3.1
Natural Resources, Mining	6.6	7.7	2.7	-6.8	4.9	10.0	-28.2	18.4	23.3	5.2	0.9
Agric, Forestry & Fishing	6.2	-1.4	6.3	-17.0	33.4	10.7	6.9	-30.4	12.8	3.6	1.9
Services-producing Sectors											
Transportation,Utilities	2.8	3.2	-4.9	1.8	3.9	9.6	-1.4	-0.8	1.2	0.2	-2.4
Wholesale, Retail Trade	3.5	-1.5	4.3	1.3	3.3	2.9	6.1	6.7	0.6	-0.6	-2.5
Finance, Insurance, Real Estate	3.9	3.3	3.0	1.7	-1.2	-1.6	-0.4	-0.2	2.1	3.7	-1.3
Health Care & Social Assistance	-1.1	2.2	2.9	4.2	4.3	3.9	0.8	3.6	2.4	3.9	1.6
Leisure & Hospitality	7.4	-1.8	-3.4	1.6	-0.0	2.4	-1.0	-4.9	4.5	1.1	-3.0
Business & Other Services	-1.2	0.4	1.4	2.4	2.4	3.1	5.5	3.1	0.8	5.1	-2.0
Government	3.0	2.0	-0.1	1.3	1.0	0.6	-0.9	-2.0	1.5	2.7	1.9

Table 4-A

Mississippi Econometric Model
Employment

(Thousands)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nonfarm Employment, Wage and Salary	1153.2	1153.7	1130.0	1123.6	1114.9	1124.6	1130.1	1140.9	1152.7	1147.5	1097.2
Manufacturing	232.9	222.5	200.8	188.0	179.0	179.6	178.2	175.7	169.4	159.6	141.2
Durable Goods	147.0	140.6	125.0	118.2	113.1	116.6	117.0	116.7	113.0	105.5	90.6
Nondurable Goods	85.9	81.9	75.8	69.8	65.8	63.0	61.3	59.0	56.4	54.1	50.6
Contract Construction	55.2	54.5	51.9	53.9	50.6	49.1	52.2	57.7	58.7	60.4	51.1
Natural Resources, Mining	10.4	9.4	9.6	8.9	8.8	8.8	8.8	9.5	9.5	9.5	8.4
Transportation, Utilities	44.5	45.1	45.8	45.7	45.8	46.7	47.0	47.6	48.5	48.5	46.4
Wholesale,Retail Trade	180.7	182.1	177.3	175.1	173.1	173.2	173.5	178.0	178.5	175.7	168.2
Finance, Insurance, Real Estate	45.7	45.9	45.8	45.7	45.9	46.0	46.3	46.5	47.0	47.0	45.9
Health Care & Social Assistance	90.7	92.3	95.8	98.4	101.3	103.8	105.6	108.5	112.7	114.2	116.8
Leisure & Hospitality	122.8	122.9	120.6	122.0	123.2	124.6	122.7	119.2	125.5	125.2	119.9
Business & Other Services	143.3	145.2	144.8	145.8	146.5	150.5	154.9	158.8	158.9	159.6	149.2
Government	227.1	233.8	237.5	240.1	240.8	242.1	240.8	239.4	244.0	247.8	250.2

Table 4-B

Mississippi Econometric Model
Employment
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nonfarm Employment, Wage and Salary	1.7	0.0	-2.1	-0.6	-0.8	0.9	0.5	0.9	1.0	-0.5	-4.4
Manufacturing	-0.4	-4.5	-9.8	-6.4	-4.8	0.4	-0.8	-1.5	-3.5	-5.8	-11.6
Durable Goods	1.5	-4.4	-11.1	-5.5	-4.3	3.1	0.3	-0.2	-3.2	-6.6	-14.1
Nondurable Goods	-3.5	-4.6	-7.5	-7.9	-5.7	-4.3	-2.7	-3.8	-4.3	-4.1	-6.5
Contract Construction	1.6	-1.2	-4.7	3.8	-6.2	-2.9	6.3	10.5	1.8	2.8	-15.4
Natural Resources, Mining	-13.3	-9.4	2.2	-7.5	-1.5	0.9	-0.7	8.0	0.4	-0.0	-11.7
Transportation, Utilities	3.0	1.4	1.5	-0.1	0.1	2.1	0.6	1.2	1.9	-0.0	-4.3
Wholesale, Retail Trade	3.0	0.8	-2.6	-1.2	-1.2	0.1	0.2	2.6	0.3	-1.6	-4.3
Finance, Insurance, Real Estate	2.0	0.5	-0.2	-0.2	0.3	0.2	0.7	0.4	1.1	-0.1	-2.4
Health Care & Social Assistance	-0.7	1.8	3.8	2.7	2.9	2.5	1.7	2.7	3.8	1.3	2.3
Leisure & Hospitality	8.2	0.1	-1.9	1.2	1.0	1.1	-1.5	-2.8	5.2	-0.3	-4.2
Business & Other Services	0.9	1.3	-0.3	0.7	0.5	2.7	3.0	2.5	0.1	0.5	-6.5
Government	1.6	3.0	1.6	1.1	0.3	0.6	-0.5	-0.6	1.9	1.6	1.0

