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# Mississippi Economic Review and Outlook

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## Note to Readers

It may as well be a recession, although the national economy has not yet experienced two consecutive quarters of negative growth. Mississippi's economy may be faring somewhat better than that of the nation, due to momentum provided by rebuilding on the coast. This is small consolation, however, given the steep drop-off from the growth rates of 2007.

Articles on the national and state economic outlooks provide details, with a focus on the coast. The factors that could derail a 2009 recovery are examined.

This issue of the *Review* also includes an article on teen motherhood by Barbara Logue and one on solving the persistent problem of poverty in the state by Marianne Hill.

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: JUST A QUICK RECESSION?**

Gross domestic product (GDP) rose 0.6% in the first quarter (Q1), surprising most analysts, who had been anticipating a fall. Economic indicators have been trending downward since last year, and the consensus is that GDP growth in the second quarter has been negligible. The slowest growth since the 2001 recession is forecast for 2008.

The duration of the current downturn depends on developments in the energy sector and in financial markets. The mortgage crisis precipitated a broad squeeze on credit, which has hit business and consumer demand across the board. In addition, high gasoline prices are diverting spending from other sectors. The price of light, sweet crude oil soared over \$135 per barrel in late May.

Housing starts now number below one million per year, and the recovery, slated to begin in early 2009, is expected to be slow. Investment in nonresidential structures has been falling as well. Delinquency rates among homeowners continue to rise.

Real consumer spending is slowing, as households are hit by high gasoline and food prices, tightening labor markets, and rising mortgage payments. At the same time, businesses are reducing their investment expenditures. Government spending has slowed overall, as state and local governments find their revenues shrinking.

Exports are a bright spot. Sales abroad grew 8.1% in 2007 as the value of the dollar dropped, and a similar growth rate is forecast for 2008. Moderate growth in the GDP of U.S. trading partners is enabling this strong export growth, which will continue into 2009.

The core rate of inflation, as measured by the consumer price index (CPI) excluding food and energy, was about 2.5% in Q1. But the high rate of increase in fuel and food prices drove the overall CPI up to 4.2%. As a result, the Federal Reserve Board is performing a delicate balancing act, cutting the federal funds rate to stimulate domestic spending while at the same time moderating those cuts to control inflation. The federal funds rate stood at 2% as of April 30.

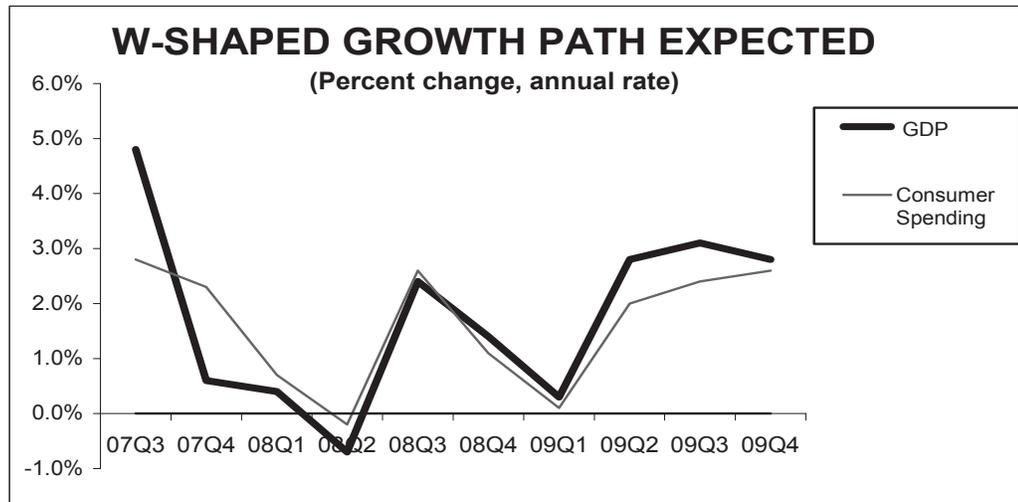
The major downside risks to the Global Insight projections presented here come from the possibilities that financial markets might deteriorate further and that oil prices might not fall to the levels predicted, namely \$109 per barrel in Q3 and \$100 in Q4. Global Insight assigns a 25% probability to the possibility that recessionary conditions will persist into 2009.

**A** roller-coaster, “W”-shaped recession path is forecast for gross domestic product (GDP) in 2008 by Global Insight, with a downturn in the first half of the year interrupted by a brief upswing starting in late summer, after which GDP slides back to a near-zero growth rate that continues until an upturn in Q2 of 2009 (see Figure 1).

### **Indicators Sinking**

Trends in spending this year indicate a slowdown in the three domestic components of demand: consumption, investment and government spending. Only the fourth and final component of aggregate demand, net exports, is showing strong growth. Table 1 provides the summary statistics. Consumers have cut back hard on purchases of autos and

Figure 1.



SOURCE: Global Insight, Inc. May 2008.

other durable goods, and their spending on nondurables is weak (lines 2 to 4). The growth rate of business investment in nonresidential structures, which was strong as late as Q4 of 2007, has dropped into negative territory, and expenditures on equipment and software are also falling (lines 7 and 8). Investment in residential structures continues to sink (line 9).

The crisis in the mortgage market -- the origin of current national economic woes -- continues to play out, and housing is the sector that has been hardest-hit by the downturn. As foreclosures mount and housing starts plummet, the **housing market** remains months from recovery: Global Insight now predicts that the market will hit bottom in late Q4 and that recovery will only begin in Q2 of 2009, an upturn that is conditioned upon some easing of energy prices, however (line 9).

While federal purchases remain solid, spending by state and local governments has been slipping and this trend is expected to continue over the next several quarters (lines 10, 11 and 12). Overall, spending by the **government sector** is expected to remain rather anemic until 2011. The Rockefeller Institute of Government, which tracks state budgets, reports that state tax collections began to weaken in mid-2007 and that, after

adjustments for inflation and for legislated tax change, tax revenues in Q4 declined by 4.3%. Both income and sales taxes slowed, with growth in the southeast states the weakest and in the Rocky Mountains region the strongest. Structural changes are needed to bring government revenues in line with the growth rate of the economy, and until that happens, the on-going budget squeeze will depress government purchases, according to the Institute.

Exports are a bright spot (line 14). Sales abroad grew 8.1% in 2007 as the value of the dollar dropped, and a similar growth rate is forecast for 2008. The U.S. dollar fell 19% against major foreign currencies in Q4 of 2007 and has fallen a similar percentage in the first half of this year (Table 2, line 2). Moderate growth in the GDP of U.S. trading partners is contributing to the **strong export growth**, which will continue into 2009 and 2010.

The bottom-line forecast, depicted in Figure 1, shows a marginal growth rate of GDP in Q1 followed by a drop of about 0.9% (annualized) in Q2, then a rise of over 2% in Q3 as households spend their tax rebates, with a lapse back to growth rates of 0.6% in Q4 and 0.2% in Q1 of 2009 (Table 1, line 1). The **recovery** takes firm hold by Q2.

## A Closer Look

Table 2 provides a closer look at trends in oil prices, the U.S. exchange rate and other key indicators. The price of oil topped \$127 per barrel in late May and, although the numbers shown in Table 2 may be revised upward, Global Insight continues to predict a significant easing in **oil prices** by the late fall (line 1). The price of oil has been driven up by the falling dollar and high levels of demand from developing countries including China, but political developments in oil-producing countries and speculation have also been factors. After weighing the various influences, Global Insight in its May report states, “oil has overshoot its supply/demand fundamentals”.

The dollar is expected to stabilize at about 69% of its 2000 value versus major trading partners by autumn, and will remain at that

value for several quarters and then gradually rise (line 2). Other indicators, though, do not show steady improvement in the second half of the year. Light vehicle sales, for example, are helped by **rebate checks** in Q3, which release some pent-up demand, but the boost will be only temporary (line 9). Similarly, the lift in consumer spending in Q3 pushes up after-tax profits, but only briefly, as consumers remain reluctant to take on additional debt; profits slip again in Q4 (lines 7 and 10). The spurt in activity lifts industrial production and productivity in Q3 as well, but the upturn proves unsustainable as housing starts and employment continue to drag (lines 3, 5, 6 and 8).

## Inflation Cuts into Wage Gains

The core rate of inflation, as measured by the consumer price index (CPI) excluding

Table 1. **TRENDS IN SELECTED NATIONAL EXPENDITURES**

(Billions of constant dollars and average annual percentage change unless otherwise indicated)

	2007 Q4	2008 Q1	2008 Q2 <sup>P</sup>	2008 Q3 <sup>P</sup>	2008 Q4 <sup>P</sup>	2009 Q1 <sup>P</sup>
1. Gross Domestic Product (2000\$)	\$11,676	\$11,693	\$11,667	\$11,733	\$11,750	\$11,756
(% change)	0.6	0.6	-0.9	2.3	0.6	0.2
2. Consumer Expenditures (2000\$)	\$8,349	\$8,369	\$8,372	\$8,433	\$8,432	\$8,427
(% change)	2.3	1.0	0.1	2.9	0.0	-0.2
3. On Durable Goods (2000\$)	\$1,248	\$1,229	\$1,205	\$1,227	\$1,213	\$1,191
(% change)	2.0	-6.2	-7.7	7.4	-4.8	-7.0
4. On Nondurable Goods (2000\$)	\$2,404	\$2,396	\$2,390	\$2,401	\$2,401	\$2,399
(% change)	1.2	-1.3	-1.1	1.9	-0.1	-0.4
5. On Services (2000\$)	\$4,722	\$4,762	\$4,787	\$4,819	\$4,828	\$4,840
(% change)	2.8	3.4	2.1	2.6	0.8	1.0
6. Gross Private Domestic Investment (2000\$)	\$1,788	\$1,767	\$1,676	\$1,644	\$1,655	\$1,642
(% change)	-15.5	-4.7	-20.5	-7.6	2.5	-3.1
7. In Equipment and Software (2000\$)	\$1,082	\$1,080	\$1,069	\$1,062	\$1,083	\$1,075
(% change)	3.1	-0.7	-4.1	-2.6	7.8	-2.9
8. In Nonresidential Structures (2000\$)	\$320	\$315	\$314	\$312	\$305	\$297
(% change)	15.1	-5.0	1.0	-2.6	-8.0	-10.8
9. In Residential Structures (2000\$)	\$422	\$390	\$360	\$338	\$321	\$318
(% change)	-288.4	-30.2	-30.6	-25.2	-19.8	-3.4
10. Government Purchases (2000\$)	\$2,043	\$2,054	\$2,059	\$2,065	\$2,066	\$2,065
(% change)	1.9	2.0	1.1	1.1	0.4	-0.3
11. Federal Purchases (2000\$)	\$765	\$774	\$780	\$786	\$792	\$794
(% change)	0.5	4.5	3.4	3.1	2.6	1.2
12. State & Local Purchases (2000\$)	\$1,278	\$1,280	\$1,279	\$1,279	\$1,276	\$1,272
(% change)	2.7	0.6	-0.2	-0.1	-0.9	-1.1
13. Net Exports of Goods & Services (2000\$)	-\$503	-\$496	\$447	-\$418	-\$410	\$385
(% change)	22.4	5.8	39.4	26.4	7.4	24.6
14. Exports (2000\$)	\$1,464	\$1,484	\$1,510	\$1,541	\$1,573	\$1,603
(% change)	6.4	5.4	7.0	8.2	8.5	7.5
15. Imports (2000\$)	\$1,967	\$1,980	\$1,957	\$1,958	\$1,983	\$1,988
(% change)	-1.4	2.5	-4.6	0.3	5.1	0.9

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., May 2008.

Table 2. OTHER QUARTERLY NATIONAL ECONOMIC INDICATORS

	2007 Q4	2008 Q1	2008 Q2 <sup>P</sup>	2008 Q3 <sup>P</sup>	2008 Q4 <sup>P</sup>	2009 Q1 <sup>P</sup>
1. West Texas Intermediate Oil (\$ per barrel)	\$90.50	\$97.87	\$112.64	\$109.33	\$100.67	\$99.00
(% change)	81.4	32.6	60.4	-11.8	-31.7	-6.6
2. Exchange Rate (2000 = 1.00)	0.72	0.71	0.69	0.69	0.69	0.69
Dollar vs. Major Curriencies (% change)	-19.20	-7.00	-7.90	-0.90	0.00	-2.60
3. Payroll Employment (millions)	138.0	137.9	137.7	137.7	137.7	137.6
(% change)	0.8	-0.3	-0.5	-0.1	-0.1	0.0
4. Real After-Tax Hourly Compensation (2000\$)	\$17.47	\$17.49	\$17.46	\$17.49	\$17.58	\$17.53
(% change)	0.2	0.6	-0.7	0.7	2.0	-1.2
5. Index of Industrial Production	112.2	112.2	111.6	112.1	112.5	112.8
(% change)	0.4	-0.1	-2.0	1.9	1.3	1.1
6. Index of Productivity	139.7	140.1	140.0	140.9	141.2	141.5
(% change)	1.9	1.3	-0.3	2.6	0.9	0.8
7. Consumer Credit Outstanding (mill current \$)	\$2,524	\$2,546	\$2,562	\$2,566	\$2,576	\$2,584
(% change)	4.0	3.4	2.6	0.6	1.5	1.3
8. Housing Starts, SAAR (millions)	1.2	1	0.9	0.8	0.8	0.9
(%change)	-45.9	-40.2	-54.9	-34.1	-2.8	29.7
9. Light Vehicle Sales, SAAR (millions)	16.1	15.2	14.4	14.8	14.8	14.6
(% change)	6	-22.3	-21.3	10.4	1.3	-6.9
10. After-Tax Profits, SAAR (2000\$)	\$1,247	\$1,174	\$1,101	\$1,101	\$1,077	\$1,183
(% change)	1.3	-23.3	-24.9	0.0	-8.8	39.5

SAAR - seasonally average annual rate, based on quarter-to-quarter growth rates.

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

SOURCE: Global Insight, May 2008.

food and energy, was about 2.5% in Q1. But the high rate of increase in fuel and food prices drove the overall CPI up 4.2%.

As Table 2, line 4, shows, **worker compensation**, which includes health benefits, has grown only slowly in recent months, and in Q2 is expected to lag inflation. Over the past six years, the purchasing power of workers' earnings has grown only slowly and, since December, many industries have shed jobs, putting further downward pressure on wages. "It is clear that economic growth sufficient to keep unemployment from rising and (real) wages from falling is neither here nor on the horizon," proclaims Economic Policy Institute economist Bivens.

### Global Trends

The economic slowdown in the U.S. is impacting the rest of the world, but strong growth rates in South America, China and other Asian countries will keep the global economy moving at a moderate rate. Western Europe and Japan, however, are already experiencing some deceleration. The Eurozone's real GDP growth rate is expected

to hit a five-year low this year, with the housing markets in Ireland and Spain strongly impacted by the **spreading mortgage crisis**. Global Insight in its April report notes that "the bursting of bubbles in housing or financial assets around the world could damage both business and consumer spending."

China's growth rate of real GDP was over 11% in 2007 and will be about 10% this year. Asian economies minus Japan will grow at about a 7% rate overall in both 2008 and 2009. South American's growth rate will average over 5% in 2008 and remain near that level in 2009. As a result of this rapid growth, the percentage of U.S. exports heading to these countries will increase.

**China**, the new kid on the block, is now the third-largest U.S. trading partner, after Canada and Mexico. It accounts for 5.5% of U.S. merchandise exports, 16.3% of U.S. merchandise imports, and 31.4% of the U.S. merchandise trade deficit. These percentages were much lower only eight years ago, when only 1.9% of U.S. exports went to that country. As the importance of trade with

China increases, the proportion of the U.S. trade deficit due to trade with China has grown and so is receiving more attention. The U.S. imports 5.0 times as much from China as it exports to that country. Although this is a lower ratio than in 1999, when U.S. imports were 6.3 times U.S. exports, the gap is of growing concern. The U.S. has been putting increasing pressure on China to adjust the exchange rate of its currency, the yuan renminbi (CNY), upward against the dollar.

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### **These funds now represent the most powerful group of global investors, and combined sovereign wealth reached \$3.5 trillion in 2007.**

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**Sovereign wealth funds** (SWF) (government-owned funds of sovereign nations) are a new factor of increasing weight in the global economy. China is the largest Sovereign Wealth generator, with about \$1.2 trillion, followed by Russia and Kuwait, according to Global Insight. By 2015 these funds will surpass the current output of the U.S. if they continue to grow at the average annual rate of the past three years (24%). Inflation in China, U.A.E., Saudi Arabia, Russia and Kuwait has created pressure for these SWFs to invest abroad. SWFs accounted for 35% of world merger and acquisition activity in 2007 and about 10% of private equity investments globally. Investments in the U.S. by these funds will continue to grow over the forecast period, increasing the nation's growth rate but also increasing the share of assets held by foreign investors.

### **The Federal Reserve and the Economy**

The Federal Reserve has taken strong, proactive measures to prevent any collapse of confidence in major financial institutions. The bail-out of Bear-Stearns may be the most talked-about example, but the Fed has also taken other unprecedented steps. It has opened its lending window to more types of financial institutions, and has committed **\$400**

**billion** to various liquidity facilities to shore up institutions hurt by the mortgage market crisis. The reaction to these measures in the financial community has been strongly positive, stabilizing the markets.

Based on the consensus of its Board that the economy is rapidly slowing, the Federal Reserve opted for yet another rate cut April 30, dropping the federal funds rate a quarter of a percent and resulting in a rate of 2%. The rate of inflation remains outside the Fed's comfort zone, however, and should the core rate of inflation, excluding food and energy, approach 3.0%, the Fed will likely stop its rate-cutting. In short, the Fed continues to face a delicate balancing act, cutting the federal funds rate to stimulate domestic spending while at the same time moderating those cuts to control inflation.

Nine of the twelve Federal Reserve Districts, including the two that together cover **Mississippi** (Atlanta and St. Louis), reported a slowing in the pace of economic activity in the April "Beige Book", while the remaining three districts (Boston, Cleveland and Richmond) reported mixed or steady activity. The Beige Book noted that consumer spending was softening overall, with auto sales hit especially hard. Tourism was generally strong, however, boosted by foreign visitors, and business and health services were expanding. Demand for transportation services was weak, real estate and construction markets were anemic and, apart from defense and energy, the manufacturing outlook was reported as "subdued", although exports showed high growth.

### **Fiscal Stimulus Package**

The economic stimulus package signed by President Bush in February is expected to bump up the growth rate of GDP, beginning in mid-summer. The package provides **\$107 billion** for tax rebates to households and **\$45 billion** for businesses, almost all via a 50% bonus depreciation. Most of the household rebates will be delivered during Q2. Global Insight expects that 20% of these rebates will be spent within three months, 40% within six

months and 50% within a year. The rest will largely be used to pay down debt. These assumptions are built into their baseline forecast, presented below.

Some more detail on the rebates: persons with at least \$3,000 of earned or social security income will receive a minimum of \$300 per person and \$600 per couple, with an additional \$300 provided per dependent child. Adjusted gross income must be less than \$75,000 for singles and \$150,000 for married couples. Recipients of certain veterans' benefits will also receive rebates. The legislation offers **incentives** for business investment, providing for accelerated depreciation – businesses that buy new equipment and software this year can deduct 50% of the cost of their purchase the first year. Small businesses (with less than \$800,000 of tangible business purchases in 2008), if profitable, can deduct up to \$250,000 in expenses this year – up from \$128,000.

### U.S. Forecast 2008-2011

Some key forecast assumptions, in addition to the timing of consumer expenditures based

on tax rebate funds, are that the price of oil drops slightly in 2009 to an average of \$97/barrel; that the value of the dollar stabilizes by 2009; that productivity growth slows to an average of 2.0% over the next decade; that the world growth rate of GDP slows only slightly; and that federal expenditures gradually decelerate after a bump upward this year.

The **“W”-pattern** shown in Figure 1 and spelled out in Table 1 is the most likely growth path for the national economy, according to Global Insight. The brief acceleration of economic activity this summer cools off in the fall, with the end result that the real growth rate of GDP in 2008 is a modest 1.2%. Growth accelerates again by Q1 of 2009, and this time the upward trend continues. Although the annual growth rate in 2009 comes in at a modest 1.4%, the economy is back on track by mid-year and, in both 2010 and 2011, GDP grows at a rate of over 3.0%, as shown in Table 3.

The slow economy holds down the inflationary pressures of high energy costs, so that the overall price level, as measured by the

Table 3. **U.S. ECONOMIC FORECAST 2008-2011**  
(Percent change)

	2008	2009	2010	2011
U. S. Gross Domestic Product (GDP)	3.3	3.5	5.1	5.4
Real GDP	1.2	1.4	3.2	3.3
GDP Price Index	2.0	2.1	1.9	2.0
Real Gross Domestic Investment	-7.7	-0.4	9.9	8.8
Establishment Employment	0.1	0.2	1.2	1.7
Manufacturing	-2.8	-2.6	-0.6	1.4
Contract Construction	-5.8	-4.3	1.4	4.7
Transportation, Utilities	-0.2	0.1	2.7	3.3
Wholesale, Retail Trade	-0.6	-0.2	0.8	0.1
Finance, Insurance, Real Estate	-1.5	0.6	2.1	2.4
Health & Social Assistance	2.8	2.7	1.8	1.4
Business & Professional Services	1.0	1.9	5.0	4.8
Leisure & Hospitality	1.8	0.7	-0.1	1.8
Government	0.9	0.4	0.6	0.5
Unemployment Rate <sup>1</sup>	5.2	5.8	5.7	5.2
Personal Income	4.2	3.4	5.1	5.8
Consumer Price Level	3.8	1.9	1.5	1.8
Prime Rate <sup>1</sup>	5.2	5.0	7.1	7.7

<sup>1</sup>Not percentage change.

SOURCE: Global Insight, May, 2008.

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Probability</b>
Baseline	1.2	1.4	3.2	55%
Pessimistic	0.5	-0.4	2.5	25%
Optimistic	1.8	2.7	3.6	20%

SOURCE: Global Insight, May 2008.

GDP deflator, remains close to 2.0% over the forecast period. Consumer prices, shown near the bottom of Table 3, rise more rapidly than overall prices in 2008, but a drop in the price of oil keeps inflation as measured by the consumer price index in line with overall trends in inflation from 2009 to 2011.

