
Mississippi Economic Review and Outlook

Note to Readers

The top news on the state economy may be the remarkable comeback of the casino industry on the coast. But the in-pouring of funds for recovery efforts also continues to impact the state, causing a rapid growth of tax revenue and personal income this year.

The stage is set for the rebuilding of housing on the Coast to begin in earnest. The article on Mississippi's economic outlook examines the relatively slow pace of housing construction in the coastal counties this year, but forecasts that the tempo of reconstruction will pick up in 2007 and push the growth rate of employment and output in the state ahead of the rest of the nation.

A brief synopsis of the RAND study on rebuilding housing on the Coast accompanies the forecast.

I explore Mississippi's persistent wage gap with the rest of the nation in a short article, and Barbara Logue examines the demographic, social and economic characteristics of the state's Hispanic population in her study.

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 Global Insight, Inc. 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.

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NATIONAL ECONOMIC OUTLOOK: A PAUSE THAT REFRESHES?

A drop-off in spending on housing and consumer durables, in conjunction with rising interest rates, is causing a deceleration of the national economy. Gross domestic product (GDP), which rose 5.6% in the first quarter (Q1) of 2006, grew only 1.6% in Q3.

Slow growth of wages is squeezing consumers, who have been spending with borrowed funds. Real wages and real median household incomes have fallen since 2001, despite a 14.7% increase in productivity. Household debt as a percentage of after-tax income is at the highest level ever measured, and more than twice the level of 30 years ago.

Business investment in structures and equipment continues to grow at a sharp clip, moderating the drop in gross private domestic investment caused by falling residential construction.

Energy prices dropped in the third quarter, providing welcome relief to consumers and producers. The price of West Texas Intermediate oil was down to \$59 per barrel in October and the consumer price index dropped as a result. Overall, the rate of inflation as measured by the CPI has been about 3.3% this year.

The Federal Reserve held the federal funds rate at 5.25% in October, in response to mixed economic signals, and is not expected to cut rates any time soon.

A strong world economy, with China and South America in the lead, has boosted U.S. exports. Exports of goods and services increased at an annual rate of over 10% in early 2006, bringing some improvement in net exports in the first half of the year. However, in Q3, the current account deficit hit a record \$900 billion.

The major downside risk to the forecast presented here comes from the possibility of higher rates of inflation and a more precipitous drop in the housing market than has been built into the baseline forecast.

The drop-off in the housing market this year will not derail the U.S. economy, although it has slowed the pace of expansion. Positive trends in oil prices, the federal deficit, business fixed investment, and the world economy are boosting the growth of production in the fourth quarter (Q4) and are expected to ensure a growth rate of over 3% for the year as a whole. While **housing** remains a key concern, the longer-term threat to the economy comes from the rising indebtedness of households, the continuing increase in the U.S. current account deficit, and projected revenue shortfalls in the federal budget.

The pace of spending in the U.S. economy has slowed in recent months. Trends in the four components of aggregate demand are shown in Table 1 (lines 2, 4, 8, and 9). Total real **consumer expenditures** (line 2) grew just 2.6% in Q2 -- and consumer expenditures on durable goods dropped -- while at the same time consumer credit outstanding (line 3) rose 6.0% (2.0% in real terms). For the year as a whole, household spending on consumer items has grown about 3.2%, while indebtedness has soared to new heights. Some moderation in the growth rates of consumer spending and debt accumulation is forecast for 2007 and 2008.

Table 1. **TRENDS IN SELECTED NATIONAL ECONOMIC INDICATORS**

(Billions of Constant Dollars and Average Annual Percentage Change Unless Otherwise Indicated)

Description	2006	2006	2006	2006	2007	2007
	Q1	Q2	Q3	Q4 ^P	Q1 ^P	Q2 ^P
1. Gross Domestic Product (2000\$)	\$11,316	\$11,388	\$11,433	\$11,496	\$11,575	\$11,640
(% change)	5.5	2.5	1.6	2.2	2.8	2.2
2. Consumer Expenditures (2000\$)	\$8,004	\$8,055	\$8,116	\$8,180	\$8,241	\$8,286
(% change)	4.7	2.6	3.0	3.2	3.0	2.2
3. Consumer Credit Outstanding (Current\$)	\$2,304	\$2,339	\$2,358	\$2,381	\$2,394	\$2,403
(% change)	2.0	6.0	3.3	3.9	2.1	1.6
4. Gross Private Domestic Investment (2000\$)	\$1,964	\$1,969	\$1,959	\$1,933	\$1,920	\$1,929
(% change)	7.6	1.0	-2.0	-5.3	-2.7	1.9
5. Gross Fixed Nonresidential Inv (2000\$)	\$260	\$272	\$281	\$287	\$293	\$301
(% change)	20.6	29.7	19.1	11.2	8.3	8.4
6. Gross Fixed Residential Inv (2000\$)	\$609	\$591	\$563	\$534	\$509	\$492
(% change)	-0.5	-11.7	-18.9	-20.4	-18.6	-13.4
7. Housing Starts, Millions	2.12	1.87	1.74	1.65	1.60	1.57
(% change)	12.3	-47.2	-29.3	-20.2	-12.7	-5.4
8. Government Purchases (2000\$)	\$1,987	\$1,991	\$2,001	\$2,010	\$2,028	\$2,031
(% change)	4.8	0.8	1.9	1.8	3.7	0.6
9. Net Exports of Goods & Services (2000\$)	-\$637	-\$624	-\$640	-\$623	-\$611	-\$603
(% change)	0.0	7.8	-10.1	10.4	7.9	5.2
10. Index of Industrial Production	110.8	112.6	113.6	113.7	114.3	115.0
(% change)	5.0	6.4	3.6	0.6	2.2	2.3
11. West Texas Intermediate Oil (\$ per barrel)	\$63.35	\$70.57	\$70.50	\$60.33	\$63.25	\$64.00
(% change)	21.9	45.6	-0.4	-57.7	19.4	4.7

P= Preliminary or projected.

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

SOURCE: Global Insight, Inc., November 2006.

Consumer debt is expected to grow more rapidly than consumer spending until the end of the holiday season, but then households will again begin chipping away at their accumulated debts -- a problem which has become a long-term struggle for many families. **Household debt**, including mortgages outstanding, recently reached 120% of after-tax income, more than twice the level of 30 years ago and the highest level ever measured. Much of this increase has been in the past five years, which saw a 42% increase in real indebtedness. Currently, 14% of after-tax income is going to debt service payments. This squeeze on consumers' income is likely to continue: average real wages are lower than in 2001, despite a 14.7% increase in productivity, and real median household incomes have fallen for five years in a row (Mishel and Eisenbrey 6/06).

While consumer spending may be losing some pizzazz, the slowdown in **gross private domestic investment** (line 4) has been even more dramatic. After rising at an annual rate of 7.6% in Q1, gross investment only managed a 1.0% increase in Q2, and even fell in Q3 as gross fixed residential investment (line 6) plummeted 19%. Strong increases in nonresidential fixed investment (line 5) over the course of the year have prevented a collapse of investment: business spending on nonresidential construction and equipment grew 14% in Q1, 4% in Q2 and 10% in Q3. Nonetheless, the slow growth of consumer and business demand is impacting industrial production (line 10), which is expanding only at a snail's pace in Q4.

Weakness in the housing market will continue until at least mid-2007, holding down the overall pace of investment. Rising

inventories of unsold new homes have resulted in a sharp drop in builders' confidence, which fell to its lowest level in 15 years. Global Insight predicts that the number of **housing starts** (line 7) will fall over the next two quarters, bottoming out and then rising again in the second half of 2007.

Government expenditures (line 8), which have shown little growth since Q1, are forecast to bump up briefly at the start of 2007. However, for 2007 as a whole, government expenditures are predicted to rise only 1.5%, led by growth in state and local government spending of 1.9%. Federal defense spending is expected to grow by only \$4.2 billion, based on the assumption that the U.S. will not be escalating its military involvement in Iraq.

Net exports (line 9), the remaining component of aggregate demand, have finally begun to show noticeable improvement, with exports of goods and services growing more rapidly than imports in the first half of 2006. In Q3, the trade deficit worsened again, with

the current account deficit (which includes income flows on investments as well as net exports) hitting a record \$900 billion, but underlying trends point to further improvement in net exports over the coming months, which will positively impact industrial production (line 10).¹

A strong world economy, with China and South America in the lead, will push up demand for U.S. exports, while the **falling value of the dollar**, besides encouraging exports, will also reduce U.S. import demand. The growth rate of global production, which averaged about 3.9% this year, will slow only slightly to 3.2% in 2007 and 3.3% in 2008. The price of the U.S. dollar to our major trading partners dropped an estimated 1.8% in 2006, and Global Insight projects a further fall of 7.4% in 2007 and of 3.9% in 2008.

Inflation Moderates

Energy prices dropped in the third quarter, providing welcome relief to consumers and producers. The price of West Texas Inter-

Table 2. **U.S. ECONOMIC FORECAST 2006-2009**
(Percent Change)

	2006	2007	2008	2009
U.S. Gross Domestic Product (GDP)	6.3	4.6	5.1	5.3
Real GDP	3.3	2.4	3.1	3.3
GDP Price Index	2.9	2.2	1.9	1.9
Real Gross Domestic Investment	4.8	-1.4	3.4	4.7
Establishment Employment	1.4	1.1	1.3	1.5
Manufacturing	-0.1	-0.8	-0.7	-0.3
Contract Construction	2.9	-2.0	-0.5	1.6
Transportation, Utilities	0.6	0.7	1.9	1.2
Wholesale, Retail Trade	0.4	0.5	1.7	0.8
Finance, Insurance, Real Estate	2.2	0.5	0.8	1.1
Health & Social Services	2.4	2.2	1.7	1.8
Business & Professional Services	2.7	2.7	3.9	4.2
Leisure & Hospitality	2.1	2.4	1.9	1.8
Government	0.8	1.2	0.6	1.3
Unemployment Rate	4.6	4.8	4.9	4.7
Personal Income	7.2	5.4	5.3	5.9
Consumer Price Level	3.3	2.1	1.9	1.8
Prime Rate	8.0	7.9	7.5	7.7

SOURCE: Global Insight, November 2006.

mediate oil was down to \$59 per barrel in October. As a result, producer prices for finished goods, which had shot up 4.4% in Q2, rose only 0.4% in Q3, and the **consumer price index** (CPI), up 5.0% in Q2, increased at a slower 2.9%. The CPI, in fact, is forecast to drop by 1.9% in Q4.

Overall, the CPI has increased about 3.3% this year. The core CPI, which excludes energy and food prices, has been running at 2.4%, which is outside of the 1-2% zone preferred by the **Federal Reserve**. The slower economic pace will lessen inflationary pressures, but the Fed is concerned by signs that the labor market is tightening and that productivity gains are weakening. The employment cost index (total compensation) rose 3.6% in Q3 and productivity was unchanged, marking the third time in the past four quarters that it has risen by 1.2% or less. Given these mixed economic signals, it is not expected that the Federal Reserve, which held the federal funds rate at 5.25% in October, will cut rates any time soon.

Long-Term Imbalances

The rising indebtedness of households, the continuing increase in the U.S. current account deficit, and projected revenue shortfalls in the federal budget are all indicative of long-term problems that have the potential to disrupt the nation's economic pace. Legislative action to address **revenue shortfalls** is on the Congressional agenda – bills will be proposed both to cut spending and to increase revenues. Although, as usual, spending increases and tax cuts will also be proposed, expect some improvement in projected federal deficits. Bills to increase the minimum wage, to reduce health care costs, to increase the affordability of college, to improve pay equity, to expand alternative energy sources, and other proposals could potentially improve the financial positions of households and/or the U.S. current account. All three deficits bear watching over the forecast period.

Economic Forecast for 2007 - 2009

The growth rate of real gross domestic product (GDP) will continue to be a moderate 2.3% to 2.6% over the next four quarters, resulting in a 2.4% increase in GDP in 2007. After consumers regroup, and the lull in the housing market ends, the pace will pick up, and the **growth rate of GDP** will reach 3.1% in 2008 and 3.3% in 2009, according to Global Insight. Table 2 gives the figures.

Employment growth will be a bit stronger in 2007 than the GDP forecast might seem to indicate. With only a brief slowdown in housing expected and the economy healthy otherwise, most sectors will continue to add workers. Layoffs are predicted only in construction, due to the housing downturn, and, to a lesser extent, in manufacturing, where higher productivity is making it possible to expand output with fewer workers. Several sectors, including business & professional services, leisure & hospitality, and health & social services, will add workers at rates of over 2.0%. Transportation & utilities, wholesale & retail trade and finance, insurance & real estate will show more modest increases of 0.5% to 0.7%.

The unemployment rate is likely to rise slightly, to 4.8% in 2007 and 4.9% in 2008, and then drop back to 4.7% in 2009. The growth rate of **personal income**, which climbed 7.2% this year, will slow in 2007 and 2008 before recovering to a 5.9% growth rate in 2009.

Consumer prices, which actually dropped for a brief spell this fall, are forecast to rise only 2.1% in 2007, and at even lower rates in 2008 and 2009.

With the Federal Reserve predicted to begin rate cuts in the spring of 2007, the **prime rate** is predicted to fall from an average rate of 8.0% this year to 7.9% in 2007 and 7.5% in 2008.

Alternative Scenarios

Global Insight's baseline forecast, and its alternative pessimistic and optimistic forecasts, are shown in Table 3.