Table 5-A

Mississippi Econometric Model
Personal Income

(Millions of Current$)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Personal Income	$58138	$61397	$65104	$66158	$68798	$72603	$77776	$81136	$86314	$89332	$88919
Wages & Salaries	$30034	$31072	$31450	$32384	$33422	$34984	$36560	$38737	$40511	$41954	$40759
Other Labor Income	$6752	$7014	$7399	$8050	$8836	$9243	$9702	$10122	$10467	$10895	$11062
Proprietors' Income	$5225	$5559	$6880	$6128	$7041	$7978	$8146	$7474	$7466	$7453	$7169
Farm Proprietors	$749	$592	$1365	$425	$1194	$1603	$1597	$643	$916	$883	$980
Nonfarm Proprietors	$4477	$4967	$5515	$5703	$5847	$6375	$6549	$6832	$6551	$6570	$6189
Property Income	$9002	$9765	$9961	$9349	$8721	$8671	$9829	$11307	$13569	$12758	$11901
Transfer Payments	$10667	$11472	$12836	$13821	$14433	$15545	$17426	$17676	$18465	$20608	$22329
Less: Social Security Payments	$4827	$4964	$5055	$5251	$5419	$5719	$5937	$6429	$6669	$6909	$6757
Plus: Residence Adjustment	$1285	$1479	$1634	$1677	$1764	$1902	$2051	$2249	$2506	$2574	$2456
Less: Individual IRS Collections	$4550	$4725	$4863	$4250	$3921	$3927	$4414	$5008	$5477	$5236	$4278
Less: Ind. State & Local Taxes	$1149	$1171	$1185	$1187	$1299	$1266	$1423	$1486	$1660	$1788	$1505
Equals: Disposable Personal Inc.	$52439	$55500	$59057	$60721	$63577	$67409	$71938	$74642	$79177	$82308	$83135

Table 5-B

Mississippi Econometric Model
Personal Income
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Personal Income	3.9	5.6	6.0	1.6	4.0	5.5	7.1	4.3	6.4	3.5	-0.5
Wages & Salaries	4.4	3.5	1.2	3.0	3.2	4.7	4.5	6.0	4.6	3.6	-2.8
Other Labor Income	7.2	3.9	5.5	8.8	9.8	4.6	5.0	4.3	3.4	4.1	1.5
Proprietors' Income	6.3	6.4	23.8	-10.9	14.9	13.3	2.1	-8.2	-0.1	-0.2	-3.8
Farm Proprietors	-3.7	-20.9	130.6	-68.9	181.1	34.2	-0.3	-59.8	42.4	-3.5	11.0
Nonfarm Proprietors	8.1	11.0	11.0	3.4	2.5	9.0	2.7	4.3	-4.1	0.3	-5.8
Property Income	-0.9	8.5	2.0	-6.1	-6.7	-0.6	13.4	15.0	20.0	-6.0	-6.7
Transfer Payments	3.4	7.5	11.9	7.7	4.4	7.7	12.1	1.4	4.5	11.6	8.4
Less: Social Security Payments	4.5	2.8	1.8	3.9	3.2	5.5	3.8	8.3	3.7	3.6	-2.2
Plus: Residence Adjustment	8.1	15.1	10.5	2.7	5.2	7.8	7.9	9.6	11.4	2.7	-4.6
Less: Individual IRS Collections	2.8	3.9	2.9	-12.6	-7.7	0.2	12.4	13.5	9.4	-4.4	-18.3
Less: Ind. State & Local Taxes	9.6	1.9	1.1	0.2	9.5	-2.6	12.4	4.4	11.7	7.7	-15.8
Equals: Disposable Personal Inc.	3.9	5.8	6.4	2.8	4.7	6.0	6.7	3.8	6.1	4.0	1.0