The **recovery** in the national economy can be tracked through the trends in investment and employment summarized in Table 3. The drop of 7.7% in real gross domestic investment this year is followed by only a slight dip in 2009. A return of business and consumer confidence, and an upturn in employment brings the growth rate of investment up to 9.9% in 2010 and 8.8% in 2011. Establishment employment, with marginal growth rates in 2008 and 2009, enjoys growth rates of over 1.0% in 2010 and 2011.

The industries **hit hardest** by the current downturn, as shown in Table 3, are contract construction and manufacturing, where employment is expected to fall by over 2.5% both this year and next. Even wholesale & retail trade takes a hit, with the number of jobs in this industry shrinking as well until the recovery year of 2010. Health & social assistance is the one industry that is largely recession-proof: employment growth this year and next is forecast to be over 2.5% -- the only industry for which this is true.

The **unemployment rate** in 2008, at 5.2%, will come in higher than last year and is predicted to rise again in 2009, where it will hover until 2011 when it returns to the 5.2% range.

Personal income growth falls to 4.2% in 2008 and to 3.4% in 2009 in the forecast, due

to the drop in economic activity. Wage and salary earnings, which fluctuate with payroll employment, slow over the coming two years. Transfer payments, including unemployment benefits and food stamps, may offset some of the drop in labor compensation, but the downturn in the growth rate of **personal income** remains evident.

Despite the fact that the federal funds rate is currently at 2.0% and likely to be cut further, the prime rate averages about 5.2% this year and only slips slightly in 2009, as financial markets tighten their lending practices. The **prime rate** rises to 7.1% in 2010 and 7.7% in 2011 as the economy recovers.

The major downside **risks** to the Global Insight projections presented here come from the possibilities that financial markets might deteriorate further and that oil prices might not fall to the levels predicted, namely \$109 per barrel in Q3 and \$101 in Q4 (West Texas Intermediate price).

#### **Alternative Forecast Scenarios**

Global Insight's baseline forecast is for a "W"-shaped path of GDP, with a 25% probability of a full-blown recession by the year's end and a 20% probability that recessionary pressures lessen, with the economy shaking itself from its current lethargy and rising to growth rates of GDP in excess of 2% by mid-2008. See Table 4.

Under the **pessimistic recession scenario** (25% probability), several variables do not perform as well as predicted in the baseline forecast. The decline in the housing market proves to be even steeper than predicted, with housing starts, housing sales,

and home prices all lower than in the baseline. The negative effects on consumer spending and business investment are greater, and negative feedback cycles are stronger. Also under this scenario, oil prices remain above \$120 per barrel in Q3 and above \$105 in Q4. Inflation accelerates, further cutting into consumer purchases. Productivity growth becomes negative in Q2, and is only 1.3% for 2008 as a whole, and an even lower 0.8% in 2009. In contrast, in the baseline forecast, productivity rises 1.9% in 2008 and 1.7% in 2009.

Payroll employment continues to fall until mid-2009 under these conditions, and the growth rate of GDP slows even further. Despite the boost from the tax rebates, the growth rate of GDP is negative for four consecutive quarters beginning in Q2 of 2008. Industrial production falls over this period as well. The upturn begins in Q2 of 2009, with motor vehicles and business equipment & software among the first industries to recover.

The **optimistic scenario** (20% probability), on the other hand, is based on the fortuitous confluence of several positive developments. One key assumption is that of a higher growth rate of productivity. An increase in output per worker hour of 3.8% in Q3, driven by new technologies and improved efficiency, has positive effects on profits and business expectations under this scenario, and so also on investment and employment. Businesses pay wages that keep workers ahead of inflation and employment rises at an annual rate of over 1.5% in Q3 and Q4 of this year. Productivity growth in excess of 2% in 2009 and 2010 helps to maintain a healthy growth rate of employment.

The housing downturn is somewhat less steep than in the baseline, averaging about 72,000 more housing starts in 2008 and 180,000 more in 2009. The growth rate of residential investment turns positive in Q1 of 2009, after which it continues to rise. The growth of nonresidential investment remains positive throughout the forecast period. The price of oil falls to \$93 per barrel by Q4 and averages \$86 per barrel over the course of 2009. The world economy is stronger, boosting exports. A 0.2% growth rate of GDP in Q2 of 2008 is slowest quarterly

growth rate expected during the forecast period of 2008:Q2 to 2010:Q4. Payroll employment grows 0.6% in 2008, but the rate picks up to 1.7% in 2009. The upswing peaks in 2010, with the growth rate of GDP at 3.6%, and the growth rate of GDP then averages about 3.2% from 2011 to 2013.

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

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## **MISSISSIPPI ECONOMIC OUTLOOK: NATIONAL SLUMP, FINANCIAL JITTERS IMPACT STATE**

Mississippi is feeling the effects of the national slump, although payroll employment in the state has continued to expand. Employment trended upward during the first three months of the year, and the number of persons employed in the first quarter (Q1) was 0.7% higher than in Q1 of 2007. Employment growth, however, was concentrated near the coast.

The housing market here has been hurt by the mortgage crisis, despite the boost provided by post-Katrina rebuilding on the coast. Foreclosures are high, the number of building permits issued is down, and construction employment in Q1 of 2008 was no higher than in the same quarter last year.

State tax collections this year have been slow in comparison to the double-digit increases in FY2006 and FY2007. Tax Commission transfers for July through May were only 3.3% above the figure for the same period in FY2007, an amount just in line with the official revenue estimate.

Katrina-related funds remain a major stimulus to the state economy. A sizeable portion of the approximately \$38 billion flowing to the state post- Katrina has yet to be spent, although these funds -- from insurance, federal grants and private aid -- have largely been disbursed, except for about \$8.3 billion of federal funds. Also on the positive side, several major private sector projects are in the pipeline.

The five coastal counties have now effectively returned to pre-Katrina employment levels, although the composition of employment has shifted towards the construction and government sectors. Thousands of persons remain in temporary housing.

The index of leading indicators for Mississippi has been declining for several months, pointing towards an economic downturn, in line with national trends. The growth rate of output and employment here will be closely tied to developments in the rest of the nation during the coming year.

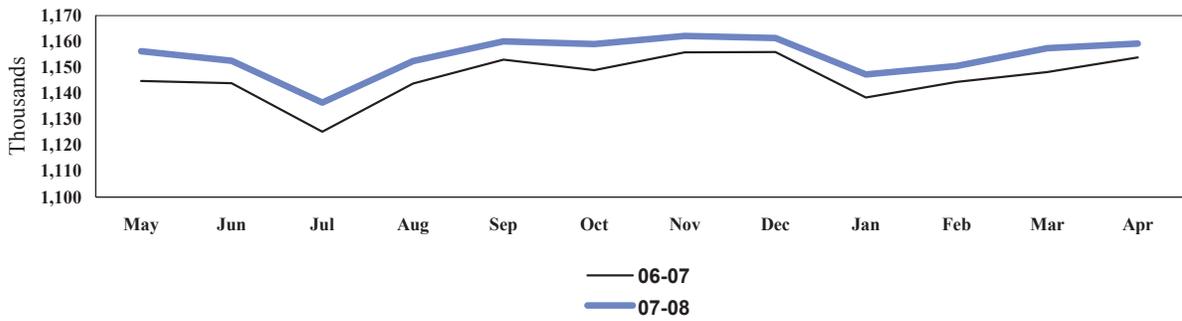
**M**ississippi is feeling the effects of the national slump. Housing, manufacturing and, more recently, retail trade have all been hit. Indicators point to a moderate slowdown, although the numbers so far remain mixed.

The **drop in U.S. spending** on consumer goods and on residential and nonresidential structures is already impacting the state and will inevitably affect overall levels of employment and income. The housing market here has been hurt by the mortgage crisis, despite the boost provided by post-Katrina rebuilding on the coast. Mississippi led the nation in the percentage of mortgages

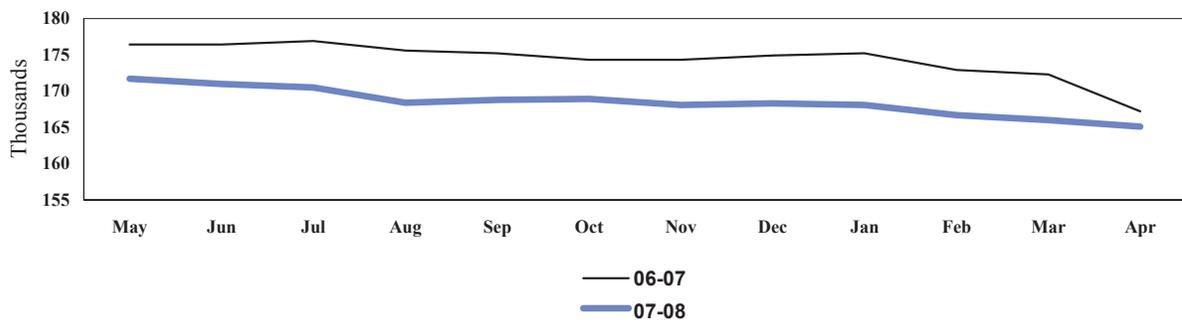
with installments past due (11%) in the last quarter of 2007. Foreclosures are high, the number of building permits issued is down, and construction employment in the first quarter (Q1) was no higher than in the same quarter last year.

State tax collections in the first eleven months of FY2008 were up only 3.3% in comparison to the same months of FY2007. **Leading indicators** for the state have been sinking. The state forecast predicts a low, but positive, growth rate of gross state product in 2008 and 2009. A strong upturn is expected to begin in mid-2009, coinciding with the economic upswing in the rest of the nation.

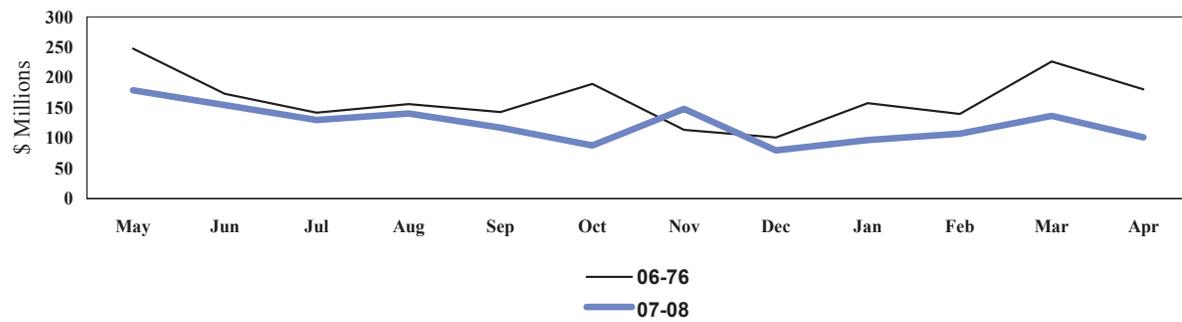
**Figure 1a. Nonagricultural Employment**



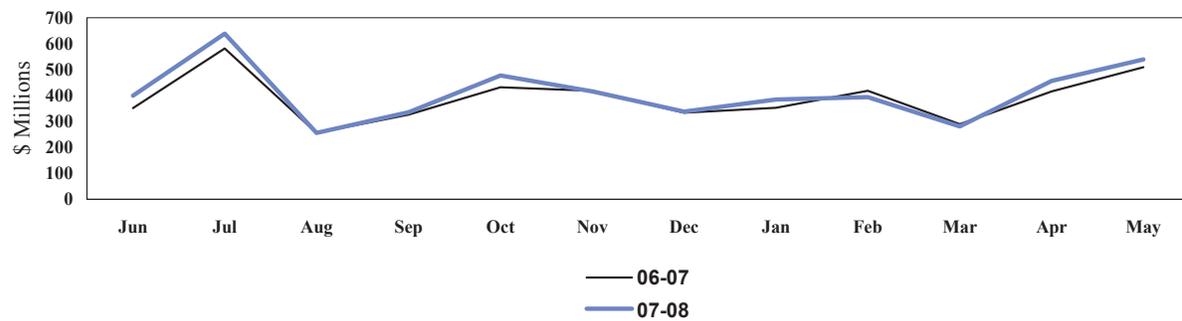
**Figure 1b. Manufacturing Employment**



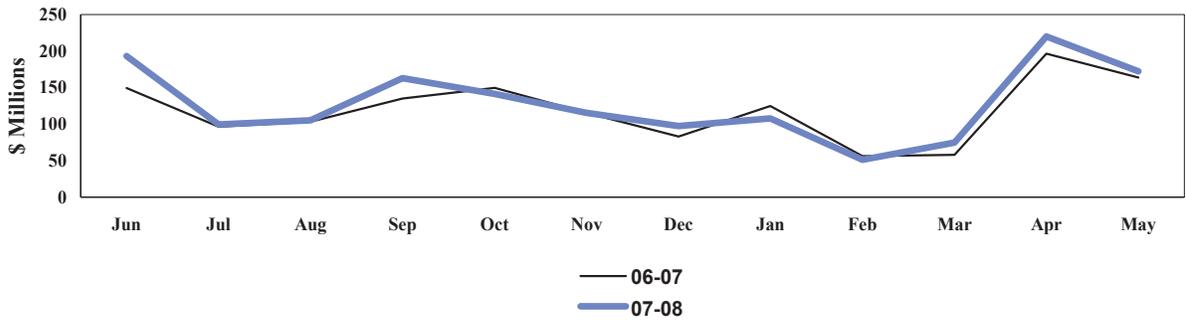
**Figure 1c. Value of Building Permits**



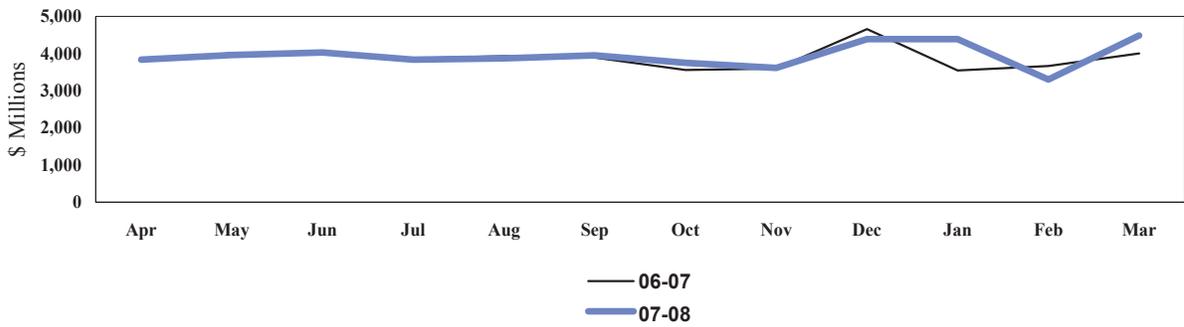
**Figure 1d. General Fund Revenues**



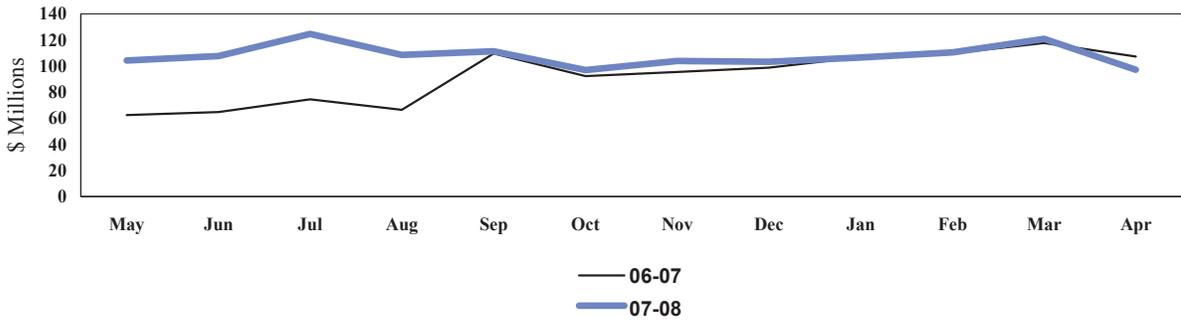
**Figure 1e. Personal Income Tax Revenues**



**Figure 1f. Retail Sales**



**Figure 1g. Gaming Revenue -- Coast**



**Figure 1h. Gaming Revenue -- River**

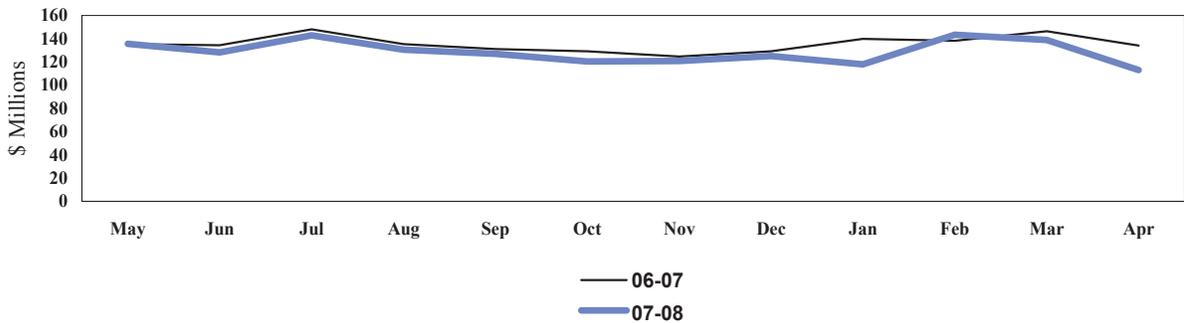


Table 1. **FINANCIAL INFLOWS TO MISSISSIPPI AS A RESULT OF HURRICANE KATRINA**

	<b>Total Funds Allocated</b>	<b>Estimated Funds Not Yet Disbursed as of (4/1/08)</b>
<b>FEDERAL TOTAL<sup>1</sup></b>	<b>\$23.5 billion</b>	
Community Development Block Grant <sup>2</sup>	\$5.48 billion	\$3.36 billion
Homeowners Programs	2.50 billion	.98 billion
Housing for Renters	.26 billion	.26 billion
Public Housing	.10 billion	.09 billion
Local Infrastructure	.58 billion	.57 billion
Private Utilities	.44 billion	0
Economic Development (including Port of Gulfport)	1.25 billion	1.24 billion
Administrative Costs	.17 billion	.16 billion
Other (Inspections, services)	.18 billion	.06 billion
Public Assistance <sup>9</sup>	\$2.5 billion	\$1.1 billion
Debris Removal	.7 billion	
Public Buildings	.6 billion	
Public Utilities	.6 billion	
Protective Measures	.4 billion	
National Flood Insurance Program <sup>10</sup> (Paid to Policyholders)	\$2.4 billion	0
Individual Assistance <sup>11</sup>	\$1.3 billion	n/a
Housing	.9 billion	
Other	.4 billion	
Small Business Administration <sup>12</sup>	\$3.1 billion	n/a
Housing Loans <sup>13</sup>	2.6 billion	
Business Loans	0.5 billion	
GO Zone <sup>14</sup>	\$5 billion	\$3.75 billion
Other Agencies	\$4 billion	n/a
Navy Shipbuilding <sup>15</sup> (Northrop-Grumman)	2 billion	
Highways <sup>16</sup>	1 billion	
Medicaid <sup>17</sup>	.5 billion	
Social Services Block Grant <sup>18</sup>	.2 billion	
Education K-12 <sup>19</sup>	.3 billion	
PRIVATE INSURANCE PAYMENTS <sup>20</sup>	\$13.8 billion	0
Homeowners	5.4 billion	
Business, Other	8.4 billion	
CHARITABLE DONATIONS	\$1.2 billion	n/a
<b>GRAND TOTAL</b>	<b>\$38.5 billion</b>	<b>Over \$8 billion</b>

NOTES. Numbers refer to sources (1) to (11) below.

- |                                                       |                         |
|-------------------------------------------------------|-------------------------|
| 1. See source (9) p. 10 and (10).                     | 12.(7).                 |
| 2. (10) has total and breakdown.                      | 13.(8).                 |
| 3. (9) p. 14.                                         | 14.(3). As of 12/10/07. |
| 4. (9) p. 15.                                         | 15.(6).                 |
| 5. (9) p. 15.                                         | 16.(11).                |
| 6. (9) p. 16.                                         | 17.(6).                 |
| 7. (1) p. 1.                                          | 18.(6).                 |
| 8. (9) p. 15.                                         | 19.(7).                 |
| 9. (4) includes breakdown.                            | 20.(5).                 |
| 10.(9) p. 13.                                         | 21.(2).                 |
| 11.(4) includes breakdown. Expenditures are on-going. |                         |

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### Economic Indicators

Payroll employment in the state has been well above year-ago levels for the past twelve months, as shown in Figure 1a. In the first quarter of 2008, the number of persons employed was 0.7% higher than in Q1 of 2007. The unemployment rate was lower.

However, this has not been the case for all sectors nor for all regions of the state. As Figure 1b shows, not only has manufacturing employment been below year-ago levels for a year, the trend has been downward. The same trend holds true in the U.S. economy, despite the strong growth of exports.

**Construction employment** in the state began declining in the fall of 2007, later than in the rest of the country. Demand for construction workers was buoyed both by Katrina-related reconstruction and by several new major investment projects, including a Toyota plant and new casinos. However, the value of new housing permits issued has been well below year-ago levels for some time, indicating a further slowdown in construction activity. See Figure 1c.