Table 3. **ALTERNATIVE SCENARIOS AND PROBABILITIES FOR NATIONAL ECONOMIC FORECAST**

	2006	2007	2008	Probability
Baseline	3.3	2.4	3.1	60%
Pessimistic	3.2	1.1	1.7	20%
Optimistic	3.3	2.9	3.9	20%

SOURCE: Global Insight, November 2006.

On the positive side, there is a **20% probability** that the economy will grow more rapidly than anticipated. Global Insight lists six possible reasons why this could happen. 1. Productivity levels could grow more rapidly than assumed in the baseline forecast: there are several sectors, including health care, which haven't taken full advantage of new information technologies. Research and development expenditures have been strong, and it is difficult to predict how rapidly new products will affect the market. 2. It is also possible that foreign economic growth could be stronger than predicted, with a positive effect on the U.S. trade gap. 3. Business investment could be stronger, given that it is low by historical standards. 4. The Congress could more effectively address the federal deficit, or a stronger economy could bring the national budget closer to balance. 5. A stronger economy due to any of the factors listed would also bring better growth of jobs and income, further accelerating growth. 6. Finally, energy prices could be lower than expected.

All of these more positive assumptions push the predicted growth rate of GDP up from the baseline forecast of 2.4% in 2007 and 3.1% in 2008 to a significantly higher 2.9% in 2007 and 3.9% the following year.

The **major downside risks** to the base forecast comes from the 20% probability of higher rates of inflation, lower rates of productivity growth, and a more precipitous drop in the housing market than is currently expected. The present upward pressures on energy prices and downward pressures on the dollar (which increases the price of imports)

will quickly translate into higher rates of inflation if the world situation changes adversely.

Currently the economy appears to have absorbed the higher cost of energy, and the Fed is counting on excess capacity in the economy and strong productivity gains to enable producers to meet rising demand without any further pressure on prices. The slower growth rate of GDP has also lessened inflationary pressures.

However, if foreign investors become spooked by the U.S. current account deficit and decide to shift from the dollar, or if unrest in the Middle East pushes up the price of oil, **inflation** would accelerate. The Fed, then, at some point would move to raise interest rates. If, at the same time, productivity gains are lower, the pressure on profits would further increase, and investments and hiring would slow. These changes would hurt consumer confidence, and the economy could move towards recession. Nonetheless, economic fundamentals would remain sound and U.S. exports would be rising, so that, as opportunities presented, business investment would swing upward and the economy move back on track.

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

Notes

1. The balance on U.S. capital account, which measures net investment abroad, has been worsening as purchases of assets in the U.S. by foreigners outpaces U. S. purchases of assets abroad. This imbalance is of concern to the extent that foreign investors show a greater propensity to take their earnings on U.S. investments outside of the country. Such outflows of U.S. dollars add to pressure on the U.S. balance of payments.

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MISSISSIPPI ECONOMIC OUTLOOK: COUNTDOWN TO TAKE-OFF

Incomes rose sharply in the state in 2006, while output and employment showed moderate growth. Double-digit increases in retail sales, spurred by spending on the recovery from Hurricane Katrina's devastating hit last summer, have contributed to soaring tax revenues.

Retail sales in the twelve months after Hurricane Katrina were 19% above pre-storm levels. Total general fund collections for the first quarter of FY2007 rose a stunning 20%, with sales tax revenues up 22% and the individual income tax up 18%. Collections for FY2006 were also strong, with revenues 10% higher than in FY2005.

Casinos on the Coast have staged a remarkable comeback: both revenues and gaming employment were back to pre-Katrina levels by October of this year.

Although the employment picture in the greater Gulfport-Biloxi and Pascagoula areas has been improving, the number of persons employed in these coastal MSAs this September remained lower by 9% than in August of 2005.

The bulk of rebuilding on the Coast lies ahead. Despite the severe damage to over 14,000 occupied housing units from Hurricane Katrina in the three coastal counties, fewer than 2,000 building permits for new housing units were issued from November 2005 through July 2006 for that region.

The increase in employment for the state as a whole will be slightly under 1% in 2006. With the pace of reconstruction gradually picking up steam, employment growth in 2007 is expected to exceed that of the rest of the nation.

Personal income in 2006 is expected to post a rate of increase of just over 7%, fueled by reconstruction activity. In 2005, a 31% drop in property income was more than offset by huge inflows of insurance payments and federal and private assistance, estimated at \$35 billion.

Consumer confidence in the state rose sharply at the beginning of the year, dropped somewhat mid-year, but turned up again in the fall. Business confidence levels are positive, and have risen steadily since last winter.

Mississippi's economy is back on track, after being slammed by Hurricane Katrina on August 29, 2005. The state's three coastal counties, which account for about 15% of the state's employment and population, are slowly recovering. Statewide, output and employment have surpassed pre-Katrina levels, and a reconstruction boom is anticipated for the coming three to five years.

Gross state product (GSP) rose a moderate 2.5% in 2005, with effects of the

storm partially offset by ensuing recovery activities. **Personal income** managed a very respectable 4.9% rate of growth: a 31% drop in property income was more than offset by massive inflows of federal and private assistance. Inflows included those from private insurance companies, estimated at \$12.2 billion by Property Claims Service; private contributions for relief efforts, which have topped \$1 billion; and federal funds, which are approaching \$22 billion. (The U.S. Department of Commerce by convention