Table 6-A

Mississippi Econometric Model
Real Personal Income

(Millions of Constant$)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Personal Income	$60004	$61397	$63620	$63829	$64878	$66772	$69061	$69676	$72029	$71575	$71513
Wages & Salaries	$30998	$31072	$30733	$31244	$31518	$32174	$32463	$33266	$33806	$33614	$32781
Other Labor Income	$6969	$7014	$7230	$7767	$8332	$8501	$8615	$8692	$8735	$8729	$8897
Proprietors' Income	$5393	$5559	$6723	$5912	$6640	$7337	$7233	$6419	$6230	$5971	$5766
Farm Proprietors	$773	$592	$1334	$410	$1126	$1474	$1418	$552	$764	$708	$788
Nonfarm Proprietors	$4620	$4967	$5389	$5502	$5514	$5863	$5815	$5867	$5466	$5264	$4978
Property Income	$9291	$9765	$9734	$9020	$8224	$7974	$8727	$9710	$11323	$10222	$9571
Transfer Payments	$11009	$11472	$12544	$13334	$13611	$14297	$15473	$15179	$15409	$16512	$17958
Less: Social Security Payments	$4982	$4964	$4939	$5066	$5110	$5260	$5272	$5521	$5565	$5536	$5434
Plus: Residence Adjustment	$1326	$1479	$1596	$1618	$1663	$1749	$1821	$1931	$2091	$2062	$1975
Less: Individual IRS Collections	$4696	$4725	$4752	$4100	$3697	$3612	$3920	$4301	$4571	$4196	$3441
Less: Ind. State & Local Taxes	$1186	$1171	$1158	$1145	$1225	$1164	$1264	$1276	$1385	$1433	$1211
Equals: Disposable Personal Inc.	$54122	$55500	$57711	$58584	$59956	$61996	$63877	$64099	$66073	$65947	$66862

Table 6-B

Mississippi Econometric Model
Real Personal Income
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Personal Income	2.0	2.3	3.6	0.3	1.6	2.9	3.4	0.9	3.4	-0.6	-0.1
Wages & Salaries	2.5	0.2	-1.1	1.7	0.9	2.1	0.9	2.5	1.6	-0.6	-2.5
Other Labor Income	5.2	0.6	3.1	7.4	7.3	2.0	1.3	0.9	0.5	-0.1	1.9
Proprietors' Income	4.3	3.1	20.9	-12.1	12.3	10.5	-1.4	-11.3	-2.9	-4.2	-3.4
Farm Proprietors	-5.5	-23.4	125.3	-69.3	174.8	30.9	-3.8	-61.1	38.4	-7.4	11.4
Nonfarm Proprietors	6.1	7.5	8.5	2.1	0.2	6.3	-0.8	0.9	-6.8	-3.7	-5.4
Property Income	-2.7	5.1	-0.3	-7.3	-8.8	-3.0	9.4	11.3	16.6	-9.7	-6.4
Transfer Payments	1.5	4.2	9.3	6.3	2.1	5.0	8.2	-1.9	1.5	7.2	8.8
Less: Social Security Payments	2.6	-0.4	-0.5	2.6	0.9	2.9	0.2	4.7	0.8	-0.5	-1.8
Plus: Residence Adjustment	6.1	11.5	7.9	1.4	2.8	5.2	4.1	6.0	8.3	-1.4	-4.2
Less: Individual IRS Collections	0.9	0.6	0.6	-13.7	-9.8	-2.3	8.5	9.7	6.3	-8.2	-18.0
Less: Ind. State & Local Taxes	7.5	-1.2	-1.2	-1.1	7.0	-5.0	8.6	1.0	8.5	3.4	-15.5
Equals: Disposable Personal Inc.	2.0	2.5	4.0	1.5	2.3	3.4	3.0	0.3	3.1	-0.2	1.4