State tax collections this year have been slow in comparison to the double-digit increases seen in FY2006 and FY2007. **Tax**

**Table 2. MISSISSIPPI EMPLOYMENT BY SECTOR**

	Jan - Mar 2008	Jan - Mar 2007	Number Change	Percent Change
<b>Residence Based Amounts</b>				
Civilian Labor Force	1,319,100	1,304,100	15,000	1.2%
Unemployed	80,700	86,000	(5,300)	(6.2%)
Rate	6.1	6.6	(0.5)	xxxx
Employed	1,238,500	1,218,100	20,400	1.7%
<b>Establishment Based Amounts</b>				
<b>Total Nonfarm</b>	<b>1,151,900</b>	<b>1,143,700</b>	<b>8,200</b>	<b>0.7%</b>
Total Private	904,400	900,300	4,100	0.5%
Goods Producing	233,100	237,400	(4,300)	(1.8%)
Service-Providing	918,800	906,300	12,500	1.4%
Private Service Providing	671,400	662,900	8,500	1.3%
<b>Natural Resources &amp; Mining</b>	<b>9,400</b>	<b>9,300</b>	<b>100</b>	<b>1.1%</b>
<b>Construction</b>	<b>57,300</b>	<b>57,300</b>	<b>0</b>	<b>0.0%</b>
<b>Manufacturing</b>	<b>166,400</b>	<b>170,800</b>	<b>(4,400)</b>	<b>(2.6%)</b>
Durable Goods	111,300	114,100	(2,800)	(2.5%)
Wood Product Mfg.	14,500	14,200	300	2.1%
Sawmill-Wood Preserve	5,400	5,400	0	0.0%
Fabricated Metal Products	10,900	10,900	0	0.0%
Machinery Manufacturing	12,100	12,900	(800)	(6.2%)
Electrical Equipment, Appliance & Component Ma	9,800	10,500	(700)	(6.7%)
Electrical Equipment Manufacturing	5,500	5,800	(300)	(5.2%)
Transportation Equipment	27,400	26,500	900	3.4%
Motor Vehicle Parts	5,700	6,300	(600)	(9.5%)
Ship and Boat Building	15,200	13,200	2,000	15.2%
Furniture and Related	22,900	25,100	(2,200)	(8.8%)
Non-Durable Goods	55,000	56,700	(1,700)	(3.0%)
Food Manufacturing	24,100	24,800	(700)	(2.8%)
Animal Slaughtering	17,600	18,100	(500)	(2.8%)
Paper Manufacturing	4,800	5,100	(300)	(5.9%)
Plastics and Rubber	7,800	8,100	(300)	(3.7%)
<b>Trade, Transportation, and Utilities</b>	<b>226,700</b>	<b>224,500</b>	<b>2,200</b>	<b>1.0%</b>
Wholesale Trade	37,100	36,600	500	1.4%
Retail Trade	141,200	140,200	1,000	0.7%
Food and Beverage Stores	18,200	18,100	100	0.6%
Grocery Stores	16,400	16,300	100	0.6%
General Merchandise Stores	37,000	36,600	400	1.1%
Department Stores	7,800	7,800	0	0.0%
Other General Merchandise	29,200	28,800	400	1.4%
Trans, Warehouse, Utilities	48,400	47,700	700	1.5%
Utilities	7,500	7,600	(100)	(1.3%)
Transport & Warehouse	40,900	40,100	800	2.0%
Warehousing and Storage	9,000	8,600	400	4.7%
<b>Information</b>	<b>13,200</b>	<b>13,300</b>	<b>(100)</b>	<b>(0.8%)</b>
Telecommunications	6,600	6,700	(100)	(1.5%)
<b>Financial Activities</b>	<b>46,500</b>	<b>46,700</b>	<b>(200)</b>	<b>(0.4%)</b>
Finance and Insurance	34,300	34,600	(300)	(0.9%)
Credit Intermediation	21,900	21,900	0	0.0%
Depository Credit	15,700	15,700	0	0.0%
Insurance Carriers	10,900	11,100	(200)	(1.8%)
Real Estate and Rental	12,200	12,100	100	0.8%

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

<b>Professional and Business Activities</b>	<b>94,500</b>	<b>94,200</b>	<b>300</b>
Professional, Scientific and Technical Services	34,900	34,900	0
Management of Companies	9,800	9,900	(100)
Administrative and Support	49,800	49,500	300
<b>Educational and Health Services</b>	<b>127,800</b>	<b>125,200</b>	<b>2,600</b>
Educational Services	15,600	15,400	200
Health Care and Social Assistance	112,200	109,800	2,400
Hospitals	31,000	30,200	800
Nursing and Residential Care	22,600	22,200	400
<b>Leisure and Hospitality</b>	<b>125,000</b>	<b>122,000</b>	<b>3,000</b>
Arts, Entertainment, and Recreation	12,600	11,700	900
Amusement, Gambling	11,200	11,000	200
Accommodation and Food services	112,400	110,200	2,200
Accommodation	32,900	31,900	1,000
Food Services and Drive Ins	79,500	78,400	1,100
<b>Other Services</b>	<b>37,700</b>	<b>37,100</b>	<b>600</b>
Repair and Maintenance	9,800	9,900	(100)
<b>Government</b>	<b>247,400</b>	<b>243,400</b>	<b>4,000</b>
Federal Government	25,600	25,700	(100)
State Government	60,000	59,200	800
State Govt. Education	21,600	21,100	500
Local Government	161,900	158,500	3,400
Local Govt Education	89,000	86,300	2,700

SOURCE: Mississippi Employment Security Commission, May, 2008. 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 in the 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. Part-time employees are also better captured by residence-based data.

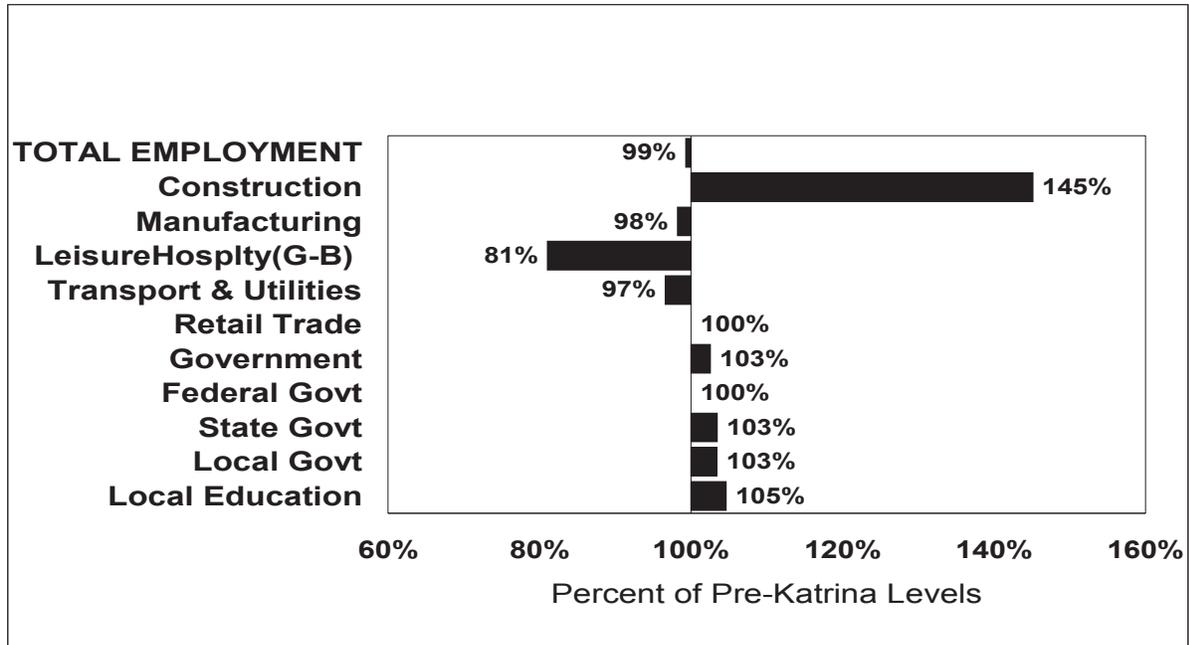
**Commission transfers** for July through May were only 3.3% above the figure for the same months of FY2007, an amount just in line with the official revenue estimate. Figure 1d shows the recent trends in general fund revenues. Personal income tax collections, which have benefited from the state's employment growth, have increased somewhat more rapidly than overall revenues (Figure 1e).

Sales tax revenues have faltered, however, as the tremendous growth rate in retail sales immediately post-Katrina has eased. Although **retail sales** remain high, the growth rate is low and, after a brief pick-up expected this summer from the national tax rebates, the growth rate of retail sales may well drop further (see Figure 1f). Nationwide, revenue collections in most states are just keeping up

with inflation, according to the Congressional Budget Office (5/1/08), and the Center for Budget and Policy Priorities (5/21/08) report. In most states, including Mississippi, budget shortfalls in FY2009 that may be met by cuts, higher taxes or a draw-down of reserves.

The gaming industry, nationally and locally, has been hurt by high gas prices and slowing consumer spending. Casinos on the Gulf Coast, which are still recovering from a zero level of activity in the aftermath of Hurricane Katrina, have managed to exceed pre-Katrina revenue this year, nonetheless, and also have exceeded 2007 revenue levels year-to-date, though slightly (Figure 1g). River casinos on the other hand, which draw a sizeable proportion of their customers from the Memphis

**Figure 2. GULF COAST EMPLOYMENT AS PERCENT OF PRE-KATRINA LEVELS, MARCH 2008**



SOURCE: Mississippi Center for Policy Research and Planning, May 2008. Leisure and hospitality figures are for Gulfport-Biloxi only.

had generally lower revenues than a year ago for the past twelve months (Figure 1h). Coast gaming revenues in 2007, at \$1.3 billion, were 5.7% above 2004 levels, while River gaming revenues, at \$1.6 billion, were a bit below 2006 levels.

The index of leading indicators for Mississippi, as reported in *Mississippi Business*, has been declining for several months, presaging a downturn, in line with national trends.

### **Katrina-Related Funds and Coastal Recovery**

A sizeable portion of the approximately **\$38.5 billion** flowing to the state post-Katrina has yet to be spent, although these funds -- from insurance, federal grants and private aid -- have largely been disbursed. About \$8.3 billion of federal funds, predominantly from the Community Development Block Grant and GO Zone set-asides, remain to be allocated to individuals

and businesses. Table 1 provides a breakdown of these financial flows to the state, and indicates amounts that are still unallocated by program. Note that as of April 1, \$2.1 billion has gone to homeowners under the Homeowners Grant Program. On the other hand, none of the \$260 million for housing for renters had been disbursed.

It is unlikely that homeowners have spent more than half of their grants, given the bottlenecks affecting reconstruction on the coast, including the shortages of skilled workers and materials, higher insurance costs, and the need to meet new building requirements. As Table 1 shows, other housing grants and businesses subsidies to the tune of **over \$8 billion** have yet to be spent. Billions of dollars in outside funds, then, can be expected to drive up spending in the state over the coming years.

The two coastal MSAs of Gulfport-Biloxi and Pascagoula (which include George, Hancock, Harrison, Jackson and Stone

Counties) have now effectively achieved pre-Katrina employment levels, although the **composition of employment** has shifted towards the construction and government sectors, as seen in Figure 2. Only the manufacturing, leisure/hospitality, and transportation utility sectors remained below pre-Katrina levels as of March. Figure 3 tracks construction employment. As can be seen, the number of construction jobs on the coast and in the rest of the state has been declining for the past five months, except for an uptick at the state level in March. Other data confirm that the pace of housing reconstruction has been slow in recent months.

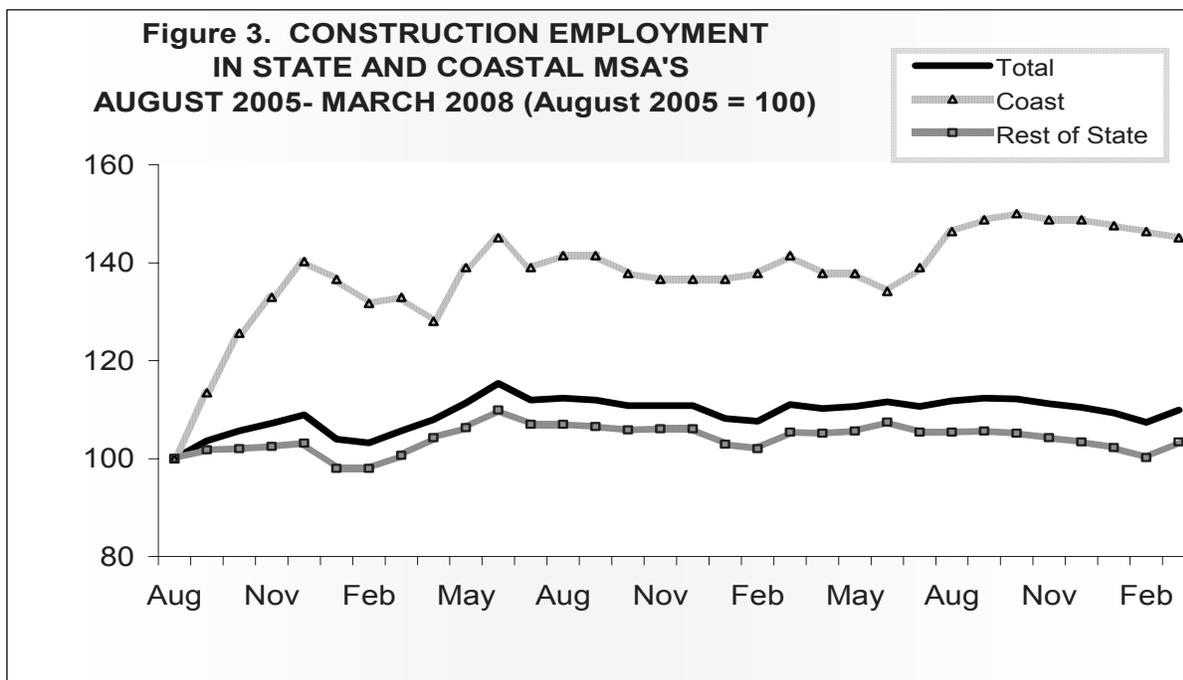
Building permits were issued for about 2,200 more housing units in 2006 than in 2004. (Permits issued dropped in 2005, the year Katrina hit.) In 2007, the increase over 2004 was down to 1,300 units. However, over 14,400 housing units were destroyed or severely damaged by the hurricane and many more require major repairs, according to the U.S. Department of Housing and Urban Development. The **housing crisis** clearly continues. Over 7,300 FEMA trailers are still in use, and as of May 1 only 2,400 families have been moved into a Mississippi cottage,

as part of the Mississippi Emergency Management housing effort. Coastal reconstruction, then, remains an important activity of the state economy. The December 2007 issue of this *Review* has a fuller discussion of obstacles facing the recovery effort. The numbers on permits issued are provided in Appendix Table A at the end of this article.

Unusually severe weather again hit the state in the first half of this year, necessitating expenditures for both relief and reconstruction efforts. The Governor issued state of emergency declarations in several counties in February, April and May following severe storms with tornadoes. Hinds County was declared a federal disaster area following severe damage from May tornadoes. Also, due to flooding from the Mississippi River, the four counties of Bolivar, Warren, Washington and Wilkinson were declared a federal disaster area on May 8. These **disaster declarations** enable the flow of federal assistance to the affected areas.

### Employment Trends

Payrolls trended upward during the first three months of the year, and employment in Q1 of 2008 was 0.7% higher than in Q1 of



SOURCE: Mississippi Department of Security, May 2008.

Table 3. **ECONOMIC FORECAST FOR 2008-2011**  
(Percent Change)

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Mississippi</b>				
Gross State Product	3.6	3.7	4.3	4.6
Real Gross State Product	1.6	1.8	2.3	2.5
Price Level	2.0	1.9	1.9	2.1
Establishment Employment	0.4	0.6	1.0	1.1
Unemployment Rate <sup>1</sup>	6.4	6.3	6.0	5.9
Personal Income	4.1	3.6	4.5	4.9
Consumer Price Level-South	3.6	2.1	1.9	2.1
<b>United States</b>				
Gross Domestic Product	3.2	3.8	5.0	5.4
Real Gross Domestic Product	1.2	1.7	3.0	3.3
Price Level	2.0	2.0	1.9	2.0
Establishment Employment	0.2	0.4	1.2	1.6
Unemployment Rate <sup>1</sup>	5.3	5.8	5.6	5.2
Personal Income	4.2	3.6	5.0	5.7
Consumer Price Level	3.5	1.6	1.6	1.7

<sup>1</sup>Not percentage change.

SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning. May 2008. Global Insight, May 2008.

2007. See Table 2. The unemployment rate, at 6.1%, was lower than the 2007 average rate of 6.3%. **Employment gains** were concentrated in health care & social assistance, accommodation and food services, shipbuilding, and local government, which each added at least 2,000 jobs. Employment growth was greatest near the coast.

The number of persons employed in the goods-producing sectors dropped 1.8% in Q1 of this year, compared to the same quarter in 2007. While construction was stable and natural resources/mining was up 1.1%, **manufacturing** employment fell 2.6%. Although the number of jobs in manufacturing durables dropped 2.5% overall, employment in the transportation equipment industry rose 3.4%, with the number of jobs in shipbuilding up 15.2%, and in wood products up 2.1%. Nondurables manufacturing employment shrank 3.0%, with the steepest drop in paper products, down 5.9%.

Employment grew 1.4% in the **services-producing sectors**, and gains were broadly-based. The number of persons employed in leisure & hospitality rose 2.5%, with gaming

& amusements up 1.8% as several casinos on the coast reopened; health care & social assistance employment increased 2.2%; transportation & utilities, 1.5%; local government, 2.1%; state government, 1.4%; trade, 0.9%; and professional & business services, 0.3%. Information services reduced its workforce slightly, as did finance.

Most of the increase in employment was concentrated in **coastal counties**. The coastal MSAs of Gulfport-Biloxi and Pascagoula experienced a growth in employment of 4.5% from Q1 of 2007 to Q1 of 2008, while employment in the rest of the state squeaked out a mere 0.1% rise. The May issue of *Mississippi Business* provides a map of the 82 counties in the state, showing the number of jobs added by county. DeSoto County near Memphis was the only county in the central or northern part of the state to add more than 1,000 jobs.

#### Short-Term Forecast

It is small consolation that the growth rates of output and employment in Mississippi this year and next are expected to be

## Income Distribution Becomes More Unequal

Income inequality in the U.S. has been increasing since the 1980s, but this trend has accelerated, according to the most recent data available. In Mississippi, the increase has been particularly dramatic: from 1999 to 2005, the real income of the top 20% of families increased 23%, while that of the bottom 20% fell 8.5%, as shown in Table 4. In contrast, the U.S. growth rate of incomes in the top 20% was 9%, although the top 5% saw a 15% increase (column 4). [To improve accuracy, the figures for average real income in 2005 shown here are post-federal tax averages of Census data for 2004, 2005 and 2006, and are adjusted for family size and government transfers, except for publicly-financed health care.]

**In fact, Mississippi experienced the greatest increase in income inequality between the top and bottom quintiles of any state.** Only New York and Alabama had a greater inequality between these two quintiles than did Mississippi, where the average real income at the top was 8.27 times that at the bottom. The top 20% of families here receive 45.9% of total Mississippi income, a higher percentage than is true of the U.S. as a whole where the comparable figure is 43.3%.

At the same time, the average income in Mississippi is below that of the U.S. for every income group. The smallest gap is at the top, and the largest at the bottom two quintiles. **The top 5% here have incomes equal to 93% of the U.S. level on average,** and the top 20% are at 89% of the U.S. average. The bottom quintile average is 78% of the corresponding U.S. figure, and the next 20% is at 75%.

These numbers are analyzed by Bernstein et al. of the Economic Policy Institute and the Center on Budget and Policy Priorities. Their study finds that the growing inequality is largely due to growing wage inequality, although federal tax reductions have also favored those at higher income levels. The authors offer **several possible steps towards reversing this growing inequality** that range from bolstering social safety nets, such as unemployment benefits and the earned income tax credit, through tax reform and early childhood education/child care, to improved institutional decision-making processes at both the national and state levels.

As an aside, the authors address income mobility, presenting figures that show that 70% of households in the bottom fifth in 2001 were still there two years later. They also cite a 2007 study showing that among children who started at the bottom, most (58%) were not there 35 years later, although income mobility was found to be considerably lower among blacks than among whites.

Table 4. **AVERAGE REAL INCOMES OF FIFTHS OF FAMILIES, 2005  
WITH GROWTH RATES AND INCOME SHARES MISSISSIPPI (2005 Dollars)**

	<b>Average Income</b>	<b>Share of Total Income</b>	<b>MS Growth of Real Income 1999-2005</b>	<b>U.S. Growth 1999-2005</b>
Top 20%	\$117,454	45.9%	23.4%	9.1%
[Top 5%	\$205,526	20.1%	n.a.*	15.2%]
Second 20%	\$58,426	22.8%	1.7%	3.6%
Middle 20%	\$39,924	15.6%	-1.6%	1.3%
Fourth 20%	\$25,906	10.1%	-8.1%	-0.4%
Bottom 20%	\$14,205	5.6%	-8.5%	-2.5%

Note: This data is derived from the Current Population Survey of the U.S. Census. Since the sample size is relatively small, the 2005 average income is derived from averaging the three years of 2004, 2005 and 2006. The 1999 average (not shown) is similarly a three-year average. The income is post-federal-tax, and includes the cash value of food stamps, subsidized school lunches, and other government transfers such as social security and welfare. Realized capital gains and losses are not included, nor is publicly provided healthcare.

\*n/a signifies that the state did not have sufficient observations in the Current Population Survey to allow for the calculation of reliable estimates of average income.

SOURCE: Economic Policy Institute/Center on Budget and Policy Priorities. See "Pulling Apart", April 2008, by Bernstein, McNichol and Nicholas at [www.cbpp.org](http://www.cbpp.org).

somewhat higher than in the U.S. as a whole, as shown in Table 3. The difference between the rates in Mississippi and the U.S. will not be that great, and the **slowdown** from the economic pace set in 2007 will be very marked. While the U.S. economy has been flirting with recession since the start of the year, the numbers for Mississippi have been buoyed by spending related to the rebuilding of the coast, and talk of recession in the state postponed until recently as a result. Nonetheless, employment in the state in Q1 apart from the two coastal MSAs was virtually unchanged from a year ago, and key economic indicators, as discussed above, have been declining.

The forecast, shown in Table 2, is that **real gross state product** (GSP) in 2008 will grow a modest 1.6%, followed by a similar growth rate in 2009 before the recovery bumps the rate up to 2.3% in 2010 and a slightly higher rate in 2011. This prediction is based on the May national forecast of Global Insight, Inc. presented in the previous article. More favor-

able developments in energy prices, the housing market, or productivity growth could improve these numbers.