Figure 1a. Nonagricultural Employment

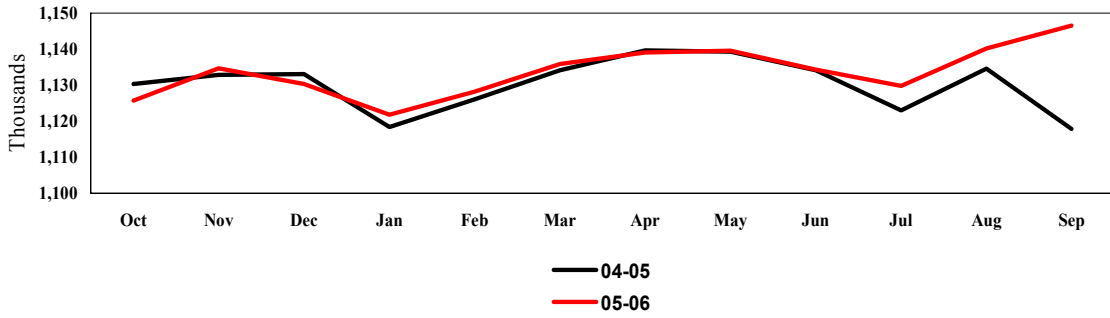


Figure 1b. Manufacturing Employment

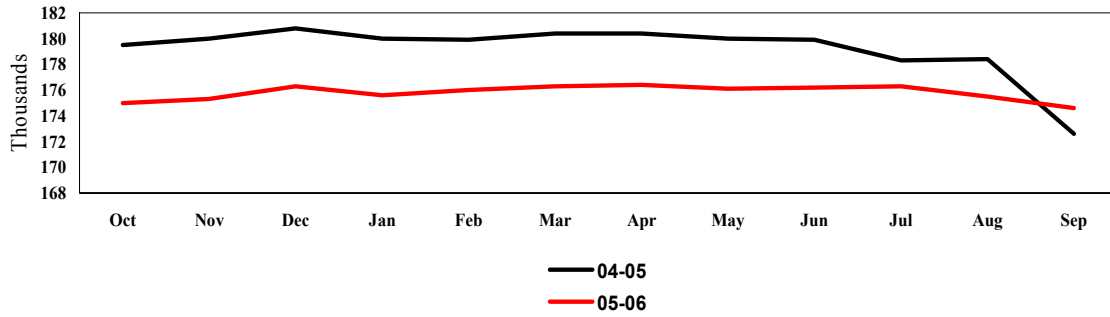


Figure 1c. Value of Building Permits

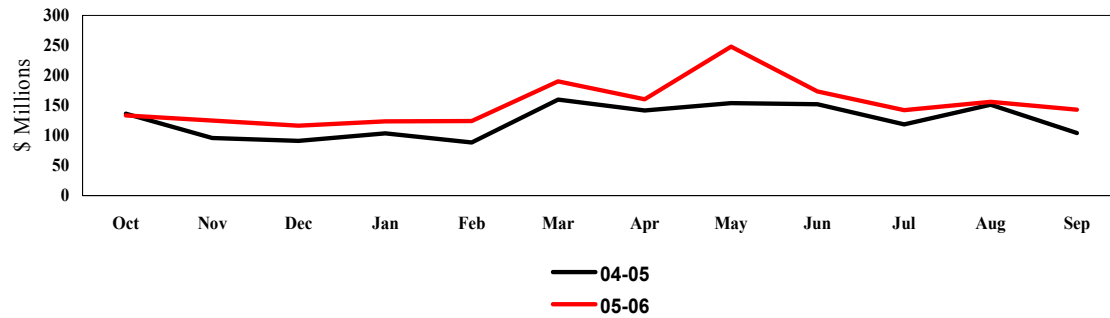


Figure 1d. General Fund Revenues

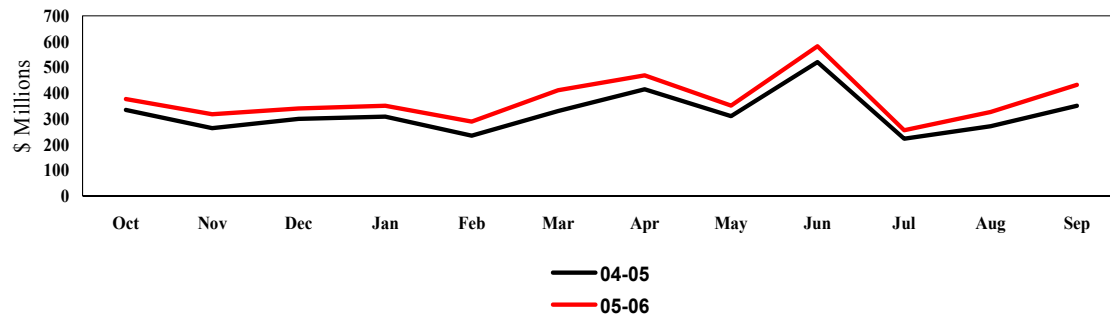


Figure 1e. Personal Income Tax Revenues

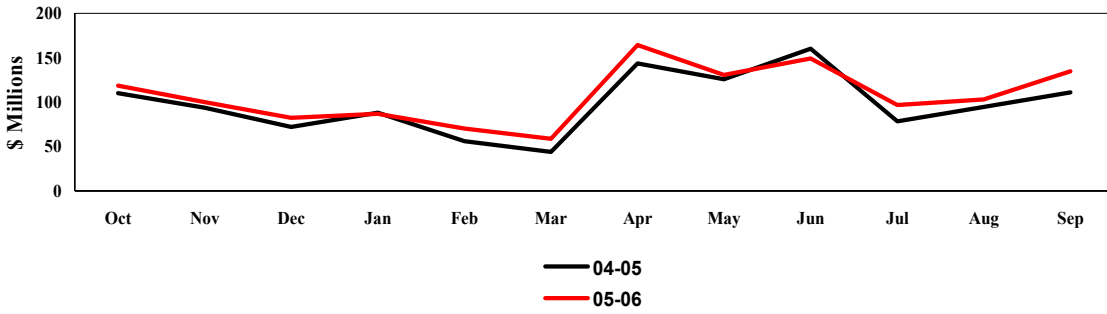


Figure 1f. Retail Sales

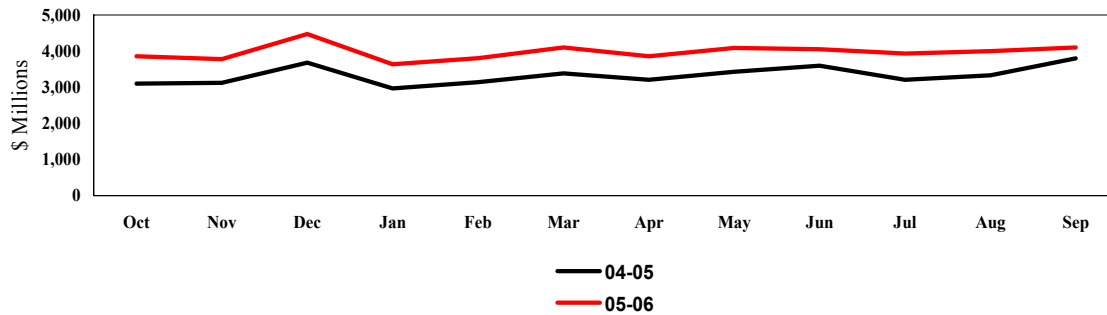


Figure 1g. Gaming Revenue -- Coast

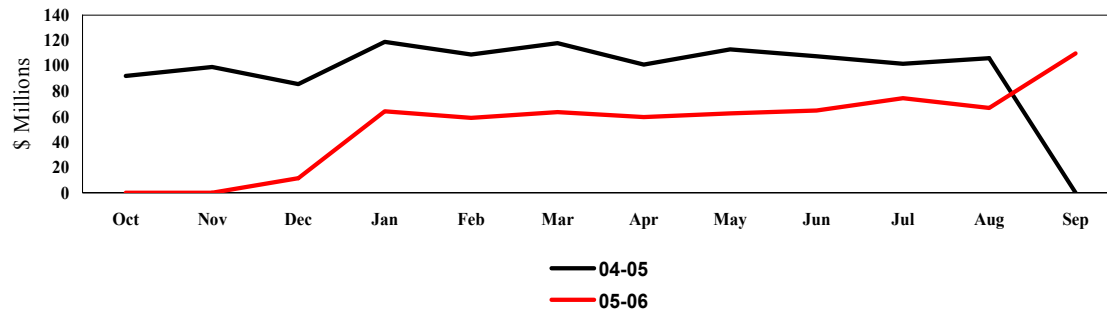
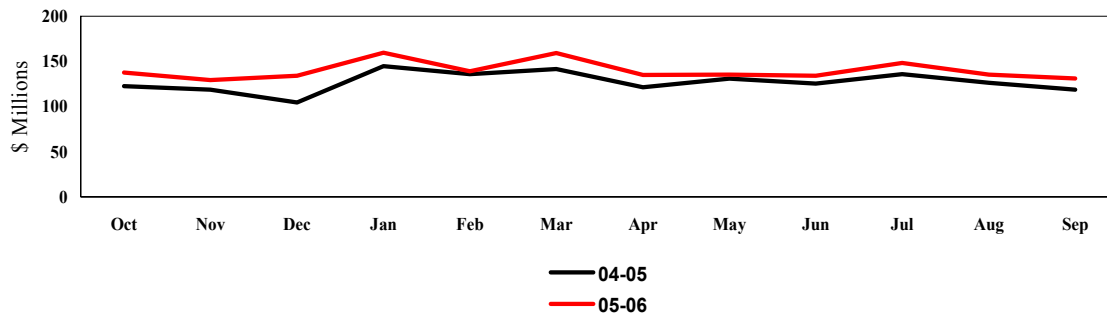
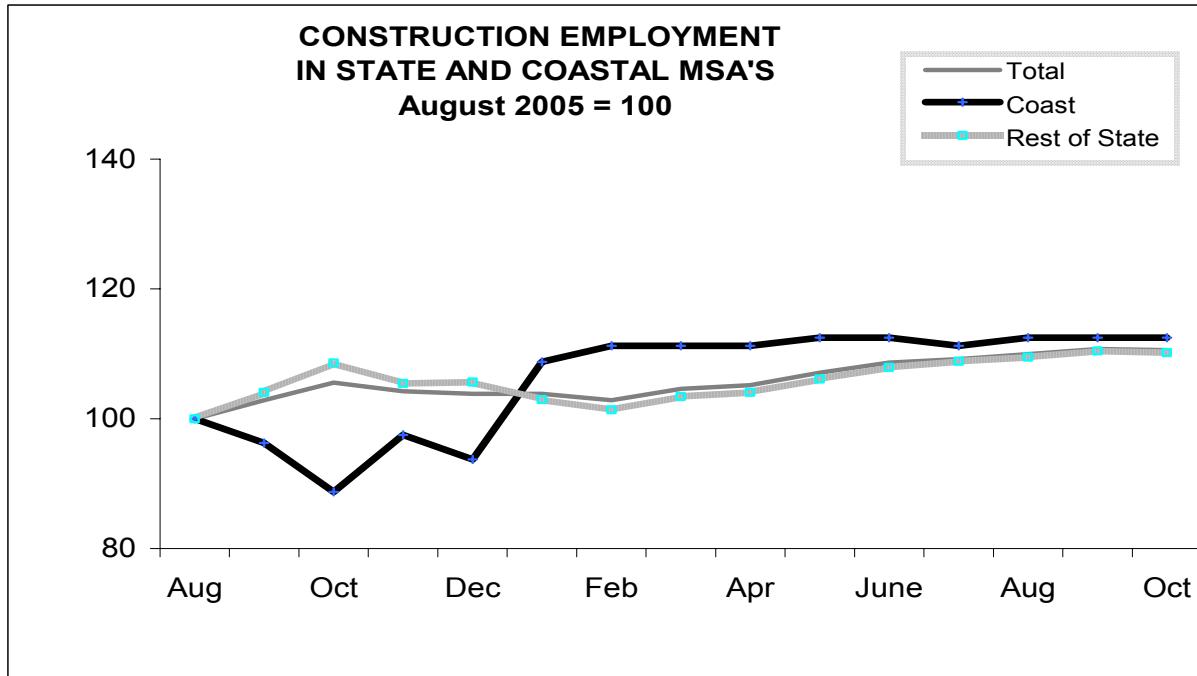


Figure 1h. Gaming Revenue -- River





SOURCE: Mississippi Center for Policy Research and Planning, November 2006.

credits such inflows to the quarter after a disaster, although they are in fact more spread out.)

The **employment** picture has been steadily improving. October brought the remarkable news that the number of persons employed in casinos was already above pre-storm levels, and that gaming revenues on the coast, as well, had fully recovered. No casino on the coast was in operation immediately after the storm.

Indicators Positive

Major economic indicators for the state are presented in Figures 1a through 1h. Total nonagricultural employment hovered just over year-ago levels from January to June of this year, as Figure 1a illustrates, but by July the increase over 2005 was widening. Overall, **payroll employment** is expected to be about 0.8% higher this year than last. The trends in manufacturing employment have not been as favorable (Figure 1b). While this sector has largely recovered from the impact of the hurricane on the coast, adverse national trends have brought cutbacks.

The value of **building permits** is up in comparison to last year, as is usual after a major disaster such as Hurricane Katrina (see Figure 1c), but the increase is not as great as would usually be expected, due to the slow start of residential rebuilding in the coastal areas, as we discuss below.

State revenue collections have increased dramatically since the hurricane (Figure 1d). Total general fund collections for FY2006 were up 10% over FY2005, boosted by expenditures on recovery. The state sales tax was up 17%, and the individual income tax up 7% (Figure 1e). Collections in the first quarter of FY2007 were up by a stunning 20%, with sales tax revenues up 22% and the individual income tax up 18%.

Retail sales in the twelve months after Hurricane Katrina were 19% above pre-storm levels (Figure 1f), with double-digit and even triple-digit increases concentrated in the southern counties of the state. Total **gaming revenues** for both Coast and Mississippi River casinos in September were above the levels of August 2005.

Table 1. MISSISSIPPI EMPLOYMENT BY SECTOR

	Jan - Sep 2006	Jan - Sep 2005	Number Change	Percent Change
Residence Based Amounts				
Civilian Labor Force	1,319,700	1,348,040	(28,340)	(2.1%)
Unemployed	103,690	102,640	1,050	1.0%
Rate	7.9	7.6	0.9	xxxx
Establishment Based Amounts				
Total Nonfarm	1,135,160	1,129,710	5,450	0.5%
Goods Producing	240,670	238,170	2,500	1.0%
Natural Resources & Mining	8,980	8,670	310	3.6%
Construction	55,800	50,620	5,180	10.2%
Manufacturing	175,890	178,880	(2,990)	(1.7%)
Durable Goods	116,230	117,200	(970)	(0.8%)
Wood Product Mfg.	13,990	13,180	810	6.1%
Fabricated Metal Products	10,780	10,840	(60)	(0.6%)
Machinery Manufacturing	12,110	12,440	(330)	(2.7%)
Electrical Equipment Manufacturing	5,390	4,860	530	10.9%
Transportation Equipment	27,910	29,070	(1,160)	(4.0%)
Motor Vehicle Parts	7,130	7,500	(370)	(4.9%)
Ship and Boat Building	13,360	14,220	(860)	(6.0%)
Furniture and Related	26,820	27,470	(650)	(2.4%)
Non-Durable Goods	59,660	61,680	(2,020)	(3.3%)
Food Manufacturing	25,970	26,730	(760)	(2.8%)
Animal Slaughtering	18,670	19,510	(840)	(4.3%)
Paper Manufacturing	5,630	5,590	40	0.7%
Plastics and Rubber	8,610	9,110	(500)	(5.5%)
Trade, Transportation, and Utilities	224,770	220,120	4,650	2.1%
Wholesale Trade	34,980	35,140	(160)	(0.5%)
Retail Trade	141,410	138,040	3,370	2.4%
Utilities	8,020	7,840	180	2.3%
Transport & Warehouse	40,360	39,090	1,270	3.2%
Information	13,880	14,390	(510)	(3.5%)
Telecommunications	7,100	7,380	(280)	(3.8%)
Financial Activities	46,060	46,240	(180)	(0.4%)
Finance and Insurance	34,210	34,130	80	0.2%
Insurance Carriers	11,370	11,310	60	0.5%
Real Estate and Rental	11,840	12,110	(270)	(2.2%)
Professional and Business Activities	90,200	86,380	3,820	4.4%
Professional, Scientific and Technical Services	32,640	32,110	530	1.7%
Management of Companies	9,420	9,630	(210)	(2.2%)
Administrative and Support	48,130	44,630	3,500	7.8%
Educational and Health Services	122,380	120,260	2,120	1.8%
Educational Services	15,870	15,860	10	0.1%
Health Care and Social Assistance	106,510	104,400	2,110	2.0%
Hospitals	29,030	28,900	130	0.4%
Nursing and Residential Care	22,070	21,760	310	1.4%
Leisure and Hospitality	117,090	125,810	(8,720)	(6.9%)
Arts, Entertainment, and Recreation	11,590	13,180	(1,590)	(12.1%)
Amusement, Gambling	10,280	12,300	(2,020)	(16.4%)
Accommodation	28,720	36,440	(7,720)	(21.2%)
Food Services and Drive Ins	76,780	76,190	590	0.8%

Table 1. MISSISSIPPI EMPLOYMENT BY SECTOR (continued)

	Jan - Sep 2006	Jan - Sep 2005	Number Change	Percent Change
Other Services	37,520	37,390	130	0.3%
Government	242,600	240,960	1,640	0.7%
Federal Government	25,740	25,470	270	1.1%
State Government	58,770	59,240	(470)	(0.8%)
State Govt. Education	20,760	20,760	0	0.0%
Local Government	158,090	156,240	1,850	1.2%
Local Govt Education	84,180	83,130	1,050	1.3%

SOURCE: Mississippi Employment Security Commission, October 2006. 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.

Coast gaming revenues, which received a tremendous boost from the reopening of the Beau Rivage in the late summer, were 3.7% above the levels of August 2005 this September (Figure 1g), while River gaming, which was largely unaffected by the storm, posted revenues that were 3.7% higher than a year ago (Figure 1h).

Consumer confidence in the state rose sharply at the beginning of the year, dropped somewhat mid-year, but turned up again in the fall. **Business confidence** levels have been positive and rising steadily since last winter, as reported in *Mississippi's Business*.

Trends in Employment

Employment in the first eight months of 2006 was up only 0.2% in comparison to the same period in 2005, in large part because the number of persons employed in the two coastal MSAs remained 10.5% below 2005 levels (as of August). September payroll employment, however, was 2.6% above year-ago employment levels in the immediate aftermath of the storm. As a result, year-to-date employment through September was 0.5% above the corresponding 2005 level, as Table 1 shows. The state **unemployment rate**, which stood at 9.5% in September 2005, was down to 6.8% twelve months later.

About 5,450 more persons were employed in the first three quarters of 2006 than during the same period in 2005. **Employment increases** were concentrated in construction, up 10%, and in administration & support, up 8%. The latter category includes temporary workers, who have been employed in large numbers in debris removal and other tasks on the coast. Other major industries that added sizeable numbers of employees include retail trade, which hired 3,370 more workers; health care & social assistance, 2,110; and transportation & warehousing, 1,270. Two major industries in durable manufacturing also employed more workers, namely wood products and electrical equipment; but, overall, employment in both durable and nondurable manufacturing dropped.

Employment in **leisure and hospitality** was down 6.9%. With employment in gambling back to pre-Katrina levels as of October, the only component of leisure and hospitality employment yet to recover is accommodation employment. By 2007, employment in this sector is forecast to be above pre-storm numbers.

Government employment was up 0.7%, although state-level government employment fell by 470 jobs. The number of federal employees in the state increased 1.1%, despite

Table 2. **MISSISSIPPI TOTAL EXPORTS AND MAJOR TRADING PARTNERS 2004-2005**
Numbers are in thousands (\$)

Partner	2004	2005
World Total	\$3,179,374	\$4,007,571
Canada	718,452	896,051
Mexico	466,153	535,071
Belgium	242,331	228,208
Saudia Arabia	16,050	226,876
United Kingdom	110,051	196,963
United Arab Emirates	11,374	188,975
China	116,014	164,793
Germany	70,445	91,652
Singapore	38,569	73,720
Guatemala	70,411	71,492

SOURCE: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, 2006.

the fact that Naval Air Station in Pascagoula was shut down on November 15, costing the state an estimated 131 military jobs and 95 civilian jobs. The Naval Air Station is the first military facility in the state to be eliminated in a base-closing.

Exports Hit All-Time High

Mississippi exports in 2005 were up 26% over 2004, reaching an all-time high of over \$4.0 billion. **Top export markets** were Canada, Mexico, Belgium, Saudi Arabia and the United Kingdom, as shown in Table 2. Leading exports were transportation equipment at \$804 million; chemical manufactures, \$699 million; paper products, \$429 million; machinery manufactures, \$345 million; and computers & electronic products, \$278 million. Total value of manufacturing shipments from the state was \$43.9 billion in 2004, according to the Census *Annual Survey of Manufactures*, which means that exports are approaching 10% of total shipments.