Table 7-A

Mississippi Econometric Model
Selected Indicators--Fiscal Years

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross State Product(Mill $)	$61773	$63651	$65113	$67053	$70205	$74381	$78007	$81647	$85717	$89719	$91687
Gross State Product(Mill Constant$)	$63996	$64466	$64124	$64282	$65614	$67354	$68490	$69491	$70483	$71402	$71241
Gross State Product Deflator	0.97	0.99	1.02	1.04	1.07	1.10	1.14	1.17	1.22	1.26	1.29
Total Employment,Residents(Thous)	1212.9	1225.8	1226.7	1215.0	1216.5	1226.3	1224.4	1211.7	1210.5	1213.4	1189.4
Civilian Labor Force(Thous)	1281.7	1296.7	1300.0	1294.9	1302.0	1309.8	1317.3	1306.6	1294.6	1298.4	1295.3
Unemployment Rate(Percent)	5.4	5.5	5.6	6.2	6.6	6.4	7.1	7.3	6.5	6.5	8.2
Total Personal Income(Mill $)	$57043	$59767	$63250	$65631	$67478	$70700	$75189	$79456	$83725	$87823	$89126
Total Personal Inc.(Mill constant$)	$59421	$60700	$62508	$63725	$64354	$65825	$67916	$69368	$70852	$71802	$71544
Per Capita Income ($)	$20232	$21046	$22183	$22972	$23549	$24555	$25988	$27395	$28741	$29947	$30240
Per Capita Income(constant$)	$21076	$21375	$21923	$22305	$22460	$22863	$23475	$23918	$24323	$24486	$24274
Consumer Price Deflator (South)	0.96	0.98	1.01	1.03	1.05	1.07	1.11	1.15	1.18	1.22	1.25
Population (Mill)	2.82	2.84	2.85	2.86	2.87	2.88	2.89	2.90	2.91	2.93	2.95

Table 7-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross State Product(Nominal)	4.3	3.0	2.3	3.0	4.7	5.9	4.9	4.7	5.0	4.7	2.2
Gross State Product(Real)	2.4	0.7	-0.5	0.2	2.1	2.7	1.7	1.5	1.4	1.3	-0.2
Gross State Product Deflator	1.9	2.3	2.8	2.7	2.6	3.2	3.1	3.2	3.5	3.3	2.4
Total Employment, Residents	0.8	1.1	0.1	-1.0	0.1	0.8	-0.2	-1.0	-0.1	0.2	-2.0
Civilian Labor Force	0.4	1.2	0.3	-0.4	0.5	0.6	0.6	-0.8	-0.9	0.3	-0.2
Unemployment Rate	-6.3	1.8	3.2	9.4	6.4	-2.9	10.7	2.9	-10.5	0.8	24.9
Total Personal Income(Nominal)	5.3	4.8	5.8	3.8	2.8	4.8	6.3	5.7	5.4	4.9	1.5
Total Personal Income(Real)	3.6	2.2	3.0	1.9	1.0	2.3	3.2	2.1	2.1	1.3	-0.4
Per Capita Income(Nominal)	4.3	4.0	5.4	3.6	2.5	4.3	5.8	5.4	4.9	4.2	1.0
Per Capita Income(Real)	2.7	1.4	2.6	1.7	0.7	1.8	2.7	1.9	1.7	0.7	-0.9
Consumer Price Deflator (South)	1.6	2.6	2.8	1.8	1.8	2.4	3.1	3.5	3.1	3.5	1.8
Population	0.9	0.7	0.4	0.2	0.3	0.5	0.5	0.2	0.4	0.7	0.5

Table 8-A

U.S. Economic Indicators
Global Insight, Inc.-- May 2010

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Domestic Product(Bill $)	$9354	$9951	$10286	$10642	$11142	$11868	$12638	$13399	$14078	$14441	$14256
Gross Domestic Product(Bill Constant$)	$10780	$11226	$11347	$11553	$11841	$12264	$12638	$12976	$13254	$13312	$12987
GDP Price Deflator	86.8	88.6	90.7	92.1	94.1	96.8	100.0	103.3	106.2	108.5	109.7
Total Civilian Employment(Mill)	133.5	136.9	136.9	136.5	137.7	139.2	141.7	144.4	146.0	145.4	139.9
Unemployment Rate(Percent)	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3
Personal Income(Bill $)	$7911	$8559	$8883	$9060	$9378	$9937	$10486	$11268	$11894	$12239	$12026
Prime Rate(Percent)	8.0	9.2	6.9	4.7	4.1	4.3	6.2	8.0	8.1	5.1	3.3
30-Year Mortgage Rate(Percent)	7.4	8.1	7.0	6.5	5.8	5.8	5.9	6.4	6.3	6.0	5.0
State and Local Receipts(Bill $)	$840	$893	$914	$929	$978	$1059	$1163	$1249	$1313	$1336	$1263
Consumer Price Index(1982=100)	166.6	172.2	177.0	179.9	184.0	188.9	195.3	201.6	207.3	215.2	214.5
Per Capita Income ($)	$28280	$30269	$31099	$31416	$32221	$33836	$35380	$37663	$39371	$40144	$39065