**Inflation** is predicted to remain at about 2.0% over the coming three years, as measured by the GSP deflator, based on the assumption that oil prices will fall gradually starting later this year and will remain below \$100 per barrel thereafter. Consumer prices, which have been rising at a 3.6% rate in the South in 2008, are expected to grow at a more manageable 2.1% in 2009 and 1.9% in 2010. The state unemployment rate, which was 6.3% in 2007, will rise to 6.4% as the growth of payrolls drops to about 0.4% this year. Employment growth will gradually pick up over the coming year, and by 2010 the growth rate of employment will increase to 1.0% and by 2011, to 1.1%.

Trends in **personal income** lag employment trends, as downward pressure on wages from the slack labor market reduces wage gains. Personal incomes are forecast to grow 4.1% this year, a rate comparable to that

of the U.S., but a substantial drop from the 7.4% rate experienced in 2007. (The award of grants to homeowners hit by Hurricane Katrina bumped up the 2007 growth rate.)

Among the new private **investment projects** that will help to speed the recovery in Mississippi over the forecast period are the \$1.3 billion Toyota auto plant scheduled to open in 2011, a \$400 million diesel engine plant (PACCAR) that is under construction, and the planned \$700 million Margaritaville Casino and Resort. Also in the cards, SeverCorr has recently announced plans for expansion of its newly-opened \$880 million steel mill.

### Forecast for 2008-2013

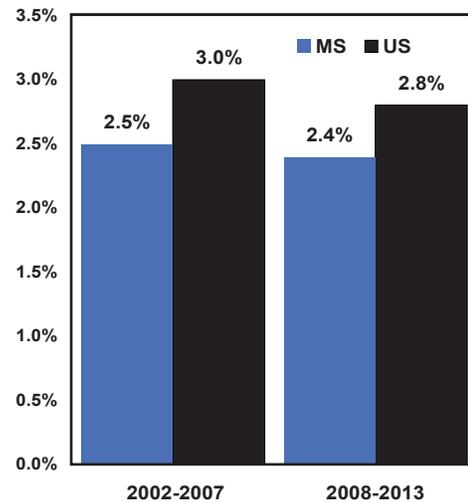
The economic downturn this year is expected to adversely affect levels of output and employment over the course of the five-year forecast period. Although the annual average growth rates of employment and output over the 2008 – 2013 period remain similar to those predicted last year, the starting points, and so also the ending points, are lower.

The average annual growth rate of output in Mississippi from 2002 to 2007 was 2.5%, compared to a growth rate of 3.0% in the U.S., and employment here rose at an annual rate of 0.5% versus 1.1% nationally. **Hurricane Katrina** reduced Mississippi's growth rate of output and employment over this period, despite the bump upwards in 2006 and 2007 from inflows of Katrina-related funds. See Figures 4 and 5.

Over the coming five years, this difference in growth rates is expected to be considerably less. **Employment growth** in the state will average 0.9% and **growth of output** (gross state product), 2.4% -- rates only somewhat below the national numbers.

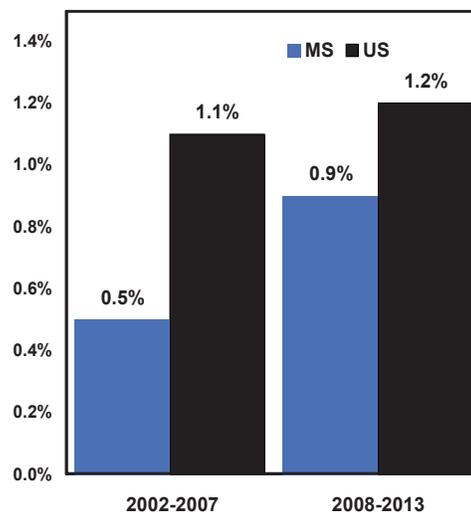
The **most rapid growth** of employment over the forecast period is expected to be in the "other services" category, which includes business and professional services, a leading industry in recent years both here and nationally. See Figure 6. Construction, health

Figure 4. ACTUAL AND PROJECTED CHANGES IN REAL GSP AND REAL GDP



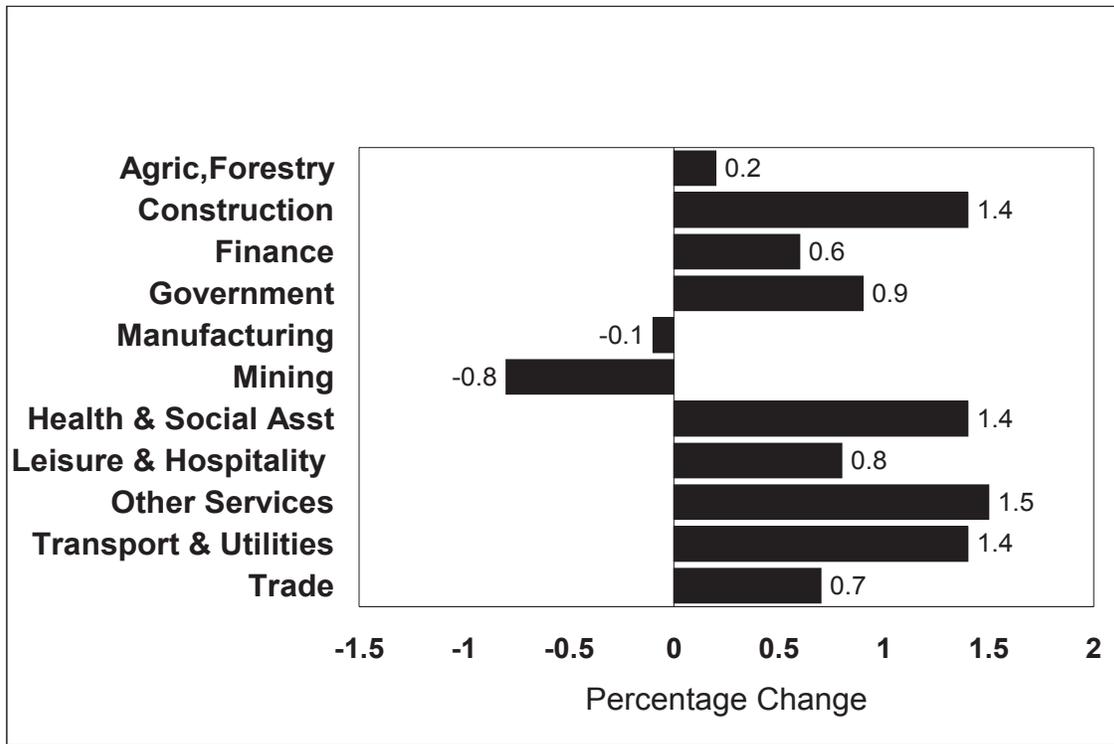
SOURCE: Center for Policy Research and Planning, May 2008

Figure 5. ACTUAL AND PROJECTED ANNUAL CHANGES IN EMPLOYMENT



SOURCE: Center for Policy Research and Planning, May 2008

**Figure 6. MISSISSIPPI EMPLOYMENT PROJECTIONS  
AVERAGE ANNUAL GROWTH RATES 2008-2013**



SOURCE: Mississippi Center for Policy Research and Planning, May 2008.

and social assistance, and transportation will also experience growth rates considerably above the average, at approximately 1.4% annually. Katrina-related construction is continuing, and several major private sector projects are also underway. The growth rate of construction employment here will be greater than that in the rest of the country until about 2011.

Employment in **leisure and hospitality**, which grew rapidly from 2006 to 2008 post-Katrina, will increase more slowly from 2009 to 2013, keeping its average growth rate over the forecast period close to the overall state average. The government sector, retail and wholesale trade, and finance are also expected to grow at close to the average rate. Manufacturing, agriculture and mining will grow more slowly than average, in line with national trends.

**The per capita income gap** between Mississippi and the U.S. is not expected to

improve, since late into the recovery output per worker is predicted to grow more rapidly in the U.S. than in the state. This could be changed, if policies effective in improving worker productivity were implemented in Mississippi. A recent report, *Grading the States 2008*, published in March by the Pew Center on the States, provides some suggestions worthy of consideration. The report points out areas in which the performance of state government here could be improved, including particularly areas related to planning. Strategic direction, budgeting for performance, managing for performance and strategic workforce planning were all rated weak.

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

**Table A. BUILDING PERMIT DATA: NEW PRIVATELY-OWNED HOUSING UNITS AUTHORIZED FOR COASTAL MSAs, 2004-2008<sup>1</sup>**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008:Q1</b>	<b>Total Units (Permits) 2006-Q1:08</b>	<b>Units Severely Damaged/Destroyed 2005<sup>3</sup></b>
Gulfport-Biloxi-Pascagoula <sup>2</sup>	3,132	2,474	5,356	4,434	1,808	11,598	14,449

<sup>1</sup>Note that one structure may contain several housing units.

<sup>2</sup>The Gulfport-Biloxi Metropolitan Statistical Area (MSA) consists of Hancock, Harrison and Stone counties, and the Pascagoula MSA consists of Jackson and George counties.

<sup>3</sup>In Mississippi's coastal MSAs, a total of 14,449 occupied housing units were severely damaged or destroyed by hurricanes in 2005. 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%.

SOURCES: Building permit data is from the U.S. Census at <http://www.census.gov/const/www/C40/table3.html#monthly>. Data on housing units destroyed or severely damaged is from the U.S. Department of Housing and Urban Development at: [http://www.huduser.org/publications/pdf/GulfCoast\\_HsngDmgEst.pdf](http://www.huduser.org/publications/pdf/GulfCoast_HsngDmgEst.pdf).

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Biloxi School District data show that as of May 5, 2008, enrollment in Biloxi School District remained 21% below pre-Katrina levels. Biloxi High School enrollment was down 14%. [http://www.biloxischools.net/comparison\\_of\\_enrollment\\_figures.htm](http://www.biloxischools.net/comparison_of_enrollment_figures.htm)

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Office of the Governor, State of Mississippi. News releases. Also see the following addresses: <http://www.governorbarbour.com/Recovery/> and [www.mississippi.org](http://www.mississippi.org) for added information and data relating to the recovery. Information on the Homeowner Grant Programs can be found at: <http://www.mshomehelp.gov/>

Rockefeller Institute, May 1, 2008. "State Revenue Flash Report" by Donald Boyd and Lucy Dadayan. At [www.rockinst.org](http://www.rockinst.org).

U.S. Bureau of the Census. Permit data can be found: <http://www.census.gov/const/www/C40/table3.html#monthly>

The above link provides data from the US Census on number of building permits issued for new housing units by year and month. These represent only new housing units (completely rebuilt housing units are counted as new). The data are provided by a form that the permit offices mail in.

U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Detailed data on housing damage is in a 2006 publication at: [www.huduser.org/publications/pdf/GulfCoast\\_HsngDmgEst.pdf](http://www.huduser.org/publications/pdf/GulfCoast_HsngDmgEst.pdf) A March 2006 assessment of the housing situation on the Mississippi coast: [http://www.huduser.org/publications/pdf/cmar\\_gulfp ortms.pdf](http://www.huduser.org/publications/pdf/cmar_gulfp ortms.pdf)

## NEWS AND NOTES ON MISSISSIPPI

See [www.mississippi.org](http://www.mississippi.org) and [www.mec.ms](http://www.mec.ms) for more news on economic developments in the state.

### New and Expanded Facilities

Expansion of existing facilities accounted for most of the \$3.4 billion in new capital investment announced by the Mississippi Development Authority during the first four months of 2008. **Defense-related facilities** are planning new investments of over \$1 billion, the largest single investment being a \$950 million expansion of Keesler Air Force Base to enhance its training capability.



Other military investments include \$75 million in additions to the Naval Construction Battalion Center in Gulfport and \$30 million at the Army National Guard in Tupelo.

**Casinos** announced almost \$1 billion of new investments. The Margaritaville Casino and Resort (Biloxi, \$704 million), the Riverwalk Casion (Vicksburg, \$80 million) and the Grand Soleil Hotel and Casino (Natchez, \$67 million) are new casinos that will be built over the coming months. Also, the Ameristar Casio (Vicksburg) plans a \$53 million expansion.

Major expansions were announced in **manufacturing** as well. SeverCorr (Columbus) plans a \$500 million expansion to increase its production of steel sheet, strip and bars. Nissan North America (Canton) is investing \$118 million in its motor vehicle plant, which will expand its capacity to produce trucks, recreational vehicles and autos.

**Office building construction,** hotels and condominiums, schools and colleges, government buildings and hospitals were also announced. **New high schools** are being built on the Coast, after the devastation wrought by Hurricane Katrina. D'Iberville High and West Harrison High will each cost \$35.5 million. A U.S. Courthouse (\$31



million) will be build in Jackson. One Madison Plaza (Madison), 200 Renaissance Tower (Ridgeland), and Harbor Walk (Ridgeland) are office building complexes that were announced, at a cost of \$60 million or more each. Harbor Walk plans include a hotel and condominiums as well as office space.



The greatest number of **jobs** will be created by casinos: the Margaritaville Casino will employ 1,000 persons; the Riverwalk, 500, and the Grand Soleil, 400. Manufacturing jobs generated across the state will approach the number added by casinos: 1,282 jobs will be created by the 19 new or expanded facilities announced.

Koch Foods (Brooksville) will employ 400 persons in its new poultry processing plant; PK USA (Senatobia), automotive stamping, will employ 150; Vuteq USA (New Albany), automotive rubber goods, will hire 130; Toyota Gosei North America (Batesville), motor vehicle components and parts, 120; and Winchester/Olin Corporation (Oxford), small arms ammunition, 100. Unity Homes (Columbia) and ANI Pharmaceutical (Gulfport) will each hire about 88 persons.



**Unity Homes** is partnering with local, regional and national organizations to produce factory-built homes for the affordable housing market that are also energy-efficient. The firm is expected to help the state address the housing shortage on the coast.



The new Wal-Mart Supercenter Greenwood, High Cotton (a new restaurant in D'Iberville), and ADP Solutions (a telephone answering service in Clinton) will provide 80 or more jobs each, for a total of 300 jobs.

## **In the News**

### **Cellular South Opens New Headquarters**

Cellular South celebrated its 20<sup>th</sup> anniversary and officially opened its new headquarters building in Ridgeland in January. The company has 950 employees in the southeastern U.S. and has spent more than \$700 million in network infrastructure.

### **Nissan Plant Receives Second Energy Award**

Nissan North America's automotive manufacturing plant in Canton has earned the Environmental Protection Agency's (EPA) Energy Star award for 2007, making it the first such facility to win in consecutive years. The award recognizes energy-efficient operations that have cut pollution, lowered energy consumption and reduced costs.



### **IndustryWeek Magazine Names Batesville Casket Company's Vicksburg, MS., Operations a Top 10 Best Plant**

Batesville Casket Company's lumber processing plant in Vicksburg, Mississippi has been named a Top 10 facility in *IndustryWeek's* 2007 Best Plants competition. The Vicksburg facility prepares and processes raw lumber for manufacture into caskets and cremation products at other facilities within Batesville's Casket Company, a unit of Hillenbrand Industries, Inc. (HB).



The Vicksburg plant was selected as a winner from a group of over 150 facilities nominated in the annual competition. Plants reported practices and performance in such categories as management strategy, community involvement, customer and supplier relations, employee relations, environmental and safety programs, inventory management, manufacturing and flexibility, productivity, use of technology and market results.

### **Chevron Announces Refinery Project to Increase U.S. Gasoline Production**

Chevron U.S. A. Inc. announced plans to build a major gasoline production



unit at its refinery in Pascagoula, Mississippi in October. With environmental permits in place, construction of the Continuous Catalyst Regeneration Project, estimated to cost around \$500 million, is due to begin in early 2008, with completion anticipated by mid-2010.

Gasoline production at the refinery is expected to increase by approximately 10 percent, or about 600,000 gallons per day. In late 2006, the Pascagoula Refinery completed upgrades to its Fluid Catalytic Cracking unit, increasing its gasoline production by roughly 10 percent to about 5.5 millions gallons per day.

### **UMMC named to annual Top 100 Hospitals**

The University of Mississippi Medical Center is listed among the top 100 hospitals in the country as designated by Thomson Healthcare, a national health care information company. Top performers are selected from more than 3,000 hospitals across the country, divided into five categories for evaluation. The Medical Center was named in the major teaching hospitals category – the only Mississippi hospital to make the Top 100 for 2007.



Thomson 100 Top Hospitals National award honors organizations that rank at or above the top 10 percent on hospital-wide performance when compared with its national peers. The hospital is scored on eight performance measures, including good patient outcomes, improved patient safety, efficient hospital operations, and effective community service. Thomson uses public Medicare data, so that all hospitals can be measured equally.

### **Community Development Foundation Named to Top Economic Development Groups by Site Selection**

The Tupelo, Mississippi-based Community Development Foundation has been named one of the top ten economic development groups in the United States for 2007, by *Site Selection* magazine.



Local economic development groups were first ranked according to four objective categories: new jobs per 10,000 residents, new investment amount, and new investment per 10,000 residents. They were then scrutinized for more subjective attributes including innovation, leadership, and customer service.

### **Southern Growth Studio Teams with MSU to Bring Products Out of Lab, into Stores**

Whether it's nematode-resistant corn, bet-

ter Bermuda grass, or a more efficient rotary engine, if MSU students, faculty, or staff create it, then the Office of Technology Commercialization at Mississippi State University will help them license, protect and promote it with an eye towards market viability. Southern Growth Studio, an Oxford branding and innovation firm, has partnered with the OTC to take that service a step further, providing in-depth market research and positioning advice for MSU innovators.



## SOLVING THE POVERTY PROBLEM IN MISSISSIPPI

*Marianne Hill, Ph.D.*

Poverty is a major problem confronting the South, and particularly Mississippi, where about 1 out of every 5 persons lives in poverty (see Table 1). The percentage in poverty is even higher, if a self-sufficiency standard is used to set the income level below which a household is considered to live in poverty.<sup>1</sup> (For a household of two adults under the age of 65, the 2007 poverty threshold was \$13,884, according to the U.S. Census.) The future of the region, and the state, depends upon an effective approach to raising the income levels of those at the bottom of the income distribution.



### **So, what is the solution to poverty?**

The solution to poverty is straightforward, in a sense: economic and social development that penetrates all communities and population groups would reduce poverty to a manageable minimum.

### **But it's hard to get a handle on "economic and social development". Wouldn't it be sufficient to focus on employment creation?**

Full-time, year-round employment would enable many to escape poverty: in 2006, only 6.6% of women in Mississippi who worked year-round, full-time were poor and only 3.2% of men, compared to an overall poverty rate in excess of 12% for both men and women. Many low-income workers work only part-time or part-year for a variety of reasons, including disability or dependent care responsibilities.<sup>2</sup> With proper supports, many of these workers could increase their employment earnings.



Programs that attempt to reduce poverty through a focus on employment creation may achieve only limited success, however, if they do not simultaneously ensure that the prerequisites to full-time, well-paid employment are met. In addition, some adults may simply be unable to work and so will require other forms of assistance.

### **What are the prerequisites to full-time, well-paid employment?**

Education is basic to well-paid employment: high school graduation is required for most jobs that pay a living wage.<sup>3</sup> Individuals with dependents may require jobs that pay at least an average wage if their household is to achieve a basic standard of living. These heads of household are likely to find that earning certificates and degrees beyond a high school diploma is the most feasible means of enhancing employability and earning ability.

Working age adults with disabilities may also need technologies that improve their work capabilities. Those responsible for dependents may require access to services such as child care or elder care.

### **How big a problem is disability in Mississippi?**

Among the poor, the incidence of disability is high: 37% of poor adults were disabled according to the 2000 Census – 35% of women and 40% of men.<sup>4</sup> About 24.5% of persons from age 21 to 64 in Mississippi have a disability, compared to 19.2% in the U.S. Many disabilities make working full-time, year-round more difficult or simply not possible. Only 6.4% of disabled adults in the state from 18 to 64 years of age worked full-time, year-round according to the 2000 Census, and 47% of disabled working age adults were not in the labor force.



**Table 1. WHO IS POOR IN MISSISSIPPI?**  
(Below Federal Poverty Line in 1999)

	<u>Number Below Poverty Line</u>	<u>Percent of Age Group in Poverty</u>	<u>As Percent of Total Poor in Poverty</u>
<b>TOTAL</b>	548,111	19.3%	100.0%
<b>Female</b>	316,812	21.5%	57.8%
Girls under 6 years	34,674	28.6%	6.3%
Girls 6 to 17 years	67,936	26.4%	12.4%
Women 18 to 64 years	170,448	19.3%	31.1%
Women 65 and over	43,754	20.8%	8.0%
<b>Male</b>	231,299	16.9%	42.2%
Boys under 6 years	35,086	28.0%	6.4%
Boys 6 to 17 years	68,749	25.3%	12.5%
Men 18 to 64 years	110,112	13.1%	20.1%
Men 65 and over	17,352	12.8%	3.2%

SOURCE: Calculations from 2000 U.S. Census, using PUMS 5% sample of Mississippi. Center for Policy Research and Planning, April 2008.

### **What is the best way to tackle poverty among the disabled?**

Earnings can be increased among the disabled who are employed, and employment increased among those who are not in the labor force, argue researchers at Cornell University. In particular, they argue for reforms in the Supplemental Security Disability Insurance (SSDI) program and related state programs such as Temporary Assistance to Needy Families (TANF). Statistics indicate that many of those in the SSDI program work only up to the level at which they can retain their benefits, particularly health care. The Veterans Administration disability program, on the other hand, does not take away health and other benefits from veterans in its program, and earnings among these veterans averaged \$2,300 per month in 2001, compared to \$80 per month among persons on SSDI.



“Progress in medical and assistive technologies continues to improve the ability of people with significant functional limitation to be productive”, notes the Cornell report. Adaptation of the workplace offers the promise of improving the workforce participation of the disabled. (The labor force participation rate among the disabled poor in Mississippi is already 45%, according to the 2000 Census.)

Also important: preventive health care and health insurance coverage can reduce the incidence of disability. Improved health and safety practices at the workplace can reduce injury and illness among workers. Better nutrition and more exercise could improve the state’s health as well. State and business policies in all these areas can impact poverty rates.

### **How do dependent care responsibilities contribute to poverty?**

Two-parent families with children have higher poverty rates than those with no offspring, and those with one wage-earner have higher poverty rates than those with two. Female-headed households have especially high poverty rates. One sobering figure: 50.3% of female-headed households with children in Mississippi live in poverty (2006 Census); this number includes 17% of the female household heads who work full-time, year-round. [The obstacles facing unmarried teen mothers and their children are of special concern in



Mississippi. These young women lack the educational attainment and job experience typically needed to keep their children out of poverty. An article in this *Review* by Barbara Logue addresses this issue.]