The Coast Rebuilds

Over 15,600 owner-occupied homes were largely destroyed by **Hurricane Katrina**, and another 45,800 suffered major damage. The table in the appendix provides more detail. Most casinos on the coast were demolished, as well as thousands of other business and

government structures. While casinos, larger corporations and governmental entities appear to have access to adequate funding, support for **affordable housing** and for small businesses remains a problem. Rebuilding the housing stock has become a priority: housing is critical not only to residents who wish to remain on the coast, but also to businesses who are finding that the lack of affordable housing is hurting their recruitment efforts. The following figures show that the rebuilding of housing has been off to a slow start:

- Only 1,639 building permits for new single family homes and only 30 permits for new multi-family buildings were issued from November 2005 through July 2006 for the three coastal counties although over 14,000 occupied housing units suffered severe damage (defined as a loss of 50% or more of value). (*Treen Permit Report.*)
- An estimated 97,000 Mississippians were still living in trailers and mobile homes provided by FEMA as of August 2006 (Governor's Office, *Report*, 8/29/06);
- Construction employment in the five counties comprising the MSAs of Biloxi-Gulfport and Pascagoula was no higher this September than in February 2006. Trends in

construction employment are shown in Figure 2. (The two MSAs are comprised of the counties of George, Hancock, Harrison, Jackson and Stone.)

The slow pace of residential rebuilding is due largely to **uncertainties** regarding sources of funding and to uncertainties regarding what requirements must be met. The Legislature established new building codes for coastal counties this year, and towns along the coast have enacted new elevation requirements. Zoning and other building-related regulations are in flux. There are also shortages of workers, particularly of skilled workers, and costs are rising.

While homeowners have largely settled with insurance companies, several are contesting settlement amounts, and others are waiting to see how much assistance they will receive under the Hurricane Katrina Homeowner Grant Program.

Homeowner Grants and Rental Housing Programs

The Mississippi Development Authority is administering the Hurricane Katrina Home-

owner Grant Program (see the following: www.mshomehelp.gov), which is funded by \$5.058 billion in Community Development Block Grants provided by Congress. Approximately 13,000 homeowners qualified for Phase I of the program and are in the process of receiving their **grants of up to \$150,000**. Phase I serves residents who had homeowner's insurance at the time of the event and whose homes were located outside the floodplain and were flooded as a result of Hurricane Katrina. As of mid-November, just over 5,000 checks had been issued under Phase I and another 7,500 checks were expected to be issued shortly. In exchange for this grant, the homeowner agrees to rebuild to the International Residential Building Code, the Advisory Base Flood Elevation maps and to maintain flood insurance on the property.

Phase II, which began this fall, is designed to help 7,000-10,000 low to moderate income homeowners (with incomes under 120% of the Area Median Income) whose homes were damaged by the storm surge but were not eligible for Phase I of the homeowner grant program. Such homeowners can qualify re-

Table 3. **ECONOMIC FORECAST FOR 2006-2008**

	2006	2007	2008
Mississippi			
Gross State Product (Percent Change)	5.8	5.2	4.6
Real Gross State Product (Percent Change)	2.9	3.1	2.8
Price Level (Percent Change)	2.8	2.1	1.7
Establishment Employment (Percent Change)	0.8	1.3	1.2
Unemployment Rate	7.7	6.6	6.3
Personal Income (Percent Change)	7.1	6.0	5.4
Consumer Price Level-South (Percent Change)	3.3	2.1	2.1
United States			
Gross Domestic Product (Percent Change)	6.3	4.6	5.1
Real Gross Domestic Product (Percent Change)	3.3	2.4	3.1
Price Level (Percent Change)	2.9	2.2	1.9
Establishment Employment (Percent Change)	1.4	1.1	1.3
Unemployment Rate	4.6	4.8	4.9
Personal Income (Percent Change)	7.2	5.4	5.3
Consumer Price Level-South (Percent Change)	3.3	2.1	1.9

SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, November, 2006. Global Insight November, 2006.

regardless of whether they were uninsured or under-insured and regardless of whether their homes were inside or outside the flood plain. Under this program, homeowners can receive a **subsidy of up to \$50,000** to fill the gap between the cost to rebuild/repair and the homeowner's ability to pay. This subsidy is also available to homeowners who choose to sell the damaged property and relocate somewhere else within the lower six counties in Mississippi. To be eligible for the subsidy, the homeowner must agree to stay in the home for at least five years, either on the pre-Katrina site or in the relocated home. An additional subsidy is available to homeowners with disabilities or special needs.

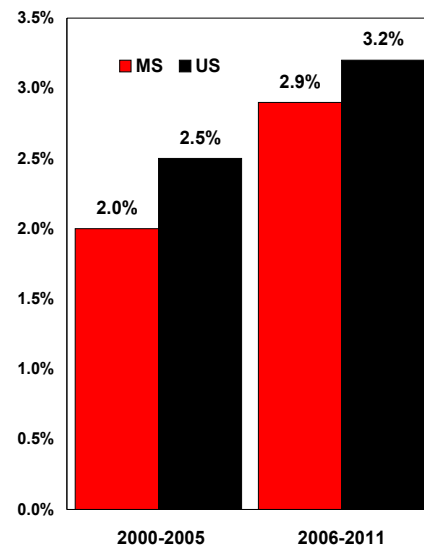
Some of the federal block grant will be used to assist in expanding the supply of rental housing:

- \$100 million will go to **public housing** authorities to rebuild and/or repair units that target persons or families who earn 60% or less of the area's median income.
- \$125 million will be available to owners of 10 or fewer **rental units** who agree to terms of the program, aimed at providing housing to persons with incomes of less than 120% of the area's median income.
- \$35 million will be provided annually in **Low Income Housing Tax Credits** in 2006 to 2008 by the Mississippi Home Corporation in order to encourage the construction of rental housing.

Other federally-funded initiatives are also underway, including \$117 million to enable the Mississippi Home Corporation to offer **below-market mortgage rates**, and \$500 million for water and wastewater **infrastructure** to enable construction further inland. While these programs will provide a major boost to rebuilding housing on the coast, local efforts by the public, private and nonprofit sectors will also be critical. See the accompanying article on a study of affordable housing by the RAND Corporation.

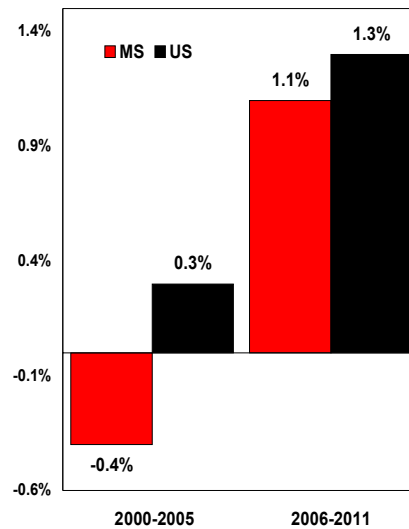
Other studies with policy recommendations for dealing with various aspects of the

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



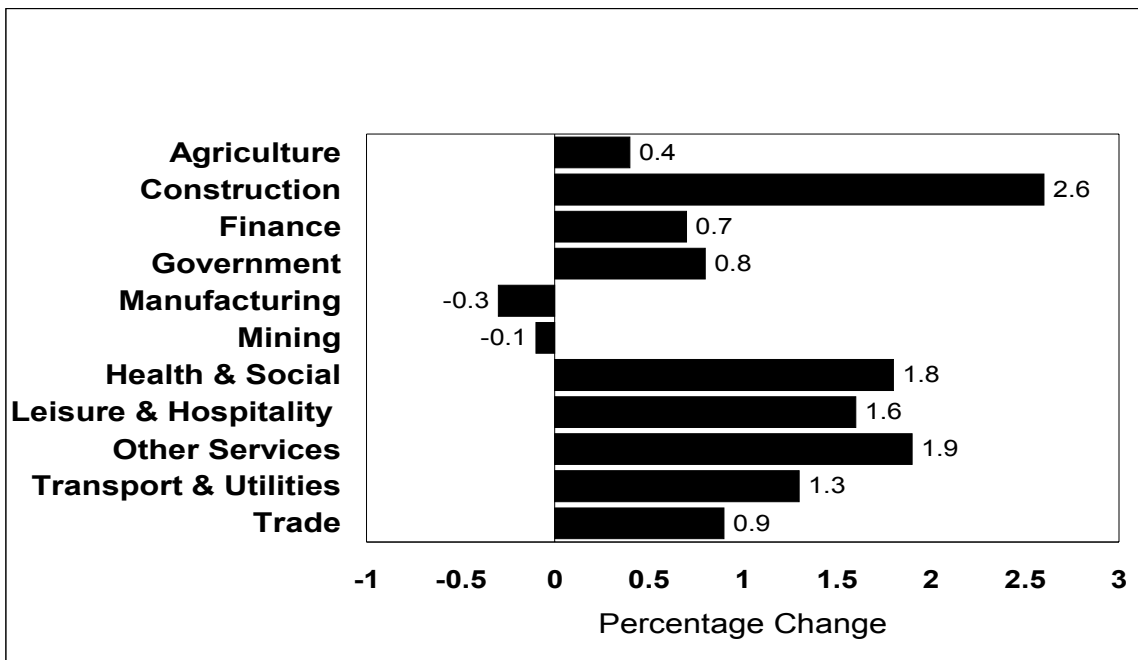
SOURCE: Mississippi Center for Policy Research and Planning, November 2006.

Figure 4. ACTUAL AND PROJECTED ANNUAL CHANGES IN EMPLOYMENT



SOURCE: Mississippi Center for Policy Research and Planning, November 2006.

**Figure 5. MISSISSIPPI EMPLOYMENT PROJECTIONS
AVERAGE ANNUAL GROWTH RATES 2006-2011**



SOURCE: Mississippi Center for Policy Research and Planning, November 2006.

effects of Hurricane Katrina have been completed nationwide, and the June issue of this *Review*, available online, provided a brief description of several of these, along with information on how they can be accessed.

Short-Term Outlook

The post-Katrina construction boom will spark an acceleration of economic growth in the state over the next three to five years, as the numbers in Table 3 show. **Gross state product** is expected to grow 2.9% in real terms in 2006, with a slightly higher growth rate forecast for 2007 as reconstruction efforts pick up. While activity levels will remain high in 2008, the growth rate is expected to slow somewhat, easing to 2.8%. Gradually, as rebuilding nears completion, there will be a return to the state's long-run growth path.

Employment growth, which has been under 1.0% in 2006, will increase to 1.3% in

2007 and 1.2% in 2008 as the number of persons employed on the coast reaches and exceeds pre-Katrina levels. The near double-digit growth in construction employment in 2006 will gradually slow over the next two years, as the availability of skilled workers limits the rate of expansion. The unemployment rate will decline from 7.7% in 2006 to 6.6% in 2007 and 6.3% in 2008.

As employment grows, the accompanying increase in wages, salaries and labor income will boost **personal incomes**, as will the recovery in property income. Overall, a growth rate of 6.0% in personal income is predicted for 2007 and of 5.4% in 2008, after a rate of just above 7.0% in 2006. Mississippi moved out of last place among the states in per capita income in 2005 as damage from Hurricanes Katrina and Rita put Louisiana in that spot. However, the U.S. Department of Commerce has already moved Louisiana ahead of Mississippi in its numbers for 2006.

In 2005, Mississippi's per capita income (\$24,912) stood at 72% of the national average; this year this figure is estimated to have improved to 73%, where it will likely remain over the forecast period.

The **rate of inflation**, which shot up to 3.3% in 2006 as a result of high energy prices, is already dropping and is expected to be down to 2.1% in both 2007 and 2008, as measured by the consumer price index for the South.

Five-Year Forecast

Despite the economic boost from recovery efforts, the growth rate of gross state product (GSP) will come in slightly below the U.S. average over the next five years. See Figure 3. GSP, which rose at an average annual rate of 2.0% from 2000-2005, will jump to a 2.9% rate from 2006-2011. But at the same time, the U.S. economy will pick up its average rate of growth, from 2.5% to 3.2%, and so remain ahead of Mississippi's pace. The story for employment is similar: while the state's average annual rate of employment growth will surge from a -0.4% to 1.1%, U.S. employment growth will rise from 0.3% to 1.3%. See Figure 4.

Employment growth by industry over the coming period is presented in Figure 5. Manufacturing, which employs 16% of the state workforce, is expected to continue to shrink, but at a much slower pace than the average -4.0% of the 2000-2005 period. The two other sectors that employ 15% or more of workers, retail/wholesale trade (16%) and government (22%), will grow at a moderate pace of just under 1.0%. The most rapid annual rate of increase will be in construction at 2.6% and in business & other services, 1.9%. The leisure & hospitality sector, which has had a remarkable recovery, will average a growth rate of 1.6% as reconstruction continues and new projects come on-line. Transportation and utilities will benefit from rebuilding activities, with an expected growth rate of 1.3%. Health & social assistance, which now accounts for 9% of employment, will pick up its pace of growth somewhat, to 1.8%, as baby boomers demand more health-

related services. The growth rate of agriculture, forestry and fisheries will be a positive, but modest, 0.4%, while employment in mining will remain stable or drop slightly.

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

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- U.S. Department of Health and Human Services. www.hhs.gov gives information on a waiver that lifts matching fund requirements for the \$2 million that the state receives in child care and development funds.