Table 8-B

U.S. Economic Indicators
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Domestic Product(Nominal)	6.4	6.4	3.4	3.5	4.7	6.5	6.5	6.0	5.1	2.6	-1.3
Gross Domestic Product(Real)	4.8	4.1	1.1	1.8	2.5	3.6	3.1	2.7	2.1	0.4	-2.4
GDP Price Deflator	1.5	2.2	2.3	1.6	2.2	2.8	3.3	3.3	2.9	2.1	1.2
Total Civilian Employment	1.5	2.5	0.0	-0.3	0.9	1.1	1.8	1.9	1.1	-0.5	-3.8
Unemployment Rate	-6.3	-5.9	19.5	22.0	3.6	-7.5	-8.3	-9.3	0.0	26.2	59.5
Personal Income	5.1	8.2	3.8	2.0	3.5	6.0	5.5	7.5	5.6	2.9	-1.7
Prime Rate	-4.3	15.5	-25.0	-32.5	-11.8	5.3	42.5	28.6	1.2	-36.8	-36.1
30-Year Mortgage Rate,	7.0	8.5	-13.5	-6.2	-11.0	0.4	0.4	9.4	-1.3	-4.7	-16.6
State and Local Receipts	5.7	6.3	2.4	1.6	5.3	8.4	9.8	7.4	5.1	1.7	-5.5
Consumer Price Index	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9	3.8	-0.3
Per Capita Income	3.9	7.0	2.7	1.0	2.6	5.0	4.6	6.5	4.5	2.0	-2.7

Table 9-A

U.S. Economic Indicators--Fiscal Years
Global Insight, Inc.-- May 2010

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Domestic Product(Bill $)	$9073	$9652	$10119	$10464	$10892	$11505	$12253	$13019	$13738	$14260	$14349
Gross Domestic Product(Bill Constant$)	$10532	$11003	$11287	$11450	$11697	$12052	$12451	$12807	$13115	$13283	$13150
GDP Price Deflator	86.1	87.7	89.7	91.4	93.1	95.4	98.4	101.6	104.7	107.4	109.1
Total Civilian Employment(Mill)	132.5	135.2	136.9	136.7	137.1	138.5	140.5	143.1	145.2	145.7	142.6
Unemployment Rate(Percent)	4.4	4.1	4.4	5.3	5.9	5.8	5.3	4.8	4.6	5.2	7.5
Personal Income(Bill $)	$7718	$8235	$8721	$8972	$9219	$9658	$10212	$10877	$11581	$12066	$12132
Prime Rate (Percent)	8.2	8.6	8.1	5.8	4.4	4.2	5.3	7.1	8.0	6.6	4.2
Effective Mortgage Rate (Percent)	7.2	7.7	7.5	6.8	6.2	5.8	5.9	6.1	6.4	6.2	5.5
State and Local Receipts(Bill $)	$818	$867	$904	$921	$953	$1019	$1111	$1206	$1281	$1325	$1300
Consumer Price Index(1982=100)	164.8	169.4	174.6	178.5	181.9	186.5	192.1	198.4	204.4	211.3	214.9
Per Capita Income ($)	$27746	$29274	$30684	$31257	$31819	$33029	$34608	$36521	$38517	$39758	$39605