Caring for children, the elderly or the disabled increases a household's expenses and often reduces the number of hours that the caregiver can work. About one in five adults is responsible for at least some elder care, with about half of these adults providing daily care.<sup>5</sup> Although Social Security, Medicare, and Medicaid lessen the burden on caregivers considerably, the problem remains significant. Table 1 provides data on poverty rates by age.

The problem of how to reduce the cost of child care and elder care is briefly discussed in note 6, below.

### **How important are social safety nets such as unemployment benefits and subsidized health services in fighting poverty?**

The provision of assistance to a family over a difficult transition such as a period of illness or unemployment can prevent poverty. Several statistics show that our social safety nets need strengthening. Nationally, most (59% in 2003) of the unemployed, for example, do not receive unemployment benefits, due to stringent eligibility requirements, and the value of those benefits has eroded over time.<sup>7</sup> The purchasing power of the minimum wage, another social safety mechanism, is now less than it was in 1959, and even after the new minimum wage is fully phased in, it will still be lower. TANF pays a family of three a maximum of only \$170 per month.<sup>8</sup>



Health insurance provides a safety net for those who have it: one catastrophic illness can plunge a family without health care coverage into poverty. Currently in Mississippi, 24% of the workforce aged 19 to 64 lacks health insurance; nationally and in the state, the percentage of the population without coverage has been rising.<sup>9</sup>

Programs that mentor at risk youth, drug rehabilitation services, prison rehabilitation programs, mental health services, and other social assistance programs such as food stamps or the Earned Income Tax Credit (EITC) can also be considered part of the social safety net. They can be effective in preventing or reducing poverty, although each program must be individually evaluated to determine its cost-effectiveness.



### **What about the regional aspects of poverty?**

Often, a shift in demand away from the traditional industries of a region will result in unemployment and dislocation. If local institutions fail to adapt satisfactorily to such major change, an increase in poverty will be the result. A region that is disadvantaged in comparison to others must initiate change if it is to function at levels comparable to those of more prosperous areas. Funding may be scarce, but a united leadership can facilitate shifts in the organization and operation of local schools, businesses and government offices in ways that provide a feasible way forward. The Delta region in Mississippi is an area with poverty rates considerably above the state average.

### **What do recent reports on poverty suggest?**



Newly emerging strategies for economic and human development recognize the value of bringing different perspectives to bear on the issue of poverty. The highly-respected report, *State of the South (MDC 2007)*, for example, has tackled a series of questions related to raising income levels in its latest edition, drawing on top researchers and policymakers across the country. Each researcher has contributed his or her perspective on topics

such as: Economic Engines in the Information Age, Development of Human Capital, Agents of Change, Increasing Community Capacity, Leadership Development, and Strengthening Communities. While the focus of each contributor is different, each perspective points to one or more ways of substantially raising income levels, as confirmed by the individual success stories cited.

Consideration of the returns to each of these programs requires a thoughtful approach to the choices, and the effectiveness of several worthwhile programs must be compared. For example, a program that succeeds in reducing the high-school drop-out rate by 10% might be a more cost-effective use of funds than an ad campaign that brings a 1% increase in the number of tourists. Considering and comparing the returns to such different programs is inherently a difficult task but one with a potentially high payoff.

### **Any other conclusions?**

As the above discussion shows, economic development that permeates to all levels is a multi-faceted form of social change, and efforts successful in reducing poverty and advancing development are inevitably multi-pronged. The collaboration of leaders from the education, business and government sectors, and the active involvement of leaders from families, churches and other organizations in the setting of priorities and directions, can ensure success. With an output per worker that is over 2.7 times as much today as it was in 1959, we have the resources and capacity to reduce our current national poverty rate (13.6% living on \$11/day or less) to that prevailing in the Scandinavian countries (6.3% or less)<sup>10</sup>. A four-pronged approach that can be used in Mississippi or the nation includes<sup>11</sup>:



1. Developing a strategy with measurable targets and timelines in areas including those discussed here.
2. Reaching consensus on the indicators that will be used to monitor progress in achieving targets set.
3. The coordination of initiatives across levels of government and with different partners.
4. A system of accountability that allows for feedback from those affected.

*A version of this article with additional tables and graphs will soon be available at [www.mississippi.edu/URC.html](http://www.mississippi.edu/URC.html) under Publications.*

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### **Notes**

1. A living wage is not only higher than a poverty-level wage, it provides self-sufficiency for the family, with no dependence on federal transfer programs such as food stamps. A good definition is that provided by Six Strategies research, discussed below. The federal poverty line is based on the assumption that the cost of nonfood necessities is twice that of food – an estimate that no longer holds, according to the National Research Council, which has recommended another way of measuring poverty (their alternative measure has the net effect of increasing the poverty rate). The definition, however, has yet to be changed. Under the current definition, the cost of necessities such as health care have no effect on the poverty threshold. See the June 1999 *Mississippi Economic Review and Outlook*, p. 17-18, for more information, at the following website: [www.mississippi.edu/URC.html](http://www.mississippi.edu/URC.html).

Six Strategies has calculated self-sufficiency standards for most states. This standard takes into account the cost of childcare and actual living expenses by county for each state. Using this measure, a mother with a preschool child in Hinds County, Mississippi, would require an income of \$22,866 (2003\$) to cover necessary expenses without any public assistance. By contrast, the federal poverty threshold for such a household was \$12,682 in 2003 and \$14,291 in 2007. The full report “The Self-Sufficiency Standard for Mississippi 2003” by Diana Pearce, Ph.D., with Jennifer Brooks is available at [www.sixstrategies.org](http://www.sixstrategies.org)

2. About one-quarter of the U.S. workforce is employed in temporary or part-time jobs, or contract work, and only 21% of these workers have health insurance through their employer, according to a 2005 report of the Commonwealth Fund, available at:

<http://www.healthywomen.org/resources/womenshealthintheneeds/dbhealthnews/mosttemparttimeworkerslackjoblinkedhealthinsurance>. Data also available at [www.dol.gov](http://www.dol.gov). Data on employment and poverty is from the 2006 American Community Survey of the U.S. Census.

3. See the June 2005 issue of the *Mississippi Economic Review and Outlook*.

4. The definition of disability according to U.S. Census is: A person is disabled if they have any of the following long-lasting conditions: Blindness, deafness or a severe vision or hearing impairment OR a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting or carrying. Because of a physical, mental or emotional condition lasting six months or more, this person has difficulty in doing any of the following activities:

- a. learning, remembering or concentrating
- b. dressing, bathing, or getting around inside the home. Self-care disability:
- c. If person is 16 years of age or older: going outside the home alone to shop or visit a doctor's office
- d. If person is 16 years of age or older: working at a job or business.

5. Harris Institute research at [www.research.lawyers.com](http://www.research.lawyers.com) and see also U.S. Administration on Aging.

6. Full-time child care for one child for one month was only about \$330 at a licensed child care facility in Hinds County in 2003 (see Dixon and Sivak). Since child care/early childhood education is inherently a labor-intensive, skilled occupation, the cost cannot be easily reduced. In fact, the relatively low wages paid child care workers, including professionals, contribute to high turnover rates and problems of quality control. To increase affordability, then, employer or government subsidies may be required to make child care more available and affordable to low-income parents.

In many European countries, child care is heavily subsidized by the state; rates are low and may be tied to family income. Canada provides a flat monthly allowance per child. In the U.S., there are four federal programs that subsidize child care; these generally require some matching funds from the state. In Mississippi, less than a third of the estimated 129,000 children who are in low-income families and who would be eligible for child care subsidies actually receive such assistance; and the average level of assistance in the largest program, was below \$1,500 per year in FY2006. A 2003 study discussed in detail options for funding inclusive child care/early childhood education programs in Mississippi (see Human Services Policy Center 2003). And the 2008 Dixon and Sivak study examined several steps that could be taken to improve coverage and affordability.

The advancing age of baby boomers means that the demands on families to provide elder care will continue to increase. Women, who are often the ones caring for the elderly, may find that their own retirement income is jeopardized by the fact that the number of hours they are able to work is reduced due to elder care responsibilities. Many men are affected as well. According to AFL-CIO researchers, nearly one-third of working adults with older parents report having missed work to care for them. Very low-income workers are twice as likely as those in upper income groups to provide 30 or more hours of unpaid elder care each month. Among issues being discussed: should caregivers be eligible to receive Medicaid payments and/or social security benefits in return for hours spent caring for their elderly relatives? (See references at end of this article.)

7. For information on unemployment eligibility requirements nationally see:

[http://www.epi.org/content.cfm/issueguides\\_unemployment\\_facts](http://www.epi.org/content.cfm/issueguides_unemployment_facts) For Mississippi information, go to [www.mdes.ms.gov](http://www.mdes.ms.gov).

8. From the Mississippi Department of Human Services website: [www.mdhs.state.ms.us](http://www.mdhs.state.ms.us)

9. For trends in health care coverage in Mississippi and the nation, see:

<http://www.census.gov/hhes/www/hlthins/historic/hihist6.html>

10. The \$11/day figure (1994-94 dollars) and the associated poverty rate by country can be found in the *Human Development Report 2006* of the United Nations Development Program, Appendix Table 4.

11. With thanks to National Council of Welfare, *Solving Poverty*, and the *State of the South*.

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U.S. Administration on Aging. Statistics at [www.aoa.gov/prof/statistics/statistics.asp](http://www.aoa.gov/prof/statistics/statistics.asp)

U.S. Department of Labor, “Disability Data Resources”, at <http://www.dol.gov/odep/pubs/fact/data.htm>

# TEEN MOTHERHOOD: TRENDS AND CONSEQUENCES

Barbara J. Logue, Ph.D.

The fact that the teen birth rate has declined in Mississippi in recent decades is good news for the state. From a high of 102 births per 1,000 girls aged 15-19 in 1970, the rate fell to 62 per 1,000 in 2004.<sup>1</sup> Declines occurred among both whites and nonwhites, albeit from a much higher initial level for minorities. This report focuses on the causes of adolescent childbearing and its consequences for mothers, babies, and the larger society. It also offers some solutions and policy implications.

The decision to proceed to motherhood follows from pregnancy, which is itself the result of an earlier choice: to forgo the effective use of contraception, whether through ignorance, lack of access, sporadic use, or deliberate desire for a baby. Teen motherhood, when it comes, is a major risk factor for poverty, limited education and career choices, and the enormous challenges of single parenthood.

In this context, it is disturbing that the teen birth rate in Mississippi increased from 2005 to 2006, by 13.1 percent for whites and 12.4 percent for nonwhites. Whether this signals a reversal of the long downward trend since 1970 remains to be seen, but a recent national survey on teen attitudes toward nonmarital childbearing gives cause for concern. Responding to the statement “It is OK for an unmarried female to have a child,” 64.8 percent of girls aged 15 to 19 agreed, with most agreeing “strongly.” Girls who were already teen mothers were substantially more likely to agree with the statement, by a margin of 86.5 percent to 63.0 percent. There was little difference by race in the percent approving.<sup>2</sup>

In 2006, births to Mississippi teens comprised 16.5 percent of all births; very few (only one in eight) of these girls were married at the time of the birth. More than one in five teen births in the same year (22.0 percent) was a second or higher order birth.<sup>3</sup> Mississippi’s teen birth rate was still the highest in the nation in 2004, according to the most recent data available, and was more than 50.0 percent higher than the national average.<sup>4</sup> In an era where birth

control is safe, inexpensive, and highly effective, on the one hand, and the negative consequences of teen motherhood well reported, on the other, such attitudes and



behavior seem inexplicable. So it is important to ask why teenage girls become mothers.

## Why Teens Become Mothers

A complex of interacting causes lies behind teen pregnancy and motherhood. Approving attitudes have already been mentioned. But a number of other factors also enter the picture. Not surprisingly, perhaps, teens who grow up in a broken home or in a single-parent family are more likely to engage in risky reproductive behavior, as are those who come from disadvantaged backgrounds and high-crime neighborhoods. Low parental income and lack of education are especially troublesome. Teens whose parents do not take an active role in their schooling, fail to closely supervise their activities, especially after school, and do not communicate strong disapproval of sexual activity, are more likely to take reproductive risks.<sup>5</sup>

Adolescent girls whose mothers or sisters had children as teenagers are more likely to repeat that behavior in their own lives. Girls whose friends are sexually active and do not use contraception are likely to behave likewise. Many young people “report acceptance of nontraditional marital and fertility behaviors from friends” and witness the widespread social tolerance for childbearing outside of marriage.<sup>6</sup> Television, magazines, and other mass media often glamorize the



pregnancies of celebrities, regardless of marital status. At the same time, “little information is provided regarding . . . the costs of nonmarital parenthood, and relatively few positive role models are provided for stable married sex and parenthood.”<sup>7</sup>

Girls whose peers are low achievers in school and have no aspirations for higher education or a career are also less likely to delay motherhood. Even the type of school a girl attends makes a difference: attending private schools, schools not plagued by crime and vandalism, and schools with low percentages of low-income students are factors associated with a lower risk of early motherhood.<sup>8</sup>



### Consequences of Teen Motherhood

Despite the fact that most teen mothers come from disadvantaged backgrounds, teen motherhood itself tends to worsen their already disadvantaged position. Teen mothers are more likely to drop out of school, remain unmarried, live in poverty, and require long-term financial support.<sup>9</sup> Most are “not prepared for the emotional, psychological, and financial responsibilities and challenges of parenthood.”<sup>10</sup>

More significant, however, than the consequences for mothers are the adverse effects on their offspring. Compared to older mothers, teen mothers are far less likely to receive timely prenatal care, more likely to smoke during pregnancy, and more likely to have other characteristics that increase their risk of having a premature and low birthweight baby. Such infants face greater than average risks of serious and long-term illness and developmental delays and are more likely to die in infancy.<sup>11</sup>



Once home from the hospital, however, the problems such babies face are only beginning. “The vast majority of children born to teenage mothers grow up in economically and educationally disadvantaged households.”<sup>12</sup> They are more likely to exhibit pro-

blem behaviors like anger, fighting, and anxiety than children born to older mothers.<sup>13</sup> They are more likely to be placed in foster care and to become victims of abuse and neglect.<sup>14</sup>

Such children have been found to score lower on cognitive measures such as vocabulary and math tests. They also demonstrate less eagerness to learn, less creativity, and less ability to concentrate on a learning task. Given these traits, it is not surprising that they are far less likely to graduate from high school.<sup>15</sup> Moreover, these are the very circumstances that make the daughters of teen mothers more likely to



repeat their mother’s behavior in their turn. According to a recent study, almost one in three of the daughters of teen mothers under age 18 eventually became teen mothers themselves; for mothers aged 18 and 19, about 17.0 percent of their daughters also gave birth in their teens.<sup>16</sup>

Research has also shown that, compared to the sons of mothers in their early twenties, the sons of teen mothers are more likely to be incarcerated. Data on the criminal activity of the daughters of adolescent mothers are not available.<sup>17</sup>

### Public Costs of Teen Childbearing

According to the most recent statistics, the cost of teen childbearing to Mississippi taxpayers is \$102 million annually, in 2004 dollars. This figure represents only the *additional* public costs associated with a teen birth “over and above what would have happened if a person with the same characteristics delayed childbearing until age 20 or 21.”<sup>18</sup>

These public costs are divided into four subcategories: (1) *lost income and sales taxes*, estimated annually at \$50 million, due to the lower earnings of teen mothers, their partners, and their offspring; the lower earnings, of course, result largely from lower educational attainment; (2) *health and medical care costs* of approximately \$26 million, due to greater re-

liance on publicly-provided health care through programs like Medicaid and State Children's Health Insurance; (3) *child welfare services* consume an estimated \$8 million dollars annually of taxpayer dollars; the money is used for foster care and other costs associated with child abuse and neglect; (4)



*incarceration* of the sons of teen mothers accounts for an estimated \$18 million annually in Mississippi; this figure is almost certainly too low, since data on the incarceration of daughters are not available.<sup>19</sup>

The total estimated annual expenditures shown above are considered “conservative” by the researchers who calculated them. This is because not all the costs of teen childbearing could be measured. For example, there are no reliable data on the special education services that may be disproportionately used by the children of teen mothers. Nor could spending associated with the juvenile justice system be included. Likewise, the costs of injuries to people and property caused by adolescents’ offspring were not included.<sup>20</sup> Hence there can be no doubt that the true costs of teen childbearing exceed the numbers presented in this report.

### Policy Implications and Conclusion

The factors underlying teen motherhood are varied and complex. The consequences are wide-ranging – for the mothers, their children, and the larger society. Perhaps the single most important policy move to improve this situation is attitude change, with parents, churches, community organizations, and government agencies working jointly to provide a strong, clear, and insistent message: that teen parenthood is neither acceptable nor desirable. At the same time, information on birth control and access to it must be provided, with due recognition to the fact that “abstinence only” sex education programs do not work, as a recent landmark study demonstrated.<sup>21</sup>



A number of other programs, however, have been found to be effective in reducing or preventing teen births. Teen outreach

programs that involve adolescents in voluntary community service are useful, presumably because they present young people with opportunities for growth, achievement, and meaningful relationships with adults.<sup>22</sup> Visiting nurse arrangements in which nurses meet with expectant teen mothers both before and after the birth help reduce the number of subsequent pregnancies. Efforts to discourage dropping out of school, raise academic performance, and foster high educational aspirations are helpful, as is encouraging church attendance and religious activity. Promoting better parent-child communication and shared activities are positive moves. Though obviously difficult, improving family socioeconomic well-being and promoting intact families can likewise reduce the incidence of teen births.<sup>23</sup>



Unfortunately, teen motherhood is only one aspect of a far larger problem in Mississippi – a problem that is appropriately called *premature parenthood*. Parenthood occurs too soon when the parents are unmarried, too immature, too sick (from illicit drug use, for example), too poorly educated, or otherwise ill-equipped to take on the tremendous responsibility of raising a child. In this state, more than half of all births (52.8 percent) in 2006 occurred to mothers who were unmarried; for minorities, the percentage was 78.0. These figures have been *rising* over time, not declining. Few of these mothers were teenagers at the time of their most recent birth, but most had their *first* child as teens. The poverty rate for single mothers with minor children (under 18) was 48.1 percent in Census 2000, the most recent available data; for married couples with minor children, only 8.9 percent lived in poverty. Clearly, the poverty statistics alone suggest the severe disadvantages faced by the children of unmarried mothers and set the stage for the repetition of premature parenthood in the next generation.

Out-of-wedlock parenthood, too-early parenthood, and deficient parenting skills, which often go hand in hand, are key factors

behind children's educational inadequacies and ultimately, their shortcomings as workers and increased likelihood of dependence on the public purse when they reach adulthood. Premature parenthood lies at the heart of many of the state's most serious social and economic issues, such as children's learning and discipline problems and criminal behavior.

None of this is to say that every child of a teen mother or an older, unmarried mother will turn out badly, for many do not. Nor is it to say that single parenthood is always undesirable, that parents should stay in a bad marriage for the sake of the children, or that children raised in two-parent homes always become model citizens. Yet one cannot read the daunting list of negative outcomes that many children endure without asking why so many parents have children too soon, why so many unmarried women choose to bring a fatherless child into the world, and why this happens in an age when cheap, safe, and effective birth control is, or should be, readily available.

We must address questions of *attitudes*, *values*, and *motivation* if the problems caused by premature parenthood are ever to be resolved.




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### Notes

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3. Mississippi State Department of Health, "Teen Vital Statistics Data, 2006," at this address: [www.msdh.state.ms.us](http://www.msdh.state.ms.us).
4. Child Trends, op. cit.
5. Jennifer Manlove, Elizabeth Terry-Humen, Angela Romano Papillo, et al., "Preventing Teenage Pregnancy, Childbearing, and Sexually Transmitted Diseases: What the Research Shows," at [www.childtrends.org](http://www.childtrends.org).
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7. Ibid., p. 23.
8. Manlove, et al., op. cit.
9. Elizabeth Terry-Humen, Jennifer Manlove, and Kristin Moore, "Playing Catch-up: How the Children of Teen Mothers Fare," (Washington, D.C., National Campaign to Prevent Teen Pregnancy, 2005), p. 1.
10. S. J. Ventura, T. J. Mathews, and B. E. Hamilton, "Births to Teenagers in the United States, 1940-2000," *National Vital Statistics Reports*, Vol. 49, No. 10 (Hyattsville MD: National Center for Health Statistics, 2001), p. 5.
11. Ibid.
12. Terry-Humen, et al., op. cit., p. 24.
13. Ibid., p. 3
14. National Campaign to Prevent Teen Pregnancy, "Costs of Teen Childbearing: Consequences for the Children," found here: [www.teenpregnancy.org/costs](http://www.teenpregnancy.org/costs).
15. Ibid. For teen mothers under 18, only 66.0 percent of their children earned a high school diploma by age 22, compared to 81.0 percent of the offspring of mothers aged 20 or 21. The child graduation rates were substantially better when mothers were 18 or 19 when the child was born.
16. Ibid.
17. Ibid.
18. National Campaign to Prevent Teen Pregnancy, "By the Numbers: The Public Costs of Teen Childbearing," found at this site: [www.teenpregnancy.org/costs](http://www.teenpregnancy.org/costs).
19. Ibid.
20. Ibid.
21. Gardiner Harris, "Teenage Birth Rate Rises for First Time Since '91," *New York Times*, December 6, 2007.
22. National Campaign to Prevent Teen Pregnancy, "By the Numbers: The Public Costs of Teen Childbearing: What Policymakers Can Do," and can be viewed here: [www.teenpregnancy.org/costs](http://www.teenpregnancy.org/costs).
23. Manlove, et al., op. cit.