Appendix Table. HOUSING UNIT DAMAGE ESTIMATES
Mississippi Total Housing Unit Damage¹

	<u>Owner-Occupied Housing Units</u>				<u>Renter-Occupied Housing Units</u>				<u>TOTAL</u>
	<u>Insurance Status</u>				<u>Type of Structure Unit Located</u>				
	<u>Hazard & Flood</u>	<u>Hazard Only</u>	<u>No Insurance</u>	<u>Owner Subtotal</u>	<u>Single Family</u>	<u>Multifamily (<10)</u>	<u>Multifamily 10 or more</u>	<u>Renter Subtotal</u>	
Homes with flood damage									
Homes in FEMA 100 yr. fl. Plain									
Minor Damage	90	135	55	280	165	32	147	344	624
Major Damage	2,455	1,829	831	5,115	1,661	139	939	2,739	7,854
Severe/Destroyed	2,494	978	771	4,243	1,378	141	904	2,423	6,666
Subtotal	5,039	2,942	1,657	9,638	3,204	312	1,990	5,506	15,144
Homes outside 100 yr. fl. Plain									
Minor Damage	144	1,408	378	1,930	1,073	166	815	2,054	3,984
Major Damage	2,324	9,534	1,779	13,637	4,255	694	2,597	7,546	2,183
Severe/Destroyed	1,090	1,438	595	3,123	1,361	221	702	2,284	5,407
Subtotal	3,558	12,380	2,752	18,690	6,686	1,081	4,114	11,884	30,574
Homes with no flood damage (generally wind damage)									
Minor Damage	2,169	71,189	41,839	115,197	28,779	3,000	7,414	39,193	154,390
Major Damage	327	7,566	4,244	12,137	2,704	332	1,566	4,602	16,739
Severe/Destroyed	388	715	1,149	2,252	811	101	373	1,285	3,537
Subtotal	2,884	79,470	47,232	129,586	32,294	3,433	9,353	45,080	174,666
TOTAL	11,481	94,792	51,641	157,914	42,187	4,826	15,457	62,470	220,384

¹For definitions of damage categories (see note below).

Note: Severe damage according to FEMA is determined based on the cost of damage as a percentage of the value of the home - damage must be more than 50%, whether the damage is categorized as major or minor depends on the cost of making the home habitable again - not on the full cost of repairs. If the cost of making the unit habitable is equal to or greater than \$5,200, the damage is major; if less than \$5,200 it is classified as minor. Though in most cases there was an inspector at the site, the FEMA inspectors were not as detailed or precise as inspections made by the Small Business Administration (SBA) of a subset of homes whose owners met minimum income requirements and who applied for SBA loans. In Mississippi, the SBA inspected 10,641 homes with major damage and determined the median verified loss to be \$70,026. For homes with severe damage, the median was \$153,180.

SOURCE: U.S. Department of Housing and Urban Development, Office of Policy Development and Research. "Current Housing Unit Damage Estimates: Hurricanes Katrina, Rita and Wilma", 2/12/06, p. 12. Based on FEMA and Small Business Administration data.

RAND STUDY EXAMINES REBUILDING HOUSING ALONG THE MISSISSIPPI COAST

The RAND Gulf States Policy Institute, created in late 2005 to aid in the rebuilding of Mississippi, Louisiana and Alabama after Hurricanes Katrina and Rita, has completed Part I of its study addressing housing needs on the Coast. *Rebuilding Housing Along the Mississippi Coast*, available at www.rand.com, is based on work performed on behalf of the Governor's Commission on Recovery, Rebuilding, and Renewal. It offers suggestions to expedite implementation of recommendations in the Commission's report (available at www.mississippirenewal.com), and provides data on coastal housing pre-Katrina, but the bulk of the study summarizes the current state of knowledge regarding how to ensure an adequate supply of affordable housing after a disaster.

Key points:

- Define the challenge broadly. Develop the capacity to oversee and coordinate the efforts of the public, private and nonprofit sectors. Set specific goals -- for example: aim to provide housing within the area for a target percentage of low- to moderate-income workers employed locally (such as 60%, 90%).
- Reduce the cost of affordable housing. Alternative kinds of housing, including modular housing, are discussed. Several flexible financing plans are presented, as are options for reducing the cost of insurance based on the quality of construction and other factors. Developer set-asides and private finance initiatives are mentioned.
- Support the planning process with accurate information, made available to all involved in the process. What are the geographic distribution, number and characteristics of households requiring assistance? What is the quantity and condition of housing?
- Factor financial need, based on family income and wealth, into the distribution of recovery funds.
- Tap local knowledge, e.g. from nonprofit organizations, to identify needs and channel resources. Learn from best practices nationwide. Train local contractors to compete for affordable housing contracts. Streamline the institutional framework for issuing licenses and permits. Train local workers for construction-related jobs including building inspection.
- Mitigate future damages through appropriate building standards.

Of the points listed above, reducing the cost of affordable housing, and enhancing its supply, receives most of the study's attention.

In the study's conclusion, the authors stress that, while ideally the federal government will play a strong, supportive role in the recovery, in fact Mississippi itself will have the final responsibility. State and local government, private industry, community groups and nonprofit organizations will jointly determine the future of affordable housing on the Coast. New sources of funding must be found, since Federal funds alone will not be sufficient.

State and local housing trust funds are particularly recommended. As of 2005, more than 400 state and local housing trust funds had been established within the U.S., but none of them in Mississippi. These trust funds receive dedicated sources of public funds to support new construction of affordable housing, or related programs, such as rental assistance. Fees and taxes on real estate transfers, charges on developers, municipal hotel and property taxes, fees from landfill activities, sales taxes, lottery taxes, oil severance taxes and bonds are some of the sources of funding for these trusts.

NEWS & NOTES ON MISSISSIPPI BUSINESS PLANS

See www.mississippi.org and www.visitmississippi.org for more news on economic developments in the state.

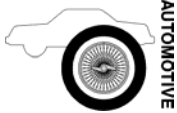
New and Expanded Facilities

Total investments of **\$2.6 billion** in new and expanded facilities were announced by the Mississippi Development Authority (MDA) for the ten-month period ending in October 2006, with most of these in non-manufacturing industries. About 6,100 jobs will be created as a result of the 397 projects.

The \$500 million reconstruction and expansion of the Beau Rivage Casino complex was the largest single investment cited by MDA. The Isle of Capri Casino in Biloxi and the Delta Blues Casino in Greenville also made the list of the **top 25 investments**, as did three condominiums planned for the Coast: Seaview Condominiums, Sienna on the Coast and Sea Breeze Condominiums.

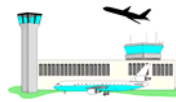


The largest job creator was the planned \$65 million **Capital City Convention Center**, to be located in Jackson. It is projected to provide employment for 700 persons. The second-largest job creator was the MINACT/Yates Logistic Center, which has plans to employ an additional 500 persons. The Logistic Center provides logistics and material handling services to the Nissan automobile assembly plant in Canton.



Four projects of over \$100 million were announced in addition to the Beau Rivage investment. Three of these are in **Madison County**: Reunion, Renaissance at Colony Park and Harbor Walk. These include office building construction, single-family houses, condominiums, hotels, a shopping center, golf course and country club. Entergy Mississippi is investing \$111 million in electric power generation and transmission.

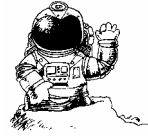
A new U.S. Courthouse is planned for \$96 million, to be located in Jackson. The University of Mississippi Medical Center is investing \$54 million in new facilities; and the Gulfport-Biloxi International Airport is planning a \$44 million expansion and renovation.



Manufacturing, Services and Research

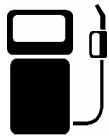
A new \$55 million manufacturing facility, ACCO Brands – Booneville, will produce cork products, school furniture and artists' equipment. Rolls-Royce is building a \$42 million Engine Testing Facility at the Stennis Space Center; and Heidtman Steel will build a 240,000-square-foot processing facility at Columbus.

NASA's Shared Services Center, also at the Stennis Space Center, plans to employ an additional 450 persons over the coming months, and Georgia-Pacific in Gloster and a new Wal-Mart in Hernando will add more than 300 new employees to state payrolls.



BearingPoint, Inc., in Hattiesburg, a computer software firm, plans to hire about 250 persons. Griffin, Inc. Armor Division at West Point and Raytheon Space and Airborne Systems will each employ an additional 100 or more persons.

Mississippi State University has been awarded an additional U.S. Department of Energy grant of nearly \$1 million to continue its work at its Micro Cooling, Heating and Power, and Bio-Fuel Center. The grant will be used to develop an **alternative energy** production system for use in residential, agricultural and small commercial buildings. Funding of \$3.8 million was previously provided to the Center.



Tourism

On the Coast, Fallen Oak, a Tom Fazio-designed golf course, opened in November, as part of the Beau Rivage complex. **The Ohr-O'Keefe Museum of Art**, designed by architect Frank Gehry, a \$32 million project, is slated to open late 2007, and Infinity, an earth and space museum at the Stennis Space Center, will open in early 2009.



The **Bacaran Bay Casino Resort**, a \$500 million complex opening fall 2008, will feature an 18-hole golf course, retail stores, gaming, convention and a marina. The Mississippi Coast Coliseum and Convention Center is expanding its meeting and exhibition space at a cost of \$68 million, with the new facilities expected to be available by 2009.

MISSISSIPPI WAGE GAP PERSISTS

Marianne Hill, Ph.D., with research assistance from LaRhonda Odom

The typical wage and salary employee in Mississippi earned \$28,211 in 2004. This represented an 11% increase in real purchasing power over a decade earlier, when the average annual wage was \$25,416 in 2004 dollars. However, the annual wage in 2004 was only 73% of the U.S. average, or slightly lower than in 1994 when it was 74%, according to the U.S. Bureau of Economic Analysis. Over the 1994-2004 decade, then, there was substantial improvement in real earnings, but no progress in closing the wage gap with the rest of the country.

This article looks at the wages paid in Mississippi's industries, and at recent industry trends in wages and employment. A few policy implications are presented in the concluding remarks.

The Wage Gap by Industry

Not all industries in the state have a wage gap with the rest of the nation – in fact, in several industries the average wage is higher than that for the country as a whole. Table 1 gives the numbers by major industry group. Forestry/fishing, mining, construction, specialty contractors, transportation/warehousing, health care/social assistance, arts/recreation, professional & technical services and accommodation & food are some of the industries here with a higher average wage than in the U.S. as a whole. Industries with wages that are below 90% of the U.S. average include manufacturing, information services, finance & insurance, and government (except federal).

Even though Mississippi pays higher annual wages in many industries, the state's average wage is relatively low, due in large part to two factors:

1. The large wage gaps in some higher-paying industries including manufacturing, information, finance & insurance and management of companies, all of which pay 73% or less of the U.S. average, and
2. The heavier concentration of workers here in industries that pay less than the \$28,174 state average wage, industries which include state & local government and accommodation & food services.

The sizeable wage gaps in manufacturing, information services, finance & insurance, management, educational services and state &

local government are indicative of the generally lower level of economic development in the state, which in turn is related to the skill levels of the population and to gaps in education and technology in the state.

Mississippi's technology gap, which affects worker productivity, products and processes of the state's industries, was explored in the June 1999 *Review*, which looked at research and development, patents, managerial expertise, and scientific and technical expertise within the state.

Educational gaps affecting skills and occupations were examined in a recent study of the Institute for Higher Education Policy, *Mississippi's Mandate*, and in two articles in the June 2005 *Review*.¹



Trends over Time

Table 2 examines industry trends in Mississippi from 2001 to 2004 at the four-digit level of disaggregation. The data cover the 92% of workers for whom employment and wage data at the four-digit level is available. (Data in Table 1 covers all wage and salary workers.) A change in government classification of industries beginning in 2001 makes it impossible to make accurate comparisons to earlier figures. However, the August 1996 *Review* includes a similar study of the 1989-1994 period.

About 35% of workers in Table 2 were in lower-paying industries in 2004, defined as industries paying an average annual wage less than or equal to 1.25 times the poverty level

Table 1. **AVERAGE ANNUAL WAGE MISSISSIPPI AND THE U.S., 2004**

Industry	Average Annual Wage		(1)/(2)
	Mississippi (1)	United States (2)	
TOTAL WAGE AND SALARY EMPLOYMENT	\$28,174	\$38,801	73%
Nonfarm wage and salary employment	28,211	38,890	73%
Private wage and salary employment	27,812	38,564	72%
Forestry, fishing, related activities	23,923	16,841	142%
Mining	45,947	44,979	102%
Utilities	55,983	69,139	81%
Construction	29,405	28,463	103%
Construction of buildings	30,935	32,797	94%
Heavy and civil engineering construction	31,318	41,399	76%
Specialty trade contractors	27,868	25,033	111%
Manufacturing	33,200	46,122	72%
Durable goods manufacturing	33,885	48,549	70%
Nondurable goods manufacturing	31,937	42,133	76%
Wholesale trade	40,083	48,937	82%
Retail trade	19,655	20,360	97%
Transportation and warehousing	34,492	31,909	108%
Information	35,666	53,420	67%
Finance and insurance	39,371	52,289	75%
Retail estate and rental and leasing	22,727	12,498	182%
Professional and technical services	41,018	41,031	100%
Management of cos. & enterprises	54,854	75,417	73%
Administrative and waste services	19,320	20,982	92%
Educational Services	19,874	24,695	80%
Health care and social assistance	31,992	31,591	101%
Arts, entertainment, and recreation	21,869	16,263	134%
Accommodation and food services	15,248	14,893	102%
Other services, except public admin	19,787	17,515	113%
Government and government enterpr.	29,529	39,115	75%
Federal, civilian	52,067	57,718	90%
Military	32,068	36,010	89%
State and local	26,605	36,698	72%
State	27,660	37,447	74%
Local	26,134	36,421	72%

SOURCE: U. S. Bureau of Economic Analysis, 2006.

wage for a family of four (\$19,157 in 2004).² Another 49% of workers were in medium-paying industries, which paid 1.25 to 2.0 times the poverty wage – that is, \$23,946 to \$38,314. The remaining 16% were in higher-paying industries (a percentage twice that found in

the 1996 study, when only 8% of wage and salary workers earned more than twice the poverty-level income).