Table 9-B

U.S. Economic Indicators
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Domestic Product(Nominal)	6.0	6.4	4.8	3.4	4.1	5.6	6.5	6.2	5.5	3.8	0.6
Gross Domestic Product(Real)	4.6	4.5	2.6	1.4	2.2	3.0	3.3	2.9	2.4	1.3	-1.0
GDP Price Deflator	1.3	1.8	2.2	1.9	1.9	2.5	3.1	3.3	3.1	2.5	1.6
Total Civilian Employment	1.5	2.0	1.3	-0.2	0.3	1.0	1.4	1.8	1.5	0.3	-2.1
Unemployment Rate	-7.7	-6.1	6.4	20.9	11.9	-2.1	-7.9	-8.8	-4.9	13.1	44.8
Personal Income	6.3	6.7	5.9	2.9	2.8	4.8	5.7	6.5	6.5	4.2	0.5
Prime Rate	-2.7	5.4	-6.2	-28.2	-24.1	-3.8	24.4	34.4	13.2	-17.9	-36.5
Mortgage Rate, Effective	-1.1	7.8	-3.0	-10.1	-8.5	-5.6	0.4	4.9	3.8	-3.0	-10.5
State and Local Receipts	5.9	6.0	4.3	2.0	3.4	6.9	9.1	8.5	6.2	3.4	-1.9
Consumer Price Index	1.9	2.8	3.1	2.2	1.9	2.5	3.0	3.3	3.0	3.3	1.7
Per Capita Income	5.1	5.5	4.8	1.9	1.8	3.8	4.8	5.5	5.5	3.2	-0.4

Table 10-A

General Fund Transfers, Other Revenues
Fiscal Years

(Millions of Current$)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales Tax	$1310.6	$1371.1	$1383.5	$1409.3	$1432.6	$1492.8	$1583.5	$1855.1	$1927.4	$1947.3	$1921.6
Use Tax	$170.0	$158.9	$159.5	$158.3	$149.9	$154.3	$157.4	$213.9	$218.2	$209.0	$199.9
Individual Income Tax	$973.9	$1005.0	$1033.8	$994.3	$1020.0	$1061.5	$1165.9	$1246.1	$1475.4	$1542.1	$1474.8
Corporate Tax	$298.1	$295.7	$273.7	$254.3	$288.8	$315.5	$361.3	$412.1	$484.7	$500.7	$422.0
Tobacco Tax	$57.0	$56.4	$55.5	$55.6	$55.6	$55.6	$56.0	$58.1	$55.6	$58.3	$83.6
Beer and Wine Tax	$31.0	$30.8	$30.3	$30.6	$30.2	$30.4	$30.2	$31.8	$31.5	$31.4	$31.3
Auto Tag Fees	$11.1	$10.3	$10.1	$10.4	$11.5	$12.5	$10.9	$11.2	$11.5	$12.9	$12.2
Total Severance Tax*	$10.2	$15.0	$10.0	$0.0	$0.0	$0.0	$10.0	$59.3	$59.8	$97.8	$84.8
Insurance Department	$93.7	$96.3	$102.5	$110.0	$120.4	$132.8	$135.6	$137.7	$141.8	$138.1	$134.0
Liquor Transfers	$41.1	$42.4	$43.2	$44.8	$46.3	$47.6	$50.5	$54.6	$57.3	$60.2	$63.8
Other Tax Commission Transfers	$194.9	$203.0	$235.4	$221.9	$211.0	$207.5	$206.5	$174.7	$217.8	$224.9	$199.7
(Gaming Fees, Taxes)	$141.8	$158.2	$161.6	$164.8	$166.1	$167.3	$168.5	$145.7	$185.8	$194.0	$172.4
TOTAL Tax Commission to General Fund	$3191	$3285	$3338	$3289	$3366	$3510	$3768	$4255	$4681	$4823	$4628
Special Funds (State & Federal)	$4915	$5578	$5903	$6506	$7054	$7357	$7545	$8685	$11207	$10082	$10522