**Appendix A**  
**MISSISSIPPI ECONOMETRIC MODEL**  
**TABLE OF FORECAST VALUES**  
**2008 THROUGH 2013**

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

Table 1-A

Mississippi Econometric Model  
Selected Indicators

Description	2008	2009	2010	2011	2012	2013
Gross State Product(Mill \$)	\$91739	\$95113	\$99183	\$103788	\$108560	\$113226
Gross State Product(Mill Constant\$)	\$73348	\$74641	\$76361	\$78300	\$80178	\$82070
Gross State Product Deflator	1.25	1.27	1.30	1.33	1.35	1.38
Total Employment, Residents(Thous)	1239.5	1246.1	1253.9	1266.7	1277.4	1287.8
Civilian Labor Force(Thous)	1324.3	1329.9	1333.9	1346.1	1356.1	1366.2
Unemployment Rate(Percent)	6.4	6.3	6.0	5.9	5.8	5.7
Total Personal Income(Mill \$)	\$87606	\$90784	\$94852	\$99489	\$104512	\$109685
Total Personal Income.(Mill Constant\$)	\$70568	\$71645	\$73489	\$75508	\$77669	\$79955
Per Capita Income (\$)	\$29815	\$30718	\$31911	\$33282	\$34766	\$36282
Per Capita Income(Constant\$)	\$24017	\$24242	\$24724	\$25260	\$25837	\$26448
Consumer Price Deflator(South)	1.24	1.27	1.29	1.32	1.35	1.37
Population (Mill)	2.94	2.96	2.97	2.99	3.01	3.02

Table 1-B

Mississippi Econometric Model  
Selected Indicators  
Growth Rates

(Percent)

Description	2008	2009	2010	2011	2012	2013
Gross State Product(Nominal)	3.6	3.7	4.3	4.6	4.6	4.3
Gross State Product(Real)	1.6	1.8	2.3	2.5	2.4	2.4
Gross State Product Deflator	2.0	1.9	1.9	2.1	2.1	1.9
Total Employment, Residents	0.6	0.5	0.6	1.0	0.9	0.8
Civilian Labor Force	0.7	0.4	0.3	0.9	0.7	0.7
Unemployment Rate	1.6	-1.6	-4.8	-1.7	-1.7	-1.0
Total Personal Income(Nominal)	4.1	3.6	4.5	4.9	5.0	4.9
Total Personal Income(Real)	0.4	1.5	2.6	2.7	2.9	2.9
Per Capita Income(Nominal)	3.4	3.0	3.9	4.3	4.5	4.4
Per Capita Income(Real)	-0.2	0.9	2.0	2.2	2.3	2.4
Consumer Price Deflator(South)	3.6	2.1	1.9	2.1	2.1	1.9
Population	0.6	0.6	0.6	0.6	0.6	0.6

Description	Mississippi Econometric Model Output (Millions of Current\$)					
	2008	2009	2010	2011	2012	2013
<b>GROSS STATE PRODUCT</b>	\$91739	\$95113	\$99183	\$103788	\$108560	\$113226
<b>Goods-Producing Sectors</b>						
Manufacturing	\$14189	\$14757	\$15495	\$16306	\$17143	\$17977
Durable Goods	\$8436	\$8764	\$9192	\$9663	\$10141	\$10603
Nondurable Goods	\$5753	\$5992	\$6303	\$6643	\$7002	\$7374
Contract Construction	\$4717	\$4889	\$5133	\$5394	\$5642	\$5870
Natural Resources, Mining	\$2523	\$2506	\$2556	\$2639	\$2643	\$2687
Agric, Forestry & Fishing	\$2089	\$2104	\$2121	\$2188	\$2277	\$2342
<b>Services-Producing Sectors</b>						
Transportation, Utilities	\$5968	\$6171	\$6421	\$6710	\$7008	\$7305
Wholesale, Retail Trade	\$12447	\$12927	\$13436	\$13971	\$14562	\$15123
Finance, Insurance, Real Estate	\$11875	\$12307	\$12793	\$13353	\$13944	\$14514
Health Care & Social Assistance	\$6545	\$6849	\$7183	\$7546	\$7956	\$8350
Leisure & Hospitality	\$4730	\$4915	\$5156	\$5415	\$5689	\$5963
Business & Other Services	\$10962	\$11449	\$12074	\$12791	\$13532	\$14254
Government	\$15694	\$16240	\$16815	\$17476	\$18164	\$18841

Description	Mississippi Econometric Model Output Growth Rates (Percent)					
	2008	2009	2010	2011	2012	2013
<b>GROSS STATE PRODUCT</b>	3.6	3.7	4.3	4.6	4.6	4.3
<b>Goods-producing Sectors</b>						
Manufacturing	3.4	4.0	5.0	5.2	5.1	4.9
Durable Goods	3.8	3.9	4.9	5.1	5.0	4.6
Nondurable Goods	2.8	4.2	5.2	5.4	5.4	5.3
Contract Construction	3.3	3.6	5.0	5.1	4.6	4.1
Natural Resources, Mining	2.9	-0.7	2.0	3.3	0.2	1.6
Agric, Forestry & Fishing	3.0	0.7	0.8	3.2	4.0	2.9
<b>Services-producing Sectors</b>						
Transportation, Utilities	3.2	3.4	4.1	4.5	4.4	4.2
Wholesale, Retail Trade	3.7	3.9	3.9	4.0	4.2	3.9
Finance, Insurance, Real Estate	2.6	3.6	3.9	4.4	4.4	4.1
Health Care & Social Assistance	4.5	4.6	4.9	5.1	5.4	4.9
Leisure & Hospitality	4.6	3.9	4.9	5.0	5.1	4.8
Business & Other Services	4.5	4.4	5.5	5.9	5.8	5.3
Government	3.6	3.5	3.5	3.9	3.9	3.7

Table 3-A

Mississippi Econometric Model  
Real Output (Millions of Constant\$)

Description	2008	2009	2010	2011	2012	2013
<b>GROSS STATE PRODUCT</b>	\$73348	\$74641	\$76361	\$78300	\$80178	\$82070
<b>Goods-Producing Sectors</b>						
Manufacturing	\$12153	\$12398	\$12767	\$13157	\$13528	\$13911
Durable Goods	\$7690	\$7854	\$8099	\$8360	\$8604	\$8846
Nondurable Goods	\$4463	\$4543	\$4667	\$4797	\$4924	\$5066
Contract Construction	\$3076	\$3113	\$3189	\$3264	\$3320	\$3372
Natural Resources, Mining	\$699	\$679	\$677	\$683	\$668	\$664
Agric, Forestry & Fishing	\$2026	\$2017	\$2013	\$2054	\$2109	\$2148
<b>Services-Producing Sectors</b>						
Transportation, Utilities	\$4731	\$4809	\$4919	\$5047	\$5168	\$5297
Wholesale, Retail Trade	\$11260	\$11513	\$11800	\$12117	\$12433	\$12738
Finance, Insurance, Real Estate	\$9436	\$9591	\$9775	\$9989	\$10199	\$10410
Health Care & Social Assistance	\$5221	\$5358	\$5511	\$5669	\$5845	\$6016
Leisure & Hospitality	\$3763	\$3826	\$3925	\$4024	\$4122	\$4227
Business & Other Services	\$9373	\$9564	\$9845	\$10161	\$10466	\$10768
Government	\$11611	\$11772	\$11939	\$12135	\$12320	\$12520

Table3-B

Mississippi Econometric Model  
Real Output  
Growth Rates (Percent)

Description	2008	2009	2010	2011	2012	2013
<b>GROSS STATE PRODUCT</b>	1.6	1.8	2.3	2.5	2.4	2.4
<b>Goods-producing Sectors</b>						
Manufacturing	1.4	2.0	3.0	3.1	2.8	2.8
Durable Goods	2.0	2.1	3.1	3.2	2.9	2.8
Nondurable Goods	0.4	1.8	2.7	2.8	2.6	2.9
Contract Construction	0.9	1.2	2.4	2.3	1.7	1.5
Natural Resources, Mining	0.7	-2.8	-0.2	0.9	-2.3	-0.5
Agric, Forestry & Fishing	1.9	-0.4	-0.2	2.0	2.7	1.8
<b>Services-producing Sectors</b>						
Transportation, Utilities	1.5	1.6	2.3	2.6	2.4	2.5
Wholesale, Retail Trade	2.0	2.2	2.5	2.7	2.6	2.5
Finance, Insurance, Real Estate	0.6	1.6	1.9	2.2	2.1	2.1
Health Care & Social Assistance	2.5	2.6	2.8	2.9	3.1	2.9
Leisure & Hospitality	2.3	1.7	2.6	2.5	2.4	2.5
Business & Other Services	2.1	2.0	2.9	3.2	3.0	2.9
Government	1.5	1.4	1.4	1.6	1.5	1.6

Table 4-A

Mississippi Econometric Model  
Employment

(Thousands)

Description	2008	2009	2010	2011	2012	2013
Nonfarm Employment, Wage and Salary	1156.9	1163.4	1175.3	1187.8	1199.4	1211.3
Manufacturing	165.0	161.1	161.7	163.1	164.1	164.6
Durable Goods	110.0	107.2	108.3	110.2	111.4	112.0
Nondurable Goods	55.0	54.0	53.4	53.0	52.7	52.5
Contract Construction	58.3	58.5	59.4	60.7	61.3	62.4
Natural Resources, Mining	9.5	9.4	9.2	9.2	9.1	9.1
Transportation, Utilities	48.7	49.0	49.9	50.7	51.5	52.3
Wholesale, Retail Trade	179.3	180.4	181.8	182.6	183.9	185.1
Finance, Insurance, Real Estate	46.6	46.9	47.1	47.4	47.6	48.0
Health Care & Social Assistance	112.9	115.8	118.1	120.3	122.5	124.9
Leisure & Hospitality	128.6	129.5	130.6	131.4	132.6	133.5
Business & Other Services	162.6	164.9	166.9	170.1	172.0	174.4
Government	245.5	247.8	250.4	252.3	254.8	257.0

Table 4-B

Mississippi Econometric Model  
Employment  
Growth Rates

(Percent)

Description	2008	2009	2010	2011	2012	2013
Nonfarm Employment, Wage and Salary	0.4	0.6	1.0	1.1	1.0	1.0
Manufacturing	-2.8	-2.3	0.3	0.9	0.6	0.3
Durable Goods	-2.9	-2.6	1.0	1.7	1.1	0.6
Nondurable Goods	-2.5	-1.8	-1.0	-0.8	-0.4	-0.4
Contract Construction	0.2	0.3	1.6	2.2	1.0	1.7
Natural Resources, Mining	0.2	-0.8	-2.1	-0.5	-1.6	1.0
Transportation, Utilities	0.6	0.7	1.9	1.6	1.6	1.5
Wholesale, Retail Trade	0.4	0.7	0.8	0.4	0.7	0.7
Finance, Insurance, Real Estate	-0.6	0.5	0.6	0.5	0.4	0.8
Health Care & Social Assistance	2.3	2.5	2.0	1.8	1.9	1.9
Leisure & Hospitality	2.1	0.7	0.8	0.6	1.0	0.7
Business & Other Services	1.0	1.4	1.2	1.9	1.1	1.4
Government	0.7	0.9	1.1	0.8	1.0	0.9

Table 5-A

Description	Mississippi Econometric Model Personal Income					
	(Millions of Current\$ )					
	2008	2009	2010	2011	2012	2013
Total Personal Income	\$87606	\$90784	\$94852	\$99489	\$104512	\$109685
Wages & Salaries	\$41069	\$42518	\$44308	\$46342	\$48572	\$50813
Other Labor Income	\$10784	\$11191	\$11647	\$12165	\$12742	\$13369
Proprietors' Income	\$6559	\$6966	\$7234	\$7588	\$8002	\$8393
Farm Proprietors	\$710	\$706	\$698	\$732	\$770	\$803
Nonfarm Proprietors	\$5850	\$6260	\$6536	\$6856	\$7231	\$7590
Property Income	\$13511	\$13801	\$14510	\$15414	\$16342	\$17269
Transfer Payments	\$19701	\$20462	\$21473	\$22472	\$23561	\$24763
Less: Social Security Payments	\$6629	\$6895	\$7207	\$7548	\$7938	\$8327
Plus: Residence Adjustment	\$2611	\$2741	\$2887	\$3057	\$3231	\$3406
Less: Individual IRS Collections	\$4883	\$5180	\$5474	\$5778	\$6096	\$6396
Less: Ind. State & Local Taxes	\$1730	\$1803	\$1906	\$2014	\$2130	\$2230
Equals: Disposable Personal Inc.	\$80993	\$83800	\$87472	\$91697	\$96286	\$101059

Table 5-B

Description	Mississippi Econometric Model Personal Income Growth Rates					
	(Percent)					
	2008	2009	2010	2011	2012	2013
Total Personal Income	4.1	3.6	4.5	4.9	5.0	4.9
Wages & Salaries	3.8	3.5	4.2	4.6	4.8	4.6
Other Labor Income	3.4	3.8	4.1	4.5	4.7	4.9
Proprietors' Income	3.6	6.2	3.8	4.9	5.5	4.9
Farm Proprietors	3.3	-0.5	-1.2	4.9	5.2	4.2
Nonfarm Proprietors	3.6	7.0	4.4	4.9	5.5	5.0
Property Income	2.2	2.1	5.1	6.2	6.0	5.7
Transfer Payments	6.2	3.9	4.9	4.6	4.8	5.1
Less: Social Security Payments	4.1	4.0	4.5	4.7	5.2	4.9
Plus: Residence Adjustment	4.9	5.0	5.3	5.9	5.7	5.4
Less: Individual IRS Collections	-1.7	6.1	5.7	5.6	5.5	4.9
Less: Ind. State & Local Taxes	4.1	4.2	5.7	5.6	5.8	4.7
Equals: Disposable Personal Inc.	4.4	3.5	4.4	4.8	5.0	5.0

Description	Mississippi Econometric Model Real Personal Income						(Millions of Constant\$)
	2008	2009	2010	2011	2012	2013	
Total Personal Income	\$70568	\$71645	\$73489	\$75508	\$77669	\$79955	
Wages & Salaries	\$33082	\$33555	\$34329	\$35172	\$36097	\$37040	
Other Labor Income	\$8687	\$8831	\$9024	\$9233	\$9470	\$9745	
Proprietors' Income	\$5284	\$5497	\$5605	\$5759	\$5947	\$6118	
Farm Proprietors	\$572	\$557	\$541	\$556	\$573	\$585	
Nonfarm Proprietors	\$4712	\$4940	\$5064	\$5203	\$5374	\$5533	
Property Income	\$10883	\$10891	\$11242	\$11699	\$12145	\$12588	
Transfer Payments	\$15870	\$16149	\$16637	\$17055	\$17509	\$18051	
Less: Social Security Payments	\$5340	\$5442	\$5584	\$5729	\$5899	\$6070	
Plus: Residence Adjustment	\$2103	\$2164	\$2237	\$2320	\$2401	\$2482	
Less: Individual IRS Collections	\$3933	\$4088	\$4241	\$4386	\$4530	\$4662	
Less: Ind. State & Local Taxes	\$1394	\$1423	\$1477	\$1528	\$1583	\$1626	
Equals: Disposable Personal Inc.	\$65242	\$66134	\$67771	\$69594	\$71556	\$73667	

Description	Mississippi Econometric Model Real Personal Income Growth Rates						(Percent)
	2008	2009	2010	2011	2012	2013	
Total Personal Income	0.4	1.5	2.6	2.7	2.9	2.9	
Wages & Salaries	0.2	1.4	2.3	2.5	2.6	2.6	
Other Labor Income	-0.2	1.7	2.2	2.3	2.6	2.9	
Proprietors' Income	-0.0	4.0	2.0	2.8	3.3	2.9	
Farm Proprietors	-0.3	-2.5	-3.0	2.8	3.0	2.2	
Nonfarm Proprietors	0.0	4.8	2.5	2.7	3.3	3.0	
Property Income	-1.3	0.1	3.2	4.1	3.8	3.6	
Transfer Payments	2.5	1.8	3.0	2.5	2.7	3.1	
Less: Social Security Payments	0.5	1.9	2.6	2.6	3.0	2.9	
Plus: Residence Adjustment	1.3	2.9	3.4	3.7	3.5	3.4	
Less: Individual IRS Collections	-5.2	3.9	3.7	3.4	3.3	2.9	
Less: Ind. State & Local Taxes	0.5	2.1	3.8	3.5	3.6	2.7	
Equals: Disposable Personal Inc.	0.8	1.4	2.5	2.7	2.8	3.0	

Table 7-A

Mississippi Econometric Model  
Selected Indicators--Fiscal Years

Description	2008	2009	2010	2011	2012	2013
Gross State Product(Mill \$)	\$90147	\$93426	\$97148	\$101485	\$106174	\$110893
Gross State Product(Mill Constant\$)	\$72768	\$73994	\$75501	\$77330	\$79239	\$81124
Gross State Product Deflator	1.24	1.26	1.29	1.31	1.34	1.37
Total Employment, Residents(Thous)	1235.9	1242.8	1250.0	1260.3	1272.0	1282.6
Civilian Labor Force(Thous)	1319.7	1327.1	1331.9	1340.0	1351.1	1361.1
Unemployment Rate(Percent)	6.4	6.4	6.2	6.0	5.9	5.8
Total Personal Income(Mill \$)	\$85899	\$89195	\$92818	\$97171	\$102001	\$107098
Total Personal Inc.(Mill Constant\$)	\$70414	\$71107	\$72567	\$74498	\$76588	\$78812
Per Capita Income (\$)	\$29320	\$30267	\$31315	\$32597	\$34024	\$35524
Per Capita Income(Constant\$)	\$24035	\$24129	\$24483	\$24992	\$25548	\$26142
Consumer Price Deflator(South)	1.22	1.25	1.28	1.30	1.33	1.36
Population (Mill)	2.93	2.95	2.96	2.98	3.00	3.01

Table 7-B

Mississippi Econometric Model  
Selected Indicators  
Growth Rates

(Percent)

Description	2008	2009	2010	2011	2012	2013
Gross State Product(Nominal)	4.4	3.6	4.0	4.5	4.6	4.4
Gross State Product(Real)	2.1	1.7	2.0	2.4	2.5	2.4
Gross State Product Deflator	2.2	1.9	1.9	2.0	2.1	2.0
Total Employment, Residents	1.1	0.6	0.6	0.8	0.9	0.8
Civilian Labor Force	0.9	0.6	0.4	0.6	0.8	0.7
Unemployment Rate	-2.3	0.0	-3.1	-3.3	-1.7	-1.4
Total Personal Income(Nominal)	5.7	3.8	4.1	4.7	5.0	5.0
Total Personal Income(Real)	2.4	1.0	2.1	2.7	2.8	2.9
Per Capita Income(Nominal)	5.1	3.2	3.5	4.1	4.4	4.4
Per Capita Income(Real)	1.8	0.4	1.5	2.1	2.2	2.3
Consumer Price Deflator(South)	3.3	2.8	2.0	2.0	2.1	2.0
Population	0.6	0.6	0.6	0.6	0.6	0.6

Table 8-A

U.S. Economic Indicators  
Global Insight, Inc.-- May 2008

Description	2008	2009	2010	2011	2012	2013
Gross Domestic Product(Bill \$)	\$14299	\$14804	\$15562	\$16405	\$17222	\$18003
Gross Domestic Product(Bill Constant\$)	\$11711	\$11876	\$12252	\$12658	\$13013	\$13337
GDP Price Deflator	122.1	124.7	127.0	129.6	132.3	135.0
Total Civilian Employment(Mill)	146.1	146.1	147.5	149.7	151.5	152.6
Unemployment Rate(Percent)	5.2	5.8	5.7	5.2	4.9	4.8
Personal Income(Bill \$)	\$12145	\$12564	\$13209	\$13972	\$14785	\$15557
Prime Rate(Percent)	5.2	5.0	7.1	7.7	7.7	7.7
30-Year Mortgage Rate (Percent)	5.8	5.6	6.7	7.1	7.1	7.1
State and Local Total Receipts(Bill \$)	\$1330	\$1383	\$1450	\$1516	\$1574	\$1630
Consumer Price Index (1982=100)	215.3	219.4	222.8	226.7	231.1	235.2
Per Capita Income (\$)	\$39753	\$40766	\$42492	\$44565	\$46757	\$48785

Table 8-B

U.S. Economic Indicators  
Growth Rates

(Percent)

Description	2008	2009	2010	2011	2012	2013
Gross Domestic Product(Nominal)	3.3	3.5	5.1	5.4	5.0	4.5
Gross Domestic Product(Real)	1.2	1.4	3.2	3.3	2.8	2.5
GDP Price Deflator	2.0	2.1	1.9	2.0	2.1	2.0
Total Civilian Employment	0.0	0.0	1.0	1.5	1.2	0.7
Unemployment Rate	12.7	11.4	-2.5	-8.2	-6.0	-1.2
Personal Income	4.2	3.4	5.1	5.8	5.8	5.2
Prime Rate	-34.9	-4.0	41.9	8.5	-0.0	-0.0
30-Year Mortgage Rate	-8.6	-2.9	19.9	5.4	-0.0	-0.0
State and Local Total Receipts	2.9	4.0	4.9	4.5	3.9	3.5
Consumer Price Index	3.8	1.9	1.5	1.8	1.9	1.8
Per Capita Income	3.2	2.5	4.2	4.9	4.9	4.3

Table 9-A

U.S. Economic Indicators--Fiscal Years  
Global Insight, Inc.--May 2008

Description	2008	2009	2010	2011	2012	2013
Gross Domestic Product(Bill \$)	\$14070	\$14552	\$15183	\$15984	\$16813	\$17612
Gross Domestic Product(Bill Constant\$)	\$11639	\$11793	\$12064	\$12455	\$12836	\$13175
GDP Price Deflator	120.9	123.4	125.8	128.3	131.0	133.7
Total Civilian Employment (Mill)	146.1	146.1	146.8	148.6	150.6	152.0
Unemployment Rate(Percent)	4.9	5.5	5.8	5.4	5.1	4.9
Personal Income(Bill \$)	\$11902	\$12354	\$12886	\$13590	\$14378	\$15171
Prime Rate(Percent)	6.6	5.1	6.1	7.4	7.7	7.7
30-Year Mortgage Rate (Percent)	6.1	5.7	6.2	6.9	7.1	7.1
State and Local Total Receipts(Bill \$)	\$1311	\$1356	\$1416	\$1483	\$1545	\$1602
Consumer Price Index (1982=100)	211.3	217.3	221.1	224.7	228.9	233.2
Per Capita Income (\$)	\$39127	\$40259	\$41629	\$43529	\$45661	\$47771