Among the three industry groups, the one having the most rapid expansion of employment over the 2001-2004 period was

the higher-paying group. Industries with medium-paying jobs grew the least rapidly. Only the medium-paying industries among the three groups suffered a drop in the total number employed, although total employment in the state fell slightly from 2001 to 2004.

Consumer prices increased at an average annual rate of 2.2% over this three-year period, but the rate of wage increase managed to outpace inflation. The highest average annual rate of wage increase, 3.8%, was in the medium-paying industries, while higher-paying industries increased wages at an average rate of 3.3%, and the lower-paying industries at a 2.6% rate. Tables 12 and 13 in Appendix B at the back of this *Review* also provide data on wage trends by industry, and Table 4 in Appendix A gives employment projections for 2006 to 2011, as discussed in the article on Mississippi's Economic Outlook. Also, the appendix to this article provides a table with the wages of the top 25 occupations in the state.

What Do the Numbers Show?

Many large industries have had a rapid growth of employment over the 2001-2004 period, as Table 2 shows. In the higher-paying group, two of the largest industries were professional & technical services and ambulatory health care, both of which have been expanding rapidly. Among medium-paying industries, large and fast-growing industries include accommodation, health & personal care stores, and building materials & garden supply. Lower-paying but rapidly growing large industries include food services, administrative & support, nursing & residential care facilities, membership associations & organizations, educational services, social assistance and private households.



The rapid growth of these industries reflects trends that are common to the state and the nation. Most of these new jobs are in services; as is the case nationally, there is a rapid growth of demand for professional and technical services, many of which are related to health care. The increasing labor force participation rate of women is driving some of

the increased demand for food services and private household services seen in the table. As life expectancy increases and working women are less able to care for elderly relatives, there has been an increase in the number of persons in assisted living situations and a consequent increase in demand for workers in that field. The rising mobility of the population, linked to the nationalization and internationalization of business, all lead to increased demand for accommodations. A more mobile population tends to display more interest in membership associations, as distance from family and relatives grows. The growth of tourism is tied to population mobility and other factors such as the increasing number of retirees; the result has been an expansion of demand for accommodations, amusements & recreation, and food services – including the growth of gaming in Mississippi. More detail on the numbers is provided below.



Growth Trends by Industry Group

1. Higher-Paying Industries

Only five industries in the higher-paying group had a growth rate above the overall -0.17% average for the state (industries with above-average growth are indicated by an asterisk (*)). However, two of the industries that expanded rapidly were also large employers, with over 30,000 workers each. These two industries accounted for most of the new jobs created: ambulatory health care services, which grew 4.8%, and professional & technical, which grew 2.6%.

Water transportation and petroleum & coal products were the only other industries that expanded. All others lost jobs, including wholesale trade (total employment: 36,000), civilian federal government (total employment: 25,000), and higher-paying manufacturing industries, which as a whole provided over 18,000 jobs. All of these manufacturing industries, surprisingly, were in nondurables, except for the primary metals industry. (Data on the transportation equipment industry were not available due to reasons of confidentiality.)

Table 2. **AVERAGE ANNUAL WAGES AND AVERAGE ANNUAL EMPLOYMENT, FOUR-DIGIT INDUSTRY LEVEL 2001-2004**

Code	Industry	Average Annual Wage 2004	Number Employed 2004	Average Annual Change in Wage	Average Annual Change in Employment
70	Farm wage and salayr emp.	22,266	7,677	4.85	-6.93
102	Fishing, hunting, & trapping	18,445	182	7.81	0.94*
103	Agri/Forestry support activities	23,323	7,672	4.21	-5.62
531	Food manufacturing	22,499	26,950	3.95	-2.32
534	Textile product mills	21,484	2,008	1.28	-9.19
535	Apparel manufacturing	19,971	5,151	3.50	-15.37
536	Leather and allied products manuf.	19,722	169	-2.30	18.83*
702	Furniture and home furnish.stores	22,897	4,133	2.33	0.37*
705	Food and beverage stores	15,697	19,614	3.54	-4.76
707	Gasoline stations	13,897	16,327	1.85	-2.82
708	Clothing and access. stores	13,335	9,842	2.00	0.87*
709	Sporting goods, hobby, book and music	15,537	3,844	2.54	0.67*
711	General mer. stores	16,783	39,634	4.32	0.99*
712	Misc. store retail.	18,581	7,072	0.71	-2.73
805	Transit and grouns pass. transp.	18,474	1,650	2.37	1.3*
902	Motion picture and sound rec.indus.	12,346	946	4.95	-0.42
1101	Real estate	22,210	7,125	2.89	0.81*
1102	Rental and leasing serv.	23,371	5,166	3.43	1.28*
1401	Admin. and support serv.	18,598	40,888	5.49	3.62*
1500	Educational serv.	19,874	16,781	4.78	2.88*
1603	Nursing and resident. care facilities	19,769	21,010	6.15	3.47*
1604	Social assistance	15,643	18,695	2.51	2.09*
1702	Museum, hist. sites, zoos, and parks	15,898	323	6.65	-3.00
1703	Amus., gaming, and recreation	21,651	13,193	2.20	-3.30
1802	Food serv. and drinking places	10,686	75,747	1.90	3.75*
1902	Personal and laundry services	18,857	9,128	1.32	0.02*
1903	Membership assoc. and organizations	21,941	24,400	4.94	2.25*
1904	Private households	8,964	10,678	2.17	2.35*
	TOTAL Lower-Paying	17,051	396,005	3.44	0.27
101	Forestry and logging	25,060	4,924	2.08	-0.77
202	Mining (except oil and gas)	37,370	1,080	5.94	-2.59
511	Wood product manuf.	32,455	13,516	4.71	-5.30
512	Nonmetallic mineral product manuf.	33,406	4,945	2.98	-3.70
514	Fabricated metal product manuf.	34,165	11,077	4.56	-7.40
515	Machinery manuf.	36,035	12,198	4.51	-5.57
516	Computer and electronic prod. manuf.	34,973	3,037	4.96	-7.28
517	Electrical equip. and appliance manuf.	30,683	9,066	3.25	-7.39
521	Furniture and related product manuf.	27,740	27,924	3.05	-0.17*
522	Misc. manuf.	28,382	4,293	3.45	-6.41
532	Beverage and tobacco product manuf.	26,640	687	3.07	-8.41
538	Printing and related support activities	30,629	3,430	2.60	-6.53
542	Plastics and rubber products manuf.	34,716	9,205	4.54	-3.06

Table 2. **AVERAGE ANNUAL WAGES AND AVERAGE ANNUAL EMPLOYMENT, FOUR-DIGIT INDUSTRY LEVEL 2001-2004 (continued)**

Code	Industry	Average Annual Wage 2004	Number Employed 2004	Average Annual Change in Wage	Average Annual Change in Employment
701	Motor vehicle and parts dealers	31,660	18,102	1.22	0.03*
703	Electronics and appliance stores	25,340	3,114	1.56	-1.96
704	Building material and garden supply	24,300	11,496	2.70	2.16*
706	Health and personal care stores	25,968	7,897	6.40	2.65*
713	Nonstore retailers	28,663	2,153	2.52	-5.17
801	Air transportation	31,136	346	3.90	-3.91
804	Truck transportation	34,218	19,019	2.81	0.81
808	Support activities for transportation	33,953	3,945	1.39	1.03*
811	Warehousing and storage	29,903	7,968	4.45	1.2*
901	Publishing indus., except Internet	28,839	3,504	2.22	-2.87
903	Broadcasting, except Internet	29,772	2,118	2.37	-1.70
904	Internet publish., and broadcasting	32,056	18	-3.57	26.67*
906	ISPs, search portals and data processing	36,038	473	1.99	-5.33
907	Other information services	36,686	35	3.98	4.3*
1002	Credit intermediation and related	34,222	21,047	4.30	0.23*
1103	Lessors of nonfinancial intangible	31,897	39	-9.54	47.92*
1402	Waste mgmt. and remediation	34,865	1,900	1.91	2.8*
1602	Hospitals	35,191	29,173	7.03	0.39*
1701	Performing arts and spectator sports	29,510	629	9.90	0.32*
1801	Accommodation	24,537	37,199	3.13	3.8*
1901	Repair and maintenance	26,555	10,566	2.80	-0.56
2002	Military	32,068	34,466	13.32	-0.99
2011	State government	27,660	68,551	2.79	0.36*
2012	Local government	26,134	153,493	4.08	1.57*
	TOTAL Medium-Paying	28,570	542,633	3.80	-0.23
201	Oil and gas extraction	66,168	716	2.96	-2.54
203	Support activities for mining	44,246	3,067	1.97	-4.35
300	Utilities	55,983	7,963	6.59	-0.08*
513	Primary metal manuf.	39,898	2,679	7.45	-6.83
533	Textile mills	40,356	1,173	7.76	-15.78
537	Paper manuf.	52,999	5,684	2.56	-8.89
539	Petroleum and coal products manuf.	67,121	2,138	4.48	2.77*
541	Chemical manuf.	48,612	7,003	2.99	-3.16
600	Wholesale trade	40,083	35,542	4.29	-0.22
803	Water transportation	44,361	722	2.49	15.29*
806	Pipeline transportation	59,366	826	0.79	-2.47
905	Telecommunications	43,499	7,446	-1.21	-6.80
1003	Securities, commodity cont., invest.	75,723	1,528	2.89	-3.60
1004	Insurance carriers & related	43,683	11,487	3.21	-1.09
1200	Professional and technical services	41,018	32,364	2.19	2.61*
1300	Mgmt. of companies and enterprises	54,854	9,887	5.97	-1.94
1601	Ambulatory health care services	44,053	38,896	1.25	4.84*
2001	Federal, civilian	52,067	24,926	6.79	-0.52
	TOTAL High-Paying	45,651	180,316	3.30	0.56

*Above average growth rate of -0.17%.

SOURCE: U.S. Bureau of Economic Analysis, 2006.

The industry with the highest average wage (\$75,723) was securities & commodity investment, a small employer, whose work-force shrank 11% over the three-year period.

2. Medium-Paying Industries

All of the nine medium-paying industries employing 15,000 or more persons, except the military, had growth rates at or above the state average of -0.17%. The highest growth rate was in accommodation, at 3.8%. The other large industries, along with their growth rates, were: local government (1.57%), truck transportation (0.81%), hospitals (0.39%), state government (0.36%), credit intermediation & related (0.23%), motor vehicle & parts dealers (0.03%), and furniture & related (-0.17%), and military (-0.99%).

Furniture & related was the only manufacturing industry with a growth rate at or above the state average. Most medium-paying manufacturing firms suffered an average annual drop in employment of 5.0% or more, in line with the decline in the relative share of manufacturing in total state employment.

Only seven medium-paying industries were growing at a rate of 2.0% or more, and among these only accommodation, health & personal care stores, and building materials & garden supply employed more than 7,000 persons.

Medium-paying industries had the highest growth rate of wages among the three industry groups, however, with the fastest increase found in the military. Total employment in the medium-paying group dropped at an average rate of 0.23% annually between 2001 and 2004.

3. Lower-Paying Industries

Six industries, each with over 20,000 employees, accounted for over half of employment in lower-paying industries. These industries, and their growth rates, were: food services (3.75%), administrative & support (3.62%), nursing & residential care facilities (3.47%), membership associations (2.25%), general merchandise stores (0.99%), and food manufacturing (-2.32%).

Note that half of these had a growth rate of 3.5% or more over this period. Food services had both the lowest wage, \$10,686, and the most rapid growth rate of employment, 3.75%.

There were three industries employing 10,000 to 20,000 workers that also expanded at a good clip: educational services (2.88%), private households (2.35%), and social assistance (2.09%).

Amusements, gaming & recreation (total employment: 13,200) was undergoing re-trenchment during this time period, with a growth rate of -3.30%.

The lowest wage of all industries in this group was that of private households, which paid an average annual wage of \$8,964.

The lower-paying industry group had the slowest increase in wages of the three groups in Table 2, indicating that the overall level of demand for unskilled workers was relatively low. The rate of increase in wages came in just ahead of inflation.

The average annual wage for the group, at \$17,051, was below the \$19,157 poverty line for a family of four.

Concluding Remarks

The persistence of the state's wage gap with the rest of the nation examined here can be linked to gaps in worker skills and technology within Mississippi industries, but the more fundamental problem is one of economic development, which can be addressed at many levels.

Investment in education by families, employers, and the state as a whole, is increasingly recognized by state leaders as a top priority; it is a proven means of improving wage levels and development capacity more generally. In addition, there are several policy areas where programs can be instituted, or re-evaluated and improved. In the public sector, a greater stress on evaluation and improvement of key programs related to education, economic welfare, business, and the justice system could lend strong support to economic development. Private sector initiatives are also critical: business and



professional networks are invaluable to the development process. Further strengthening of education-business-government-community partnerships would bring significant results. The growth and development of local firms is especially critical; access to venture capital could be increased, and research and innovation encouraged. Greater involvement of nonprofit and community groups in public sector decision-making also could improve the economic outlook of the state.

Rebuilding after Hurricane Katrina presents special challenges. Government subsidies and programs that improve worker access to education through assistance with finance, transportation and child care are particularly needed on the Coast at this time. “Lessons and Limits”, a recent Brookings Institution report on rebuilding the Gulf Coast, offers some useful recommendations for attracting business investment.³ It holds up Baltimore’s enterprise zone (EZ) efforts as an example. Baltimore was far more successful than Atlanta and other cities in growing business in its EZ. The capacity and performance of Baltimore’s institutions and its process of cross-sector collaboration were what made the difference, as documented by the authors. Co-operation, accountability, and vision characterized the city’s efforts.