Table 10-B

General Fund Transfers, Other Revenues
Growth Rates

(Percent)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales Tax	6.7	4.6	0.9	1.9	1.7	4.2	6.1	17.2	3.9	1.0	-1.3
Use Tax	12.1	-6.5	0.3	-0.8	-5.3	2.9	2.0	35.9	2.0	-4.2	-4.3
Individual Income Tax	10.5	3.2	2.9	-3.8	2.6	4.1	9.8	6.9	18.4	4.5	-4.4
Corporate Tax	4.1	-0.8	-7.4	-7.1	13.6	9.3	14.5	14.1	17.6	3.3	-15.7
Tobacco Tax	-0.7	-1.0	-1.6	0.2	-0.1	0.0	0.8	3.7	-4.4	4.9	43.3
Beer and Wine	7.6	-0.6	-1.8	1.2	-1.3	0.5	-0.6	5.3	-0.8	-0.5	-0.1
Auto Tag Fees	2.6	-7.3	-1.9	3.3	10.8	8.7	-12.7	1.9	3.2	12.2	-5.4
Total Severance Tax*	-44.5	47.6	-33.3	-100.0	...	...	...	...	0.8	63.5	-13.3
Insurance Department	-0.3	2.8	6.4	7.3	9.5	10.3	2.1	1.5	2.9	-2.6	-3.0
Liquor Transfers	3.7	3.2	2.0	3.6	3.3	2.8	6.1	8.2	5.0	4.9	6.0
Other Tax Commission Transfers	14.8	4.2	16.0	-5.8	-4.9	-1.6	-0.5	-15.4	24.7	3.3	-11.2
(Gaming Fees, Taxes)	11.7	11.6	2.1	2.0	0.8	0.7	0.7	-13.5	27.5	4.4	-11.1
TOTAL Tax Commission Transfers	7.6	2.9	1.6	-1.4	2.3	4.3	7.3	12.9	10.0	3.0	-4.0
Special Funds (State & Federal)	3.7	13.5	5.8	10.2	8.4	4.3	2.6	15.1	29.0	-10.0	4.4

*100% of severance taxes were diverted to special funds under SB2680 until 2005.

Table 11-A

State Governmental Expenditures Combined General and Special Funds
Fiscal Years

(Millions of Current$)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Education	$1837.2	$2023.3	$2088.1	$2151.6	$2314.4	$2512.7	$2584.2	$2918.7	$2994.5	$3122.0	$3063.5
Higher Education	$668.5	$770.2	$726.3	$669.5	$668.8	$699.5	$727.7	$757.9	$868.4	$994.7	$955.3
Health and Social Welfare	$2505.2	$2860.9	$3203.1	$3659.8	$3998.4	$4358.1	$4635.0	$4413.2	$4653.8	$4898.1	$5697.1
Hospitals/Hospital Schools	$354.5	$414.5	$429.4	$435.6	$444.5	$462.8	$496.4	$499.6	$565.9	$616.0	$585.2
Corrections and Justice	$284.2	$320.2	$324.8	$328.2	$341.4	$362.5	$359.8	$388.1	$412.0	$460.4	$461.7
Agric/Commerce/EconDev	$286.4	$319.9	$363.7	$341.3	$442.6	$418.9	$372.9	$302.3	$1742.4	$1114.1	$975.8
Local Assistance	$767.3	$844.5	$853.8	$850.7	$869.5	$896.7	$921.8	$976.7	$1015.8	$1044.5	$914.5
Public Works	$1018.5	$1106.5	$961.6	$1103.0	$1099.9	$1112.1	$1118.7	$1429.0	$1625.0	$1423.2	$1330.7
Other	$986.7	$878.7	$1304.0	$1699.6	$1767.5	$1489.4	$1114.3	$2022.1	$2197.7	$2084.4	$2227.5
Total Expenditures	$8,709	$9,539	$10,255	$11,239	$11,947	$12,313	$12,331	$13,708	$16,076	$15,757	$16,211
(Federal-Source Revenues)	$2,613	$2,971	$3,260	$3,737	$4,197	$4,180	$4,846	$5,908	$8,180	$6,819	$7,402

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Education	5.5	10.1	3.2	3.0	7.6	8.6	2.8	12.9	2.6	4.3	-1.9
Higher Education	7.2	15.2	-5.7	-7.8	-0.1	4.6	4.0	4.2	14.6	14.5	-4.0
Health and Social Welfare	6.5	14.2	12.0	14.3	9.3	9.0	6.4	-4.8	5.5	5.2	16.3
Hospitals/Hospital Schools	16.5	16.9	3.6	1.4	2.0	4.1	7.3	0.6	13.3	8.9	-5.0
Corrections and Justice	8.4	12.7	1.4	1.0	4.0	6.2	-0.7	7.9	6.2	11.7	0.3
Agric/Commerce/EconDev	-3.5	11.7	13.7	-6.2	29.7	-5.4	-11.0	-18.9	476.4	-36.1	-12.4
Local Assistance	6.0	10.1	1.1	-0.4	2.2	3.1	2.8	6.0	4.0	2.8	-12.4
Public Works	0.2	8.6	-13.1	14.7	-0.3	1.1	0.6	27.7	13.7	-12.4	-6.5
Other	13.5	-10.9	48.4	30.3	4.0	-15.7	-25.2	81.5	8.7	-5.2	6.9
Total	6.3	9.5	7.5	9.6	6.3	3.1	0.1	11.2	17.3	-2.0	2.9
(Federal-Source Revenues)	5.7	13.7	9.7	14.6	12.3	-0.4	15.9	21.9	38.5	-16.6	8.6