Table 9-B

U.S. Economic Indicators  
Growth Rates

(Percent)

Description	2008	2009	2010	2011	2012	2013
Gross Domestic Product(Nominal)	4.1	3.4	4.3	5.3	5.2	4.8
Gross Domestic Product(Real)	1.7	1.3	2.3	3.2	3.1	2.6
GDP Price Deflator	2.3	2.1	2.0	2.0	2.1	2.1
Total Civilian Employment	0.6	0.0	0.5	1.2	1.3	0.9
Unemployment Rate	6.7	12.0	4.1	-5.3	-7.2	-3.7
Personal Income	5.1	3.8	4.3	5.5	5.8	5.5
Prime Rate	-17.0	-22.7	18.5	22.3	4.1	-0.0
30-Year Mortgage Rate	-4.9	-5.9	8.3	12.0	2.6	-0.0
State and Local Total Receipts	3.9	3.4	4.4	4.7	4.2	3.7
Consumer Price Index	3.3	2.8	1.7	1.7	1.8	1.9
Per Capita Income	4.2	2.9	3.4	4.6	4.9	4.6

**Appendix B**  
**MISSISSIPPI ECONOMETRIC MODEL**  
**TABLE OF HISTORICAL VALUES**  
**1997 THROUGH 2007**

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

Table 1-A

Mississippi Econometric Model  
Selected Indicators

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross State Product(Mill \$)	\$57954	\$60514	\$63035	\$64268	\$65959	\$68147	\$72263	\$76534	\$79786	\$84163	\$88555
Gross State Product(Mill Constant\$)	\$61709	\$63327	\$64664	\$64266	\$63981	\$64583	\$66644	\$68090	\$68720	\$70339	\$72189
Gross State Product Deflator	0.94	0.96	0.97	1.00	1.03	1.06	1.08	1.12	1.16	1.20	1.23
Total Employment, Residents(Thous)	1200.8	1211.5	1223.7	1239.9	1229.9	1214.6	1228.5	1234.2	1226.5	1213.1	1232.2
Civilian Labor Force(Thous)	1278.0	1281.4	1291.7	1314.2	1302.6	1302.2	1312.6	1318.2	1329.6	1300.2	1315.0
Unemployment Rate (Percent)	6.0	5.4	5.3	5.7	5.6	6.7	6.4	6.4	7.8	6.7	6.3
Total Personal Income(Mill \$)	\$51514	\$54820	\$56719	\$59838	\$62739	\$63979	\$66304	\$69778	\$74033	\$78356	\$84193
Total Personal Inc.(Mill Constant\$)	\$54888	\$57651	\$58540	\$59838	\$61309	\$61727	\$62527	\$64174	\$65737	\$67289	\$70259
Per Capita Income (\$)	\$18527	\$19526	\$20035	\$21006	\$21980	\$22366	\$23092	\$24159	\$25534	\$26992	\$28825
Per Capita Income(Constant\$)	\$19741	\$20535	\$20678	\$21006	\$21479	\$21579	\$21777	\$22219	\$22673	\$23180	\$24054
Consumer Price Deflator(South)	0.94	0.95	0.97	1.00	1.02	1.04	1.06	1.09	1.13	1.16	1.20
Population (Mill)	2.78	2.81	2.83	2.85	2.85	2.86	2.87	2.89	2.90	2.90	2.92

Table 1-B

Mississippi Econometric Model  
Selected Indicators  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross State Product(Nominal)	3.7	4.4	4.2	2.0	2.6	3.3	6.0	5.9	4.2	5.5	5.2
Gross State Product(Real)	0.4	2.6	2.1	-0.6	-0.4	0.9	3.2	2.2	0.9	2.4	2.6
Gross State Product Deflator	3.2	1.7	2.0	2.6	3.1	2.4	2.8	3.7	3.3	3.1	2.5
Total Employment, Residents	1.2	0.9	1.0	1.3	-0.8	-1.2	1.1	0.5	-0.6	-1.1	1.6
Civilian Labor Force	0.9	0.3	0.8	1.7	-0.9	-0.0	0.8	0.4	0.9	-2.2	1.1
Unemployment Rate	-3.9	-9.7	-3.5	7.5	-1.3	20.6	-4.8	-0.5	21.8	-13.6	-6.0
Total Personal Income(Nominal)	5.9	6.4	3.5	5.5	4.8	2.0	3.6	5.2	6.1	5.8	7.4
Total Personal Income(Real)	3.7	5.0	1.5	2.2	2.5	0.7	1.3	2.6	2.4	2.4	4.4
Per Capita Income(Nominal)	4.8	5.4	2.6	4.8	4.6	1.8	3.2	4.6	5.7	5.7	6.8
Per Capita Income(Real)	2.6	4.0	0.7	1.6	2.3	0.5	0.9	2.0	2.0	2.2	3.8
Consumer Price Deflator(South)	2.1	1.3	1.9	3.2	2.3	1.3	2.3	2.5	3.6	3.4	2.9
Population	1.0	1.0	0.8	0.6	0.2	0.2	0.4	0.6	0.4	0.1	0.6

Table 2-A

Mississippi Econometric Model  
Output

(Millions of \$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GROSS STATE PRODUCT</b>	\$57954	\$60514	\$63035	\$64268	\$65959	\$68147	\$72263	\$76534	\$79786	\$84163	\$88555
<b>Goods-Producing Sectors</b>											
<b>Manufacturing</b>	\$11511	\$11603	\$11984	\$11345	\$10871	\$10825	\$11836	\$12170	\$12520	\$13127	\$13725
Durable Goods	\$6668	\$6919	\$7027	\$6672	\$6290	\$6327	\$6859	\$7465	\$7508	\$7799	\$8129
Nondurable Goods	\$4843	\$4684	\$4957	\$4673	\$4581	\$4498	\$4977	\$4705	\$5012	\$5328	\$5596
Contract Construction	\$2465	\$2879	\$2917	\$2889	\$2894	\$3159	\$3046	\$3121	\$3701	\$4228	\$4565
Natural Resources, Mining	\$516	\$432	\$502	\$788	\$941	\$938	\$1321	\$1694	\$1911	\$2272	\$2452
Agric, Forestry & Fishing	\$2052	\$1793	\$1709	\$1584	\$1765	\$1366	\$2004	\$2476	\$2128	\$1950	\$2028
<b>Services-Producing Sectors</b>											
Transportation, Utilities	\$3632	\$3811	\$3925	\$4011	\$4116	\$4222	\$4419	\$4850	\$5153	\$5490	\$5782
Wholesale, Retail Trade	\$8067	\$8789	\$9156	\$9097	\$9202	\$9440	\$9831	\$10387	\$11009	\$11520	\$12004
Finance, Insurance, Real Estate	\$7157	\$7495	\$7973	\$8534	\$9087	\$9564	\$9737	\$10014	\$10264	\$11040	\$11578
Health Care & Social Assistance	\$3763	\$3807	\$3886	\$4112	\$4447	\$4776	\$5107	\$5434	\$5678	\$5947	\$6261
Leisure & Hospitality	\$2993	\$3195	\$3544	\$3596	\$3602	\$3764	\$3810	\$3962	\$4037	\$4215	\$4523
Business & Other Services	\$6676	\$7091	\$7205	\$7486	\$7822	\$8164	\$8467	\$9013	\$9477	\$9945	\$10488
Government	\$9122	\$9619	\$10234	\$10826	\$11212	\$11929	\$12684	\$13413	\$13907	\$14429	\$15149

Table 2-B

Mississippi Econometric Model  
Output  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GROSS STATE PRODUCT</b>	3.7	4.4	4.2	2.0	2.6	3.3	6.0	5.9	4.2	5.5	5.2
<b>Goods-producing Sectors</b>											
<b>Manufacturing</b>	1.2	0.8	3.3	-5.3	-4.2	-0.4	9.3	2.8	2.9	4.8	4.6
Durable Goods	2.3	3.8	1.6	-5.1	-5.7	0.6	8.4	8.8	0.6	3.9	4.2
Nondurable Goods	-0.3	-3.3	5.8	-5.7	-2.0	-1.8	10.7	-5.5	6.5	6.3	5.0
Contract Construction	8.1	16.8	1.3	-1.0	0.2	9.2	-3.6	2.5	18.6	14.2	-8.0
Natural Resources, Mining	9.2	-16.3	16.2	57.0	19.4	-0.3	40.8	28.2	12.8	18.9	8.0
Agric, Forestry & Fishing	-4.4	-12.6	-4.7	-7.3	11.4	-22.6	46.7	23.5	-14.0	-8.4	4.0
<b>Services-producing Sectors</b>											
Transportation, Utilities	-1.3	4.9	3.0	2.2	2.6	2.6	4.7	9.8	6.2	6.5	5.3
Wholesale, Retail Trade	4.9	8.9	4.2	-0.6	1.2	2.6	4.1	5.7	6.0	4.6	4.2
Finance, Insurance, Real Estate	3.8	4.7	6.4	7.0	6.5	5.2	1.8	2.8	2.5	7.6	4.9
Health Care & Social Assistance	4.9	1.2	2.1	5.8	8.1	7.4	6.9	6.4	4.5	4.7	5.3
Leisure & Hospitality	9.5	6.7	10.9	1.5	0.2	4.5	1.2	4.0	1.9	4.4	7.3
Business & Other Services	6.6	6.2	1.6	3.9	4.5	4.4	3.7	6.4	5.1	4.9	5.5
Government	3.8	5.4	6.4	5.8	3.6	6.4	6.3	5.7	3.7	3.8	5.0

Table 3-A

Mississippi Econometric Model  
Real Output

(Millions of Constant\$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GROSS STATE PRODUCT</b>	\$61709	\$63327	\$64664	\$64266	\$63981	\$64583	\$66644	\$68090	\$68720	\$70339	\$72189
<b>Goods-Producing Sectors</b>											
Manufacturing	\$12115	\$11896	\$12084	\$11346	\$10597	\$10538	\$11467	\$11746	\$11630	\$11767	\$11980
Durable Goods	\$6896	\$7018	\$6987	\$6673	\$6192	\$6224	\$6763	\$7278	\$7238	\$7365	\$7537
Nondurable Goods	\$5220	\$4876	\$5099	\$4673	\$4405	\$4314	\$4704	\$4468	\$4392	\$4401	\$4443
Contract Construction	\$2969	\$3254	\$3109	\$2889	\$2691	\$2804	\$2574	\$2455	\$2679	\$2923	\$3050
Natural Resources, Mining	\$749	\$687	\$732	\$788	\$809	\$754	\$791	\$866	\$683	\$691	\$694
Agric, Forestry & Fishing	\$1641	\$1511	\$1605	\$1583	\$1682	\$1396	\$1862	\$1984	\$1950	\$1883	\$1988
<b>Services-Producing Sectors</b>											
Transportation, Utilities	\$3708	\$3780	\$3887	\$4010	\$3812	\$3879	\$4032	\$4308	\$4449	\$4547	\$4663
Wholesale, Retail Trade	\$7945	\$8924	\$9238	\$9097	\$9490	\$9611	\$9930	\$10147	\$10486	\$10779	\$11044
Finance, Insurance, Real Estate	\$7807	\$7955	\$8261	\$8534	\$8789	\$8935	\$8830	\$8818	\$8812	\$9174	\$9381
Health Care & Social Assistance	\$4177	\$4069	\$4024	\$4111	\$4229	\$4406	\$4597	\$4753	\$4838	\$4946	\$5093
Leisure & Hospitality	\$3277	\$3407	\$3660	\$3596	\$3475	\$3531	\$3530	\$3544	\$3486	\$3527	\$3679
Business & Other Services	\$7330	\$7543	\$7454	\$7487	\$7595	\$7774	\$7964	\$8311	\$8650	\$8913	\$9178
Government	\$9992	\$10302	\$10610	\$10825	\$10812	\$10955	\$11067	\$11158	\$11056	\$11190	\$11440

Table3-B

Mississippi Econometric Model  
Real Output  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GROSS STATE PRODUCT</b>	0.4	2.6	2.1	-0.6	-0.4	0.9	3.2	2.2	0.9	2.4	2.6
<b>Goods-producing Sectors</b>											
Manufacturing	-0.8	-1.8	1.6	-6.1	-6.6	-0.6	8.8	2.4	-1.0	1.2	1.8
Durable Goods	-0.2	1.8	-0.4	-4.5	-7.2	0.5	8.7	7.6	-0.6	1.8	2.3
Nondurable Goods	-1.7	-6.6	4.6	-8.4	-5.7	-2.1	9.0	-5.0	-1.7	0.2	0.9
Contract Construction	2.7	9.6	-4.5	-7.1	-6.9	4.2	-8.2	-4.6	9.1	9.1	4.3
Natural Resources, Mining	2.3	-8.3	6.6	7.7	2.7	-6.8	4.9	9.5	-21.2	1.2	0.4
Agric, Forestry & Fishing	7.2	-7.9	6.2	-1.4	6.3	-17.0	33.4	6.6	-1.7	-3.5	5.6
<b>Services-producing Sectors</b>											
Transportation, Utilities	-3.7	1.9	2.8	3.2	-4.9	1.8	3.9	6.8	3.3	2.2	2.5
Wholesale, Retail Trade	8.2	12.3	3.5	-1.5	4.3	1.3	3.3	2.2	3.3	2.8	2.5
Finance, Insurance, Real Estate	-1.0	1.9	3.9	3.3	3.0	1.7	-1.2	-0.1	-0.1	4.1	2.3
Health Care & Social Assistance	2.0	-2.6	-1.1	2.2	2.9	4.2	4.3	3.4	1.8	2.2	3.0
Leisure & Hospitality	4.0	4.0	7.4	-1.8	-3.4	1.6	-0.0	0.4	-1.6	1.2	4.3
Business & Other Services	3.2	2.9	-1.2	0.4	1.4	2.4	2.4	4.4	4.1	3.0	3.0
Government	1.5	3.1	3.0	2.0	-0.1	1.3	1.0	0.8	-0.9	1.2	2.2

Table 4-A

Mississippi Econometric Model  
Employment

(Thousands)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Employment, Wage and Salary	1107.2	1133.8	1153.2	1153.6	1130.0	1123.6	1114.9	1124.6	1130.2	1140.8	1152.3
Manufacturing	228.5	233.8	232.9	222.5	200.8	188.0	179.0	179.7	178.3	175.7	169.7
Durable Goods	137.9	144.8	147.0	140.6	125.0	118.2	113.2	116.7	117.0	116.7	113.3
Nondurable Goods	90.5	89.0	85.9	81.9	75.8	69.8	65.8	63.0	61.3	59.0	56.4
Contract Construction	50.6	54.3	55.2	54.5	51.9	53.9	50.6	49.1	52.2	57.7	58.2
Natural Resources, Mining	11.4	12.0	10.4	9.4	9.6	8.9	8.7	8.8	8.8	9.5	9.5
Transportation, Utilities	42.5	43.2	44.5	45.1	45.8	45.7	45.8	46.7	47.0	47.6	48.4
Wholesale, Retail Trade	171.6	175.4	180.7	182.1	177.4	175.4	173.5	173.8	174.3	178.0	178.6
Finance, Insurance, Real Estate	43.5	44.8	45.7	45.9	45.8	45.7	45.9	46.0	46.3	46.5	46.9
Health Care & Social Assistance	90.2	91.3	90.7	92.3	95.8	98.4	101.3	103.5	104.7	106.9	110.4
Leisure & Hospitality	108.2	113.5	122.8	122.9	120.6	122.0	123.3	124.6	122.7	119.3	125.9
Business & Other Services	141.7	142.1	143.3	145.1	144.7	145.5	146.1	150.2	155.1	160.2	161.0
Government	219.0	223.4	227.1	233.8	237.5	240.1	240.8	242.1	240.8	239.4	243.7

Table 4-B

Mississippi Econometric Model  
Employment  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Employment, Wage and Salary	1.7	2.4	1.7	0.0	-2.0	-0.6	-0.8	0.9	0.5	0.9	1.0
Manufacturing	-0.9	2.4	-0.4	-4.5	-9.8	-6.4	-4.8	0.4	-0.8	-1.4	-3.4
Durable Goods	0.4	5.0	1.5	-4.4	-11.1	-5.5	-4.2	3.1	0.3	-0.2	-2.9
Nondurable Goods	-2.9	-1.7	-3.5	-4.6	-7.5	-7.9	-5.7	-4.3	-2.7	-3.8	-4.4
Contract Construction	4.6	7.3	1.6	-1.2	-4.7	3.8	-6.2	-2.9	6.3	10.5	0.9
Natural Resources, Mining	5.8	5.1	-13.1	-9.6	2.3	-7.5	-1.5	0.9	-0.8	8.5	0.0
Transportation, Utilities	1.0	1.5	3.1	1.3	1.6	-0.1	0.1	2.1	0.6	1.2	1.7
Wholesale, Retail Trade	1.7	2.2	3.0	0.8	-2.6	-1.1	-1.1	0.2	0.3	2.1	0.3
Finance, Insurance, Real Estate	1.5	2.9	2.0	0.5	-0.2	-0.2	0.3	0.2	0.7	0.4	0.9
Health Care & Social Assistance	3.8	1.2	-0.7	1.8	3.8	2.7	2.9	2.2	1.1	2.1	3.3
Leisure & Hospitality	2.4	4.9	8.2	0.0	-1.9	1.2	1.0	1.1	-1.5	-2.8	5.5
Business & Other Services	4.1	0.2	0.9	1.3	-0.3	0.6	0.4	2.8	3.3	3.3	0.5
Government	1.0	2.0	1.6	3.0	1.6	1.1	0.3	0.5	-0.5	-0.6	1.8

Table 5-A

Mississippi Econometric Model  
Personal Income

(Millions of Current\$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Personal Income	\$51514	\$54820	\$56719	\$59838	\$62739	\$63979	\$66304	\$69778	\$74033	\$78356	\$84193
Wages & Salaries	\$26577	\$28522	\$29795	\$30748	\$31081	\$31898	\$32870	\$34321	\$35793	\$37714	\$39550
Other Labor Income	\$5835	\$6158	\$6466	\$6740	\$7012	\$7844	\$8519	\$9044	\$9566	\$9969	\$10425
Proprietors' Income	\$4078	\$4154	\$4329	\$4503	\$5145	\$4427	\$5275	\$5961	\$5803	\$6051	\$6334
Farm Proprietors	\$992	\$767	\$758	\$529	\$693	\$127	\$805	\$1015	\$1151	\$496	\$687
Nonfarm Proprietors	\$3085	\$3387	\$3570	\$3974	\$4452	\$4300	\$4470	\$4946	\$4652	\$5556	\$5646
Property Income	\$8017	\$8889	\$8748	\$9547	\$9783	\$9207	\$8596	\$8469	\$7027	\$10739	\$13215
Transfer Payments	\$10058	\$10315	\$10685	\$11500	\$12880	\$13890	\$14453	\$15483	\$19373	\$17564	\$18549
Less: Social Security Payments	\$4175	\$4421	\$4615	\$4707	\$4819	\$5009	\$5193	\$5459	\$5656	\$6038	\$6368
Plus: Residence Adjustment	\$1124	\$1204	\$1311	\$1506	\$1658	\$1724	\$1786	\$1959	\$2128	\$2356	\$2488
Less: Individual IRS Collections	\$4090	\$4425	\$4550	\$4725	\$4863	\$4250	\$3922	\$3918	\$4027	\$4510	\$4969
Less: Ind. State & Local Taxes	\$922	\$1014	\$1107	\$1127	\$1135	\$1127	\$1151	\$1197	\$1328	\$1489	\$1662
Equals: Disposable Personal Inc.	\$46501	\$49381	\$51062	\$53985	\$56742	\$58602	\$61231	\$64662	\$68677	\$72357	\$77562

Table 5-B

Mississippi Econometric Model  
Personal Income  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Personal Income	5.9	6.4	3.5	5.5	4.8	2.0	3.6	5.2	6.1	5.8	7.4
Wages & Salaries	5.9	7.3	4.5	3.2	1.1	2.6	3.0	4.4	4.3	5.4	4.9
Other Labor Income	2.8	5.5	5.0	4.2	4.0	11.9	8.6	6.2	5.8	4.2	4.6
Proprietors' Income	7.5	1.9	4.2	4.0	14.3	-14.0	19.2	13.0	-2.7	4.3	4.7
Farm Proprietors	10.4	-22.7	-1.1	-30.2	30.9	-81.7	536.2	26.1	13.4	-56.9	38.7
Nonfarm Proprietors	6.7	9.8	5.4	11.3	12.0	-3.4	4.0	10.6	-5.9	19.4	1.6
Property Income	8.1	10.9	-1.6	9.1	2.5	-5.9	-6.6	-1.5	-17.0	52.8	23.1
Transfer Payments	4.1	2.6	3.6	7.6	12.0	7.8	4.1	7.1	25.1	-9.3	5.6
Less: Social Security Payments	5.0	5.9	4.4	2.0	2.4	4.0	3.7	5.1	3.6	6.8	5.5
Plus: Residence Adjustment	14.0	7.1	8.9	14.9	10.1	3.9	3.6	9.7	8.6	10.7	5.6
Less: Individual IRS Collections	8.9	8.2	2.8	3.9	2.9	-12.6	-7.7	-0.1	2.8	12.0	10.2
Less: Ind. State & Local Taxes	6.5	10.0	9.2	1.8	0.6	-0.7	2.2	4.0	10.9	12.1	11.6
Equals: Disposable Personal Inc.	5.6	6.2	3.4	5.7	5.1	3.3	4.5	5.6	6.2	5.4	7.2