There are many such studies and examples that the state can draw on in its efforts to close the wage gap that continues to lower the living standard of many Mississippi residents.

Appendix on Occupations follows on next page.

Notes

1. Phipps, Ronald, Y. Keselman, and Jamie Merisotis. *Mississippi’s Mandate: Why the Investment in Education Pays*

off in Mississippi. Institute for Higher Education Policy. May 2006. Available at www.ihl.state.ms.us. The *Review* is also available at this website: click on University Research Center at left and then on Publications.

2. The poverty line is set by the price of food alone – a family food budget is multiplied by three to determine the poverty level for that family size. The National Research Council has recommended another way of setting the poverty line (their alternative measure has the net effect of increasing the poverty rate); however, the definition has yet to be changed. See the June 1999 *Review* for more information. It is worth noting that in 1994 the average annual wage here was only 36% above the poverty line for a family of four, while in 2004 it was 51% above the poverty line.

3. Stoker, Robert and Michael Rich, “Lessons and Limits: Tax Incentives and Rebuilding the Gulf Coast after Katrina”. Brookings Institution, August 2006. At www.Brookings.org

Sources

Data are from the U.S. Bureau of Economic Analysis www.bea.gov. The Mississippi Department of Employment Security provides detailed occupational projections for the state as well as a wealth of other data on the state labor market at www.mdes.ms.gov. The U.S. Department of Labor publishes an annual *Report on the American Workforce* with pertinent data at the national level. Another useful source on wage trends is *The State of Working America 2004/2005* by Lawrence Mishel, J. Bernstein and S. Allegretto, Economic Policy Institute, Cornell University Press: Ithaca, 2005. Chapter 6, Regional Analysis, has data by state.

Various articles in the *Mississippi Economic Review and Outlook* were used in writing this report, including:

- Hill, Marianne. “Changing Minds: Effects of Education” June 2005, with Debra Anderson;
- “Closing the Wage Gap” June 2001;
- “Creating Higher-Wage Service Jobs” June 2000;
- “Wage Trends by Industry” December 1998; and
- “Wage Trends by Industry” August 1996.
- Neal, Bob. “Education as an Investment”, June 2005.
- Walley, Pete. “State Workforce at a Crossroads”, June 2001.

**Top 25 Occupations by Employment - MISSISSIPPI
May 2005 Panel**

	Title	Employment¹	Average Annual Wage
1	Cashiers	41,980	\$14,860
2	Retail Salespersons	36,660	\$21,240
3	Registered Nurses	25,970	\$48,460
4	Secretaries, Except Legal, Medical, and Executive	22,020	\$22,450
5	Truck Drivers, Heavy and Tractor-Trailer	21,470	\$32,890
6	Laborers and Freight, Stock, and Material Movers, Hand	21,110	\$20,200
7	Team Assemblers	18,260	\$23,740
8	Janitors and Cleaners, Except Maids and Housekeeping	16,720	\$16,900
9	Stock Clerks and Order Fillers	16,070	\$19,170
10	Waiters and Waitresses	15,970	\$13,500
11	Bookkeeping, Accounting, and Auditing Clerks	15,420	\$27,270
12	Nursing Aides, Orderlies, and Attendants	15,340	\$16,860
13	General and Operations Managers	14,920	\$68,910
14	Office Clerks, General	14,280	\$19,950
15	Food Preparation Workers	14,270	\$14,100
16	Elementary School Teachers, Except Special Education	14,040	\$36,260
17	First-Line Supervisors/Managers of Office and Administrative	12,890	\$39,020
18	Cooks, Fast Food	12,880	\$13,440
19	Maintenance and Repair Workers, General	12,620	\$26,800
20	First-Line Supervisors/Managers of Retail Sales Workers	11,880	\$29,930
21	Teacher Assistants	11,550	\$14,530
22	Secondary School Teachers, Except Special and Vocational Ed	10,700	\$36,160
23	Customer Service Representatives	10,540	\$24,580
24	Licensed Practical and Licensed Vocational Nurses	9,950	\$28,140
25	Maids and Housekeeping Cleaners	9,520	\$14,550

1. Estimates do not include self-employed workers.

SOURCE: Mississippi Department of Employment Security, 2006. www.mdes.ms.gov

THE HISPANIC POPULATION IN MISSISSIPPI

Barbara J. Logue, Ph.D.

There has been considerable interest in the Hispanic population in recent years, both in Mississippi and nationwide. Hispanic origin was self-reported by respondents in Census 2000, as was race. People of Hispanic origin may be of any race, although most are white. The count of Hispanics in census data is undoubtedly too low because many are in the country illegally and are fearful of discovery and deportation. Although, by law, the census assures confidentiality to all respondents, and aims to count everyone living here, regardless of immigration status, persons here illegally have historically been difficult to enumerate.

This report provides information about the size, characteristics, and projected growth of this group of people in the state. Detailed data, both published and unpublished, on the demographic, social, economic, and health characteristics of Hispanics are available from Census 2000. The limited information on the characteristics of illegal immigrants -- most of whom are Hispanics -- is also described.

Demographic Characteristics

Census 2000 counted 39,569 people of Hispanic origin living in Mississippi, comprising only 1.4 percent of the state's total population, far smaller than the 12.5 percent in the nation as a whole. The relative size of Mississippi's Hispanic population also stands in sharp contrast to the proportion Hispanic in some of the nation's larger cities, such as Los Angeles with 46.5 percent, New York with 27.0 percent, or El Paso with 76.6 percent.

The majority of Hispanics counted in the state in 2000 (72.5 percent) were U.S. citizens, most by birth and a smaller fraction by naturalization. About one in four (27.5 percent) were not American citizens; although some of these people undoubtedly were here illegally, others were here legally as students, guest workers, or immigrants who had begun, but not completed, the process of becoming a U.S. citizen.

Despite their small numbers, Hispanics in Mississippi comprised a very diversified group in terms of national origin. It is commonly believed that most are Mexican and, indeed, more than half of the total (54.6



percent) came here from Mexico. The next largest group was Puerto Ricans (7.3 percent), followed by Cubans at 3.8 percent. Smaller fractions arrived from Central America, South America, and elsewhere. About one in four did not provide a specific country of origin in the census data.

Their wide variety of national origins suggests that Hispanics differ from one another as much or more as from non-Hispanics, making generalizations risky. We know from national data, for example, that there are substantial disparities among Mexicans, Puerto Ricans, Cubans, and other Hispanic subgroups in such areas as educational attainment, labor force participation, and median family income.¹ The Hispanic group in Mississippi, however, is too small to distinguish characteristics by specific national origins.

Nearly three in five Mississippi Hispanics (57.8 percent) were male, compared to only 48.1 percent male among non-Hispanics. The median age among those reporting Hispanic origin (both sexes combined) was significantly younger than for the non-Hispanic majority -- 26.2 years versus 34.0 years. Both the high proportion of males and the relatively young age of the Hispanic population are consistent with immigration trends in which young single males predominate among newcomers seeking work.

The relative youth of the Hispanic population, their higher birth rates, and the cultural norms they bring with them from the home country help explain a median family size (3.53 people) and median household size

(3.22 people) substantially higher than the figures among non-Hispanics (3.14 and 2.62, respectively).

According to Census 2000, Hispanics lived in every county in the state, as Table 1 indicates. But in only eleven widely scattered

counties (Calhoun, Chickasaw, DeSoto, Harrison, Jackson, Jones, Leake, Scott, Tippah, Tunica, and Yazoo) did they constitute 2.0 percent or more of the county's total population. Only one county (Scott) had more than five percent. Yazoo County's 4.4

Table 1. HISPANIC AND TOTAL POPULATION BY COUNTY, MISSISSIPPI, 2000

County	Total Population	Hispanic or Latino	Percent Hispanic	County	Total Population	Hispanic or Latino	Percent Hispanic
Adams	34,340	273	0.8%	Lincoln	33,166	229	0.7%
Alcorn	34,558	443	1.3%	Lowndes	61,586	684	1.1%
Amite	13,599	113	0.8%	Madison	74,674	742	1.0%
Bolivar	40,633	477	1.2%	Monroe	38,014	261	0.7%
Calhoun	15,069	318	2.1%	Montgomery	12,189	103	0.8%
Carroll	10,769	79	0.7%	Neshoba	28,684	332	1.2%
Chickasaw	19,440	445	2.3%	Newton	21,838	198	0.9%
Choctaw	9,758	79	0.8%	Noxubee	12,548	141	1.1%
Claiborne	11,831	94	0.8%	Oktibbeha	42,902	461	1.1%
Clarke	17,955	120	0.7%	Panola	34,274	384	1.1%
Clay	21,979	190	0.9%	Pearl River	48,621	686	1.4%
Coahoma	30,622	276	0.9%	Perry	12,138	122	1.0%
Copiah	28,757	332	1.2%	Pike	38,940	284	0.7%
Covington	19,407	155	0.8%	Pontotoc	26,726	481	1.8%
DeSoto	107,199	2,516	2.3%	Prentiss	25,556	176	0.7%
Forrest	72,604	912	1.3%	Quitman	10,117	55	0.5%
Franklin	8,448	45	0.5%	Rankin	115,327	1,520	1.3%
George	19,144	307	1.6%	Scott	28,423	1,660	5.8%
Greene	13,299	106	0.8%	Sharkey	6,580	86	1.3%
Grenada	23,263	145	0.6%	Simpson	27,639	318	1.2%
Hancock	42,967	775	1.8%	Smith	16,182	96	0.6%
Harrison	189,601	4,910	2.6%	Stone	13,622	170	1.2%
Hinds	250,800	1,978	0.8%	Sunflower	34,369	448	1.3%
Holmes	21,609	194	0.9%	Tallahatchie	14,903	137	0.9%
Humphreys	11,206	168	1.5%	Tate	25,370	223	0.9%
Issaquena	2,274	10	0.4%	Tippah	20,826	434	2.1%
Itawamba	22,770	226	1.0%	Tishomingo	19,163	343	1.8%
Jackson	131,420	2,807	2.1%	Tunica	9,227	233	2.5%
Jasper	18,149	117	0.6%	Union	25,362	413	1.6%
Jefferson	9,740	64	0.7%	Walthall	15,156	201	1.3%
Jeff Davis	13,962	107	0.8%	Warren	49,644	514	1.0%
Jones	64,958	1,271	2.0%	Washington	62,977	531	0.8%
Kemper	10,453	76	0.7%	Wayne	21,216	134	0.6%
Lafayette	38,744	427	1.1%	Webster	10,294	174	1.7%
Lamar	39,070	426	1.1%	Wilkinson	10,312	45	0.4%
Lauderdale	78,161	888	1.1%	Winston	20,160	243	1.2%
Lawrence	13,258	89	0.7%	Yalobusha	13,051	127	1.0%
Leake	20,940	440	2.1%	Yazoo	28,149	1,233	4.4%
Lee	75,755	882	1.2%				
Leflore	37,947	720	1.9%	Mississippi	2,844,658	39,569	1.4%

SOURCE: U. S. Census Bureau, *Census 2000*.

Table 2. **SELECTED SOCIAL CHARACTERISTICS OF HISPANICS AND NON-HISPANICS: MISSISSIPPI, 2000**

<u>Characteristic</u>	<u>Hispanic (%)</u>	<u>Non-Hispanic (%)</u>
Marital status¹		
Married, spouse present	38.2	48.6
Married, spouse absent	9.4	2.6
Widowed	3.7	8.1
Divorced	9.4	10.0
Separated	3.3	2.9
Never married	36.0	27.8
TOTAL	100.0	100.0
Education		
High school graduate	59.1	73.1
B.A. or higher degree	12.1	17.0
English Language Ability		
Speak English poorly or not at all	20.5	0.4
Disability²		
Sensory	3.3	5.2
Physical	7.1	11.8
Mental	5.6	7.0
Self-care	2.5	4.4
Going outside	13.2	11.8
Employment	18.0	16.6

¹Ages 15 and over.

²Ages 5 and over for first four measures; ages 16 and over for last two measures.

SOURCE: U. S. Census Bureau, Census 2000 Public Use Microdata Sample (5%), Mississippi

percent -- the second highest fraction among the counties -- consisted mostly of men housed in the federal prison for the state, which is located there.

Social Characteristics

Selected social characteristics of Mississippi Hispanics are shown in Table 2. As of Census 2000, Hispanics here exhibited a higher proportion in the "currently married, spouse absent" category, a finding that is consistent with the tendency of many younger immigrants to come here alone in search of work, then return to their point of origin either temporarily or permanently. The never married group was also proportionately largely among Hispanics, reflecting their relative

youth. The proportion widowed, in contrast, was higher among non-Hispanics, consistent with their older age structure. Proportions divorced and separated were very similar for the two groups.

When it comes to educational attainment, the Hispanic population is comparatively disadvantaged, with lower proportions of both high school graduates and persons with a Bachelor's or higher degree. In a state already educationally disadvantaged relative to the nation, the state's Hispanic minority is even more disadvantaged. Part of the explanation for educational deficiencies lies in language issues: of Hispanics aged 5 and over, one in five speak English poorly or not at all.



Finally, Census 2000 contains a variety of information on health and disability, as shown in Table 2. The first four measures refer to the population aged five and over, whereas the last two refer to the population aged 16 and above. People living in institutions such as nursing homes were excluded, as were members of the armed forces. Since many people residing in institutions are highly disabled, the figures shown in Table 2 would be somewhat higher for both groups if they were included.