Table 12-A

Mississippi Econometric Model
More Indicators

Description	2000	2001	2002	2003	2004	2005	2006	2007	2008
Federal Expenditures in MS (Mill$)1/	$18,358	$20,277	$21,308	$21,741	$22,338	$26,181	$42,250	$30,616	$30,098
Retirement, Disability	$6,063	$6,621	$6,688	$6,923	$7,297	$7,718	$8,061	$8,477	$8,854
Other Direct Payments	$5,082	$5,756	$5,000	$4,904	$5,196	$5,738	$9,118	$5,242	$6,691
Funds to State Budget 2/	$3,098	$3,539	$4,204	$4,478	$4,943	$5,050	$6,844	$8,080	$7,198
All Other Expenditures	$4,115	$4,362	$5,416	$5,437	$4,902	$7,675	$18,227	$8,817	$7,356
Median Price Existing Home, US	$146,008	$154,508	$166,192	$178,317	$192,808	$217,492	$221,883	$215,517	$195,775
Median Price Existing Home, MS	$64,535	$66,367	$68,175	$70,335	$73,341	$78,387	$85,143	$88,941	$87,041
Median Household Income MS(2007$) 3/	$41,090	$35,309	$35,694	$36,975	$38,293	$34,971	$35,466	$36,328	$36,273
Poverty Rate (%) 4/	17.6	19.3	18.4	16.0	18.7	20.1	21.1	20.6	21.2
Total Retail Sales MS (Mill $)	$34,548	$34,780	$35,256	$36,206	$38,195	$42,171	$46,675	$46,465	$46,652
Merchandise Retail Sales (Mill $)	$5,335	$5,593	$5,890	$6,137	$6,525	$7,065	$7,450	$7,059	$7,646
Total Exports MS (Mill $) 5/	na	na	$3,058	$2,558	$3,179	$4,008	$4,484	$5,170	$5,866

Table 12-B

Mississippi Econometric Model
Growth Rates

(Percent)

Description	2000	2001	2002	2003	2004	2005	2006	2007	2008
Federal Expenditures	11.3	10.5	5.1	2.0	2.7	17.2	61.4	-27.5	-1.7
Retirement, Disability	7.2	9.2	1.0	3.5	5.4	5.8	4.4	5.2	4.4
Other Direct Payments	33.5	13.3	-13.1	-1.9	6.0	10.4	58.9	-42.5	27.6
Funds in State Budget	8.1	14.2	18.8	6.5	10.4	2.2	35.5	18.0	-10.9
All Other Expenditures	-1.1	6.0	24.2	0.4	-9.8	56.6	137.5	-51.6	-16.6
Median Price Existing Home, US	4.1	5.8	7.6	7.3	8.1	12.8	2.0	-2.9	-9.2
Median Price Existing Home, MS	2.9	2.8	2.7	3.2	4.3	6.9	8.6	4.5	-2.1
Median Household Income	6.1	-14.1	1.1	3.6	3.6	-8.7	1.4	2.4	-0.2
Poverty Rate	-11.6	9.7	-4.7	-13.0	16.9	7.5	5.0	-2.4	2.9
Total Retail Sales	3.5	0.7	1.4	2.7	5.5	10.4	10.7	-0.5	0.4
Merchandise Retail Sales	9.2	4.8	5.3	4.2	6.3	8.3	5.5	-5.3	8.3
Total Exports	...	...	...	-16.3	24.3	26.0	11.9	15.3	13.5

1/ Federal Fiscal Year, U.S. Census
2/MS Dept of Fin & Admin CAFR,Table 4
3/, 4/ Current Population Survey except that 1999 is Census 2000 data.
5/ Origin of Movement Series from U.S. Census

na=not available