All of the disability measures refer to conditions that are long-lasting -- six months or more. The first measure, sensory disability, asked whether the respondent was blind, deaf, or suffered from a severe vision or hearing impairment. Physical disability refers to limitations on basic physical activities such as walking and climbing stairs. Mental disability queries the existence of problems with learning, remembering, or concentrating. Self-care problems encompass difficulties carrying out such daily home-based activities

Table 3. **SELECTED ECONOMIC CHARACTERISTICS OF HISPANICS AND NON-HISPANICS: MISSISSIPPI, 2000**

Characteristic	Hispanic	Non-Hispanic
<u>Labor force status¹</u>		
Employed (%)	64.3	70.4
Unemployed (%)	2.7	3.7
Not in labor force (%)	33.0	25.9
TOTAL (%)	100.0	100.0
<u>Full-time, year-round¹</u>		
Yes (%)	46.0	55.1
No (%)	54.0	44.9
<u>Occupation¹</u>		
Management, professional, and related (%)	16.6	28.0
Service (%)	18.8	14.1
Sales and office (%)	14.4	23.0
Farming, fishing, and forestry (%)	3.4	1.3
Construction, extraction, and maintenance (%)	15.7	11.7
Production, transportation, and material moving (%)	30.8	21.6
Military (%)	0.4	0.2
TOTAL (%)	100.0	100.0
Median earnings of full-time, year-round workers¹	\$22,000	\$27,000
Median household income	\$30,856	\$35,000
Median family income	\$31,989	\$31,200
Per capita income	\$12,549	\$15,900
Below poverty (%)	26.2	22.5
No vehicle in household	12.0	7.3
No telephone in household	14.6	6.2

¹Ages 25 to 59.

SOURCE: U. S. Census Bureau, Census 2000 Public Use Microdata File (5%), Mississippi.

as dressing and bathing, whereas disabilities related to going outside the home alone refer to such activities as shopping and visiting a doctor's office. The last measure, work disability, asked whether respondents had health problems that made it difficult to work at a



job or business. The prevalence of sensory, physical, mental, and self-care disability was higher among non-Hispanics than Hispanics, a fact that may be largely attributable to the higher average age among non-Hispanics, since disability prevalence rises with age. Yet, despite the relative youth of the Hispanic group, they show a somewhat higher prevalence of disabilities that prevent going out of the home alone and working at a job.

Disability rates are higher among poor people and the less educated, factors that help explain the higher rates among Hispanics in the last two measures listed. It is worth noting that Mississippi ranks among the highest states on both overall disability prevalence and on each of the individual measures.² Also worth noting is the fact that the census disability measures were not mutually exclusive -- respondents could answer "yes" to several disability items. Among Hispanics, 10.2 percent had one type of disability, whereas 11.0 percent reported two or more. For non-Hispanics, nearly the same percentage reported one disability (10.4 percent) as for Hispanics, but 12.6 percent had more than one.

Economic Characteristics

When it comes to measures of labor force activity, earnings, income, and other indicators of economic well-being, Mississippi typically ranks at or near the bottom. Data on Hispanics residing in the state in 2000 show them to be an economically disadvantaged minority relative to the non-Hispanic majority, as is the case in the nation as a whole.

As Table 3 shows, Hispanics in 2000 were less likely to be employed and had a higher proportion out of the labor force compared to



non-Hispanics. These data refer to the population in the prime working ages of 25 to 59, thus excluding children, most young adults still in school, and the aged. Hispanic workers were also less likely to work full-time year-round than their non-Hispanic counterparts -- only 46.0 percent among the former compared to 55.1 percent for the latter.

Among prime working age adults, Hispanics were more concentrated in low-paying jobs in the service sector, construction, and the production/transportation/material moving category. Given the different occupational structures, it is not surprising that the median earnings of full-time, year-round workers were substantially lower for Hispanics than for non-Hispanics -- \$22,000 versus \$27,000.

Most other income measures confirm that Hispanics in the state were relatively disadvantaged -- lower median household income, lower per capita income, and a higher percentage in poverty. An



exception was median family income, which was about the same for the two groups; this fact can be largely explained by the larger average size of Hispanic families, which may translate into more workers per family.

Higher proportions of Hispanic households lacked access to private transportation (no vehicle), while proportionally more Hispanic than non-Hispanic households had no telephone. In a largely rural state like Mississippi, where public transportation is very limited, would-be workers without a car or telephone presumably face greater than average difficulties in finding and keeping a job.

Illegal Immigrants

The number of illegal immigrants residing in Mississippi is impossible to state with any accuracy; recent estimates range from a low of 8,000 to a high of 90,000 to 100,000.³ It is very likely, however, that these numbers have been growing over time and that the characteristics of illegal immigrants are such as to constitute social and financial problems for the state. Limited, but suggestive, information is available on the characteristics

of illegal immigrants from a government survey of those who were granted amnesty under the Immigration Reform and Control Act of 1986. This study, published in 1992, revealed that only 15.0 percent of amnestied illegal immigrants spoke English, 80.0 percent used public health services, and 49.0 percent had no health insurance. They averaged only seven years of formal education and an annual income of \$8,982.⁴ The Federation for American Immigration Reform points out that many of the illegal aliens in the survey were well established in this country, having lived here more than ten years. Thus "they represented the most successful people in the illegal alien population" and "a profile of the overall illegal alien population could be expected to be much worse."⁵

Concerns about the social and economic impact of the illegal population on our society include the cost of providing bilingual education to Spanish-speaking children, increased healthcare costs, the risk of the spread of serious communicable diseases, the possible loss of jobs to legal residents, the costs of incarcerating those convicted of



crimes, the loss of state income tax revenue due to the failure to file tax returns, and the loss of sales taxes that occurs when remittances are sent back to relatives in the home country. "Most State agencies, schools, and other governmental entities do not currently document the actual numbers of illegal immigrants or their use of services."⁶ Due to the lack of data, it is not possible to estimate precisely what these costs are. Nor is it possible to estimate the extent to which the costs may be offset by the benefits of illegal immigration, such as the reduced costs to consumers and the savings to employers when illegal workers -- poorly paid and with few or no benefits -- pick produce, work in restaurants and hotels, or labor on construction sites.



Summary and Conclusion

We have seen that in many respects the social and economic characteristics of

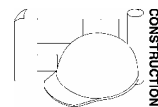
Hispanics counted in the most recent decennial census show them to be relatively disadvantaged compared to non-Hispanics in the state. Based on evidence cited above from the federal government's survey of illegal immigrants granted amnesty in the late 1980s, Hispanics not counted in Census 2000 were probably worse off than those who were counted.

Recent national data indicate "the blazing pace of immigration seen throughout the 1990's has continued into the first half of this decade."⁷ Official population estimates show a substantial increase in Mississippi's Hispanic population from 39,569 in 2000 to 50,879 in 2005 (Table 4). Although Hispanics comprised only 1.7 percent of the state's total population in the latter year, their numbers rose by 28.6 percent since Census 2000.



Eighteen counties had a Hispanic proportion of 2.0 percent or more, with Scott County the highest at 6.9 percent, followed by Yazoo County with 5.2 percent and Jones with 3.6 percent. Table 4 also shows the percentage growth for each county between 2000 and 2005. The growth rates should be interpreted very cautiously, since they are calculated from a very small base population.

The prospects for the continued growth of the Hispanic subgroup in Mississippi are very good.



First, the need for construction laborers in the wake of the extensive hurricane damages in the coastal counties is great, at least in the short term. Numerous low-skill, low-wage jobs also exist in agriculture, poultry processing, and the service sector. Hopes of employment will entice Hispanic workers to come to Mississippi both from other U.S. states and from abroad. Some will come only to work seasonally or temporarily; others will stay and bring their families. Second, poverty, unemployment, overpopulation, and poor living conditions in many of the countries of origin of Hispanic immigrants will continue to provide strong motivation for crossing the border, legally or illegally, in hopes of a better life. Third, the high fertility norms among

Table 4. HISPANIC POPULATION IN 2005 AND PERCENTAGE GROWTH 2000 TO 2005: MISSISSIPPI COUNTIES

County	Total 2005	Hispanic 2005	Percent Hispanic	Change 2000-2005	County	Total 2005	Hispanic 2005	Percent Hispanic	Change 2000-2005
Adams	32,099	273	0.9%	0.0	Lincoln	33,906	254	0.7%	10.9
Alcorn	35,306	649	1.8%	46.5	Lowndes	59,895	691	1.2%	1.0
Amite	13,435	206	1.5%	82.3	Madison	84,286	1,086	1.3%	46.4
Attala	19,552	321	1.6%	14.6	Marion	25,235	187	0.7%	18.4
Benton	7,852	93	1.2%	10.7	Marshall	35,659	552	1.5%	29.9
Bolivar	38,641	482	1.2%	1.0	Monroe	37,704	332	0.9%	27.2
Calhoun	14,652	516	3.5%	62.3	Montgomery	11,829	110	0.9%	6.8
Carroll	10,397	101	1.0%	27.8	Neshoba	29,905	457	1.5%	37.7
Chickasaw	19,184	556	2.9%	24.9	Newton	22,366	268	1.2%	35.4
Choctaw	9,572	89	0.9%	12.7	Noxubee	12,202	172	1.4%	22.0
Claiborne	11,492	105	0.9%	11.7	Oktibbeha	41,247	457	1.1%	-0.9
Clarke	17,670	131	0.7%	9.2	Panola	35,331	483	1.7%	25.8
Clay	21,223	217	1.0%	14.2	Pearl River	52,659	858	1.6%	25.1
Coahoma	29,002	343	1.2%	24.3	Perry	12,160	142	1.2%	16.4
Copiah	29,164	395	1.4%	19.0	Pike	39,426	288	0.7%	1.4
Covington	20,273	211	1.0%	36.1	Pontotoc	28,208	798	2.8%	65.9
DeSoto	137,004	4,628	3.4%	83.9	Prentiss	25,593	169	0.7%	-4.0
Forrest	75,095	1,062	1.4%	16.4	Quitman	9,512	58	0.6%	5.5
Franklin	8,411	49	0.6%	8.9	Rankin	131,841	2,211	1.7%	45.5
George	21,259	536	2.5%	74.6	Scott	28,739	1,978	6.9%	19.2
Greene	13,183	105	0.8%	-0.9	Sharkey	5,967	92	1.5%	7.0
Grenada	22,861	157	0.7%	8.3	Simpson	27,944	425	1.5%	33.6
Hancock	46,711	1,063	2.3%	37.2	Smith	16,058	133	0.8%	38.5
Harrison	193,810	5,210	2.7%	6.1	Stone	14,862	239	1.6%	40.6
Hinds	249,345	2,278	0.9%	15.2	Sunflower	32,311	558	1.7%	24.6
Holmes	21,099	188	0.9%	-3.1	Tallahatchie	14,191	145	1.0%	5.8
Humphreys	10,527	222	2.1%	32.1	Tate	26,548	345	1.3%	54.7
Issaquena	1,909	9	0.5%	-10.0	Tippah	21,212	699	3.3%	61.1
Itawamba	23,359	251	1.1%	11.1	Tishomingo	19,202	490	2.6%	42.9
Jackson	135,940	3,402	2.5%	21.2	Tunica	10,321	284	2.8%	21.9
Jasper	18,162	138	0.8%	17.9	Union	26,784	702	2.6%	70.0
Jefferson	9,432	65	0.7%	1.6	Walthall	15,460	194	1.3%	-3.5
Jeff Davis	13,158	128	1.0%	19.6	Warren	49,131	610	1.2%	18.7
Jones	66,160	2,357	3.6%	85.4	Washington	59,220	657	1.1%	23.7
Kemper	10,246	99	1.0%	30.3	Wayne	21,291	143	0.7%	6.7
Lafayette	40,842	546	1.3%	27.9	Webster	10,092	196	1.9%	12.6
Lamar	44,616	684	1.5%	60.6	Wilkinson	10,269	46	0.4%	2.2
Lauderdale	77,217	958	1.2%	7.9	Winston	19,870	319	1.6%	31.3
Lawrence	13,502	117	0.9%	31.5	Yalobusha	13,417	134	1.0%	5.5
Leake	22,453	676	3.0%	53.6	Yazoo	28,195	1,467	5.2%	19.0
Lee	78,793	1,039	1.3%	17.8					
Leflore	36,431	795	2.2%	10.4	Mississippi	2,921,087	50,979	1.7%	28.6

SOURCE: U. S. Census Bureau, Population Estimates Program, 2006.

Hispanics already residing in Mississippi and the relative youth of the immigrant population ensure the continuance of higher birth rates among them compared to non-Hispanics. The state is already seeing some of the costs associated with immigration, along with its substantial benefits. The continuing challenge will be to maximize the benefits while controlling the costs. As a first step, accurate estimates of the numbers, characteristics, and legal status of all immigrants are essential.

Notes

1. U.S. Census Bureau, *We the People: Hispanics in the United States*, Census 2000 Special Reports, December 2004, pp. 11-16.
2. U.S. Census Bureau, *Disability Status: 2000*, Census 2000 Brief, March 2003, p. 6.
3. Phil Bryant, "The Impact of Illegal Immigration on Mississippi: Costs and Population Trends," Report from the Performance Audit Division, No. 102, February 2006, p. ii.
4. Federation for American Immigration Reform, "Distribution of the Illegal Alien Population," March 2006, p. 3. www.fairus.org.
5. Ibid.
6. Bryant, op. cit., p. 18.
7. Rick Lyman, "Census Shows Growth of Immigrants," *New York Times*, August 15, 2006.