Table 6-A

Mississippi Econometric Model  
Real Personal Income

(Millions of Constant\$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Personal Income	\$54888	\$57651	\$58540	\$59838	\$61309	\$61727	\$62527	\$64174	\$65737	\$67289	\$70259
Wages & Salaries	\$28318	\$29995	\$30752	\$30748	\$30373	\$30775	\$30997	\$31565	\$31782	\$32387	\$33004
Other Labor Income	\$6218	\$6476	\$6674	\$6740	\$6852	\$7568	\$8033	\$8318	\$8494	\$8561	\$8700
Proprietors' Income	\$4345	\$4368	\$4467	\$4503	\$5027	\$4271	\$4975	\$5482	\$5153	\$5197	\$5285
Farm Proprietors	\$1057	\$807	\$783	\$529	\$677	\$122	\$759	\$933	\$1022	\$426	\$574
Nonfarm Proprietors	\$3287	\$3561	\$3685	\$3974	\$4350	\$4149	\$4216	\$4549	\$4131	\$4771	\$4712
Property Income	\$8542	\$9348	\$9029	\$9547	\$9560	\$8883	\$8106	\$7789	\$6239	\$9222	\$11028
Transfer Payments	\$10717	\$10848	\$11028	\$11500	\$12586	\$13401	\$13629	\$14240	\$17202	\$15083	\$15479
Less: Social Security Payments	\$4449	\$4649	\$4763	\$4707	\$4709	\$4833	\$4897	\$5021	\$5022	\$5185	\$5314
Plus: Residence Adjustment	\$1198	\$1266	\$1353	\$1506	\$1620	\$1663	\$1684	\$1802	\$1890	\$2023	\$2076
Less: Individual IRS Collections	\$4358	\$4653	\$4696	\$4725	\$4752	\$4100	\$3699	\$3603	\$3576	\$3873	\$4147
Less: Ind. State & Local Taxes	\$983	\$1067	\$1143	\$1127	\$1109	\$1087	\$1086	\$1101	\$1180	\$1279	\$1387
Equals: Disposable Personal Inc.	\$49547	\$51930	\$52701	\$53985	\$55448	\$56540	\$57743	\$59470	\$60982	\$62137	\$64725

Table 6-B

Mississippi Econometric Model  
Real Personal Income  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Personal Income	3.7	5.0	1.5	2.2	2.5	0.7	1.3	2.6	2.4	2.4	4.4
Wages & Salaries	3.7	5.9	2.5	-0.0	-1.2	1.3	0.7	1.8	0.7	1.9	1.9
Other Labor Income	0.6	4.2	3.1	1.0	1.7	10.5	6.1	3.5	2.1	0.8	1.6
Proprietors' Income	5.3	0.5	2.3	0.8	11.6	-15.0	16.5	10.2	-6.0	0.9	1.7
Farm Proprietors	8.1	-23.7	-3.0	-32.4	28.0	-82.0	521.8	23.0	9.5	-58.3	34.7
Nonfarm Proprietors	4.4	8.3	3.5	7.8	9.5	-4.6	1.6	7.9	-9.2	15.5	-1.2
Property Income	5.8	9.4	-3.4	5.7	0.1	-7.1	-8.7	-3.9	-19.9	47.8	19.6
Transfer Payments	1.9	1.2	1.7	4.3	9.4	6.5	1.7	4.5	20.8	-12.3	2.6
Less: Social Security Payments	2.8	4.5	2.4	-1.2	0.1	2.6	1.3	2.5	0.0	3.2	2.5
Plus: Residence Adjustment	11.6	5.7	6.8	11.3	7.6	2.6	1.3	7.0	4.9	7.1	2.6
Less: Individual IRS Collections	6.6	6.8	0.9	0.6	0.6	-13.7	-9.8	-2.6	-0.8	8.3	7.1
Less: Ind. State & Local Taxes	4.2	8.5	7.1	-1.3	-1.7	-2.0	-0.1	1.4	7.1	8.4	8.4
Equals: Disposable Personal Inc.	3.4	4.8	1.5	2.4	2.7	2.0	2.1	3.0	2.5	1.9	4.2

Table 7-B

Mississippi Econometric Model  
Selected Indicators--Fiscal Years

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross State Product(Mill \$)	\$56927	\$59234	\$61775	\$63652	\$65114	\$67053	\$70205	\$74399	\$78160	\$81974	\$86359
Gross State Product(Mill Constant\$)	\$61577	\$62518	\$63996	\$64465	\$64124	\$64282	\$65614	\$67367	\$68405	\$69529	\$71264
Gross State Product Deflator	0.92	0.95	0.97	0.99	1.02	1.04	1.07	1.10	1.14	1.18	1.21
Total Employment,Residents(Thous)	1193.9	1206.2	1217.6	1231.8	1234.9	1222.3	1221.6	1231.3	1230.3	1219.8	1222.7
Civilian Labor Force(Thous)	1272.3	1279.7	1286.5	1302.9	1308.4	1302.4	1307.4	1315.4	1323.9	1314.9	1307.6
Unemployment Rate(Percent)	6.2	5.7	5.4	5.5	5.6	6.2	6.6	6.4	7.1	7.2	6.5
Total Personal Income(Mill \$)	\$50079	\$53167	\$55769	\$58278	\$61288	\$63359	\$65142	\$68041	\$71906	\$76195	\$81274
Total Personal Inc.(Mill constant\$)	\$53917	\$56269	\$58095	\$59189	\$60573	\$61518	\$62127	\$63351	\$64956	\$66513	\$68774
Per Capita Income (\$)	\$18102	\$19027	\$19781	\$20520	\$21493	\$22173	\$22729	\$23626	\$24847	\$26263	\$27909
Per Capita Income(constant\$)	\$19491	\$20138	\$20606	\$20842	\$21242	\$21529	\$21678	\$21998	\$22446	\$22927	\$23617
Consumer Price Deflator (South)	0.93	0.94	0.96	0.98	1.01	1.03	1.05	1.07	1.11	1.15	1.18
Population (Mill)	2.77	2.79	2.82	2.84	2.85	2.86	2.87	2.88	2.89	2.90	2.91

Table 7-B

Mississippi Econometric Model  
Selected Indicators  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross State Product(Nominal)	3.8	4.1	4.3	3.0	2.3	3.0	4.7	6.0	5.1	4.9	5.3
Gross State Product(Real)	1.0	1.5	2.4	0.7	-0.5	0.2	2.1	2.7	1.5	1.6	2.5
Gross State Product Deflator	2.8	2.5	1.9	2.3	2.8	2.7	2.6	3.2	3.5	3.2	2.8
Total Employment, Residents	1.1	1.0	0.9	1.2	0.2	-1.0	-0.1	0.8	-0.1	-0.9	0.2
Civilian Labor Force	0.8	0.6	0.5	1.3	0.4	-0.5	0.4	0.6	0.6	-0.7	-0.6
Unemployment Rate	-3.9	-6.8	-6.8	1.9	2.9	9.6	6.7	-2.7	10.6	2.3	-10.1
Total Personal Income(Nominal)	5.9	6.2	4.9	4.5	5.2	3.4	2.8	4.5	5.7	6.0	6.7
Total Personal Income(Real)	3.2	4.4	3.2	1.9	2.3	1.6	1.0	2.0	2.5	2.4	3.4
Per Capita Income(Nominal)	4.8	5.1	4.0	3.7	4.7	3.2	2.5	3.9	5.2	5.7	6.3
Per Capita Income(Real)	2.1	3.3	2.3	1.1	1.9	1.3	0.7	1.5	2.0	2.1	3.0
Consumer Price Deflator (South)	2.6	1.7	1.6	2.6	2.8	1.8	1.8	2.4	3.1	3.5	3.1
Population	1.0	1.0	0.9	0.7	0.4	0.2	0.3	0.5	0.5	0.3	0.4

Table 8-A

U.S. Economic Indicators  
Global Insight, Inc.-- May 2008

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product(Bill \$)	\$8304	\$8747	\$9268	\$9817	\$10128	\$10470	\$10961	\$11686	\$12434	\$13195	\$13841
Gross Domestic Product(Bill Constant\$)	\$8704	\$9067	\$9470	\$9817	\$9891	\$10049	\$10301	\$10676	\$11004	\$11319	\$11567
GDP Price Deflator	95.4	96.5	97.9	100.0	102.4	104.2	106.4	109.5	113.0	116.6	119.7
Total Civilian Employment(Mill)	129.6	131.5	133.5	136.9	136.9	136.5	137.7	139.2	141.7	144.4	146.0
Unemployment Rate(Percent)	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6	4.6
Personal Income(Bill \$)	\$6915	\$7423	\$7802	\$8430	\$8724	\$8882	\$9164	\$9727	\$10301	\$10983	\$11660
Prime Rate(Percent)	8.4	8.4	8.0	9.2	6.9	4.7	4.1	4.3	6.2	8.0	8.1
30-Year Mortgage Rate(Percent)	7.6	6.9	7.4	8.1	7.0	6.5	5.8	5.8	5.9	6.4	6.3
State and Local Receipts(Bill \$)	\$750	\$795	\$840	\$893	\$916	\$929	\$979	\$1061	\$1156	\$1232	\$1293
Consumer Price Index(1982=100)	160.5	163.0	166.6	172.2	177.0	179.9	184.0	188.9	195.3	201.6	207.3
Per Capita Income (\$)	\$25296	\$26841	\$27893	\$29804	\$30518	\$30753	\$31419	\$33034	\$34644	\$36596	\$38502

Table 8-B

U.S. Economic Indicators  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product(Nominal)	6.2	5.3	6.0	5.9	3.2	3.4	4.7	6.6	6.4	6.1	4.9
Gross Domestic Product(Real)	4.5	4.2	4.4	3.7	0.8	1.6	2.5	3.6	3.1	2.9	2.2
GDP Price Deflator	1.7	1.1	1.4	2.2	2.4	1.7	2.1	2.9	3.2	3.2	2.7
Total Civilian Employment	2.3	1.5	1.5	2.5	0.0	-0.3	0.9	1.1	1.8	1.9	1.1
Unemployment Rate	-8.6	-8.9	-6.3	-5.9	19.5	22.0	3.6	-7.5	-8.6	-9.0	0.7
Personal Income	6.1	7.3	5.1	8.0	3.5	1.8	3.2	6.2	5.9	6.6	6.2
Prime Rate	2.1	-1.0	-4.3	15.5	-25.0	-32.5	-11.8	5.3	42.5	28.6	1.2
30-Year Mortgage Rate,	-2.7	-8.6	7.0	8.5	-13.5	-6.2	-11.0	0.4	0.4	9.4	-1.3
State and Local Receipts	5.7	6.0	5.7	6.3	2.5	1.4	5.4	8.3	8.9	6.6	4.9
Consumer Price Index	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9
Per Capita Income	4.8	6.1	3.9	6.9	2.4	0.8	2.2	5.1	4.9	5.6	5.2

Table 9-A

U.S. Economic Indicators--Fiscal Years  
Global Insight, Inc.-- May 2008

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product(Bill \$)	\$8061	\$8526	\$9008	\$9543	\$9972	\$10299	\$10715	\$11323	\$12060	\$12814	\$13518
Gross Domestic Product(Bill Constant\$)	\$8516	\$8885	\$9269	\$9644	\$9854	\$9970	\$10175	\$10488	\$10840	\$11161	\$11443
GDP Price Deflator	94.6	95.9	97.2	98.9	101.2	103.3	105.3	107.9	111.2	114.8	118.1
Total Civilian Employment(Mill)	128.1	130.5	132.5	135.2	136.9	136.7	137.1	138.5	140.5	143.1	145.2
Unemployment Rate(Percent)	5.2	4.7	4.4	4.1	4.4	5.3	5.9	5.8	5.3	4.8	4.6
Personal Income(Bill \$)	\$6718	\$7169	\$7613	\$8116	\$8577	\$8803	\$9023	\$9445	\$10014	\$10642	\$11321
Prime Rate (Percent)	8.4	8.4	8.2	8.6	8.1	5.8	4.4	4.2	5.3	7.1	8.0
Effective Mortgage Rate (Percent)	7.7	7.3	7.2	7.7	7.5	6.8	6.2	5.8	5.9	6.1	6.4
State and Local Receipts(Bill \$)	\$730	\$772	\$818	\$867	\$905	\$922	\$954	\$1020	\$1109	\$1194	\$1263
Consumer Price Index(1982=100)	158.7	161.8	164.8	169.4	174.6	178.5	181.9	186.5	192.1	198.4	204.5
Per Capita Income (\$)	\$24718	\$26069	\$27367	\$28848	\$30161	\$30636	\$31086	\$32227	\$33839	\$35620	\$37549

Table 9-B

U.S. Economic Indicators  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product(Nominal)	6.0	5.8	5.7	5.9	4.5	3.3	4.0	5.7	6.5	6.3	5.5
Gross Domestic Product(Real)	4.1	4.3	4.3	4.0	2.2	1.2	2.1	3.1	3.3	3.0	2.5
GDP Price Deflator	1.8	1.4	1.3	1.8	2.3	2.1	1.9	2.5	3.1	3.2	2.9
Total Civilian Employment	1.9	1.9	1.5	2.0	1.3	-0.2	0.3	1.0	1.4	1.8	1.5
Unemployment Rate	-5.9	-8.8	-7.7	-6.1	6.4	20.9	11.9	-2.1	-8.0	-8.8	-4.4
Personal Income	6.0	6.7	6.2	6.6	5.7	2.6	2.5	4.7	6.0	6.3	6.4
Prime Rate	-2.3	0.5	-2.7	5.4	-6.2	-28.2	-24.1	-3.8	24.4	34.4	13.2
Mortgage Rate, Effective	-2.3	-5.6	-1.1	7.8	-3.0	-10.1	-8.5	-5.6	0.4	4.9	3.8
State and Local Receipts	5.6	5.8	5.9	6.0	4.3	2.0	3.5	6.9	8.7	7.7	5.7
Consumer Price Index	2.6	1.9	1.9	2.8	3.1	2.2	1.9	2.5	3.0	3.3	3.0
Per Capita Income	4.8	5.5	5.0	5.4	4.6	1.6	1.5	3.7	5.0	5.3	5.4

Table 10-A

General Fund Transfers, Other Revenues  
Fiscal Years

(Millions of Current\$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales Tax	\$1141.6	\$1227.9	\$1310.6	\$1371.1	\$1383.5	\$1409.3	\$1432.6	\$1492.8	\$1583.5	\$1855.1	\$1927.4
Use Tax	\$146.9	\$151.7	\$170.0	\$158.9	\$159.5	\$158.3	\$149.9	\$154.3	\$157.4	\$213.9	\$218.2
Individual Income Tax	\$791.0	\$881.6	\$973.9	\$1005.0	\$1033.8	\$994.3	\$1020.0	\$1061.5	\$1165.9	\$1246.1	\$1475.4
Corporate Tax	\$291.8	\$286.3	\$298.1	\$295.7	\$273.7	\$254.3	\$288.8	\$315.5	\$361.3	\$412.1	\$484.7
Tobacco Tax	\$56.7	\$57.4	\$57.0	\$56.4	\$55.5	\$55.6	\$55.6	\$55.6	\$56.0	\$58.1	\$55.6
Beer and Wine Tax	\$28.6	\$28.8	\$31.0	\$30.8	\$30.3	\$30.6	\$30.2	\$30.4	\$30.2	\$31.8	\$31.5
Auto Tag Fees	\$9.7	\$10.8	\$11.1	\$10.3	\$10.1	\$10.4	\$11.5	\$12.5	\$10.9	\$11.2	\$11.5
Total Severance Tax*	\$20.4	\$18.3	\$10.2	\$15.0	\$10.0	\$0.0	\$0.0	\$0.0	\$10.0	\$59.3	\$59.8
Insurance Department	\$91.2	\$93.9	\$93.7	\$96.3	\$102.5	\$110.0	\$120.4	\$132.8	\$135.6	\$137.7	\$141.8
Liquor Transfers	\$38.1	\$39.6	\$41.1	\$42.4	\$43.2	\$44.8	\$46.3	\$47.6	\$50.5	\$54.6	\$57.3
Other Tax Commission Transfers	\$153.4	\$169.7	\$194.9	\$203.0	\$235.4	\$221.9	\$211.0	\$207.5	\$206.5	\$174.7	\$217.8
(Gaming Fees, Taxes)	\$119.6	\$126.9	\$141.8	\$158.2	\$161.6	\$164.8	\$166.1	\$167.3	\$168.5	\$145.7	\$185.8
Total Tax Commission Transfers	\$2769.5	\$2966.0	\$3191.4	\$3284.9	\$3337.5	\$3289.4	\$3366.3	\$3510.5	\$3767.8	\$4254.6	\$4681.1

Table 10-B

General Fund Transfers, Other Revenues  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales Tax	5.9	7.6	6.7	4.6	0.9	1.9	1.7	4.2	6.1	17.2	3.9
Use Tax	6.0	3.3	12.1	-6.5	0.3	-0.8	-5.3	2.9	2.0	35.9	2.0
Individual Income Tax	6.7	11.5	10.5	3.2	2.9	-3.8	2.6	4.1	9.8	6.9	18.4
Corporate Tax	11.4	-1.9	4.1	-0.8	-7.4	-7.1	13.6	9.3	14.5	14.1	17.6
Tobacco Tax	0.6	1.2	-0.7	-1.0	-1.6	0.2	-0.1	0.0	0.8	3.7	-4.4
Beer and Wine	1.3	0.8	7.6	-0.6	-1.8	1.2	-1.3	0.5	-0.6	5.3	-0.8
Auto Tag Fees	3.3	10.9	2.6	-7.3	-1.9	3.3	10.8	8.7	-12.7	1.9	3.2
Total Severance Tax*	20.4	-10.4	-44.5	47.6	-33.3	-100.0	...	...	...	...	...
Insurance Department	5.3	3.0	-0.3	2.8	6.4	7.3	9.5	10.3	2.1	1.5	2.9
Liquor Transfers	2.8	3.8	3.7	3.2	2.0	3.6	3.3	2.8	6.1	8.2	5.0
Other Tax Commission Transfers	5.5	10.6	14.8	4.2	16.0	-5.8	-4.9	-1.6	-0.5	-15.4	24.7
(Gaming Fees, Taxes)	8.2	6.1	11.7	11.6	2.1	2.0	0.8	0.7	0.7	-13.5	27.5
Total Tax Commission Transfers	6.5	7.1	7.6	2.9	1.6	-1.4	2.3	4.3	7.3	12.9	10.0

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

Table 11-A

State Governmental Expenditures Combined General and Special Funds  
Fiscal Years

(Millions of Current\$)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Education	\$1634.4	\$1741.8	\$1837.2	\$2023.3	\$2088.1	\$2151.6	\$2314.4	\$2512.7	\$2584.2	\$2918.7	\$2994.5
Higher Education	\$552.1	\$623.4	\$668.5	\$770.2	\$726.3	\$669.5	\$668.8	\$699.5	\$727.7	\$757.9	\$868.4
Health and Social Welfare	\$2360.2	\$2352.9	\$2505.2	\$2860.9	\$3203.1	\$3659.8	\$3998.4	\$4358.1	\$4635.0	\$4413.2	\$4653.8
Hospitals/Hospital Schools	\$278.8	\$304.3	\$354.5	\$414.5	\$429.4	\$435.6	\$444.5	\$462.8	\$496.4	\$499.6	\$565.9
Corrections and Justice	\$241.3	\$262.2	\$284.2	\$320.2	\$324.8	\$328.2	\$341.4	\$362.5	\$359.8	\$388.1	\$412.0
Agric/Commerce/EconDev	\$249.0	\$296.9	\$286.4	\$319.9	\$363.7	\$341.3	\$442.6	\$418.9	\$372.9	\$302.3	\$1742.4
Local Assistance	\$680.5	\$724.0	\$767.3	\$844.5	\$853.8	\$850.7	\$869.5	\$896.7	\$921.8	\$976.7	\$1015.8
Public Works	\$917.9	\$1016.8	\$1018.5	\$1106.5	\$961.6	\$1103.0	\$1099.9	\$1112.1	\$1118.7	\$1429.0	\$1625.0
Other	\$771.2	\$869.6	\$986.7	\$878.7	\$1304.0	\$1699.6	\$1767.5	\$1489.4	\$1114.3	\$2022.1	\$2197.7
Total Expenditures	\$7685.4	\$8191.9	\$8708.5	\$9538.7	\$10254.8	\$11239.3	\$11947.0	\$12312.7	\$12330.8	\$13707.6	\$16075.5

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Education	-1.1	6.6	5.5	10.1	3.2	3.0	7.6	8.6	2.8	12.9	2.6
Higher Education	0.0	12.9	7.2	15.2	-5.7	-7.8	-0.1	4.6	4.0	4.2	14.6
Health and Social Welfare	11.1	-0.3	6.5	14.2	12.0	14.3	9.3	9.0	6.4	-4.8	5.5
Hospitals/Hospital Schools	8.1	9.1	16.5	16.9	3.6	1.4	2.0	4.1	7.3	0.6	13.3
Corrections and Justice	19.1	8.7	8.4	12.7	1.4	1.0	4.0	6.2	-0.7	7.9	6.2
Agric/Commerce/EconDev	-1.9	19.2	-3.5	11.7	13.7	-6.2	29.7	-5.4	-11.0	-18.9	476.4
Local Assistance	12.7	6.4	6.0	10.1	1.1	-0.4	2.2	3.1	2.8	6.0	4.0
Public Works	7.1	10.8	0.2	8.6	-13.1	14.7	-0.3	1.1	0.6	27.7	13.7
Other	18.3	12.8	13.5	-10.9	48.4	30.3	4.0	-15.7	-25.2	81.5	8.7
Total	7.4	6.6	6.3	9.5	7.5	9.6	6.3	3.1	0.1	11.2	17.3

Table 12-A

Mississippi Econometric Model  
Average Annual Wage Rates

(Thousands of Current\$)

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total	\$22.1	\$23.1	\$24.2	\$24.8	\$25.6	\$26.3	\$27.1	\$28.1	\$29.1	\$30.3	\$31.7
Manufacturing	\$25.0	\$26.1	\$27.1	\$28.0	\$29.0	\$29.6	\$30.6	\$32.2	\$33.4	\$34.8	\$36.0
Construction and Mining	\$22.6	\$23.8	\$25.8	\$26.4	\$27.3	\$28.6	\$29.9	\$29.7	\$29.8	\$32.8	\$36.6
Agric. Forestry & Fishing	\$15.0	\$15.4	\$17.6	\$18.2	\$18.3	\$20.8	\$21.1	\$21.3	\$23.4	\$23.5	\$22.3
Transportation, Utilities	\$29.7	\$30.2	\$31.7	\$32.3	\$33.2	\$34.4	\$35.4	\$36.7	\$38.3	\$39.6	\$40.4
Retail Trade	\$15.0	\$15.7	\$16.6	\$17.3	\$17.6	\$18.6	\$19.0	\$19.7	\$20.2	\$21.1	\$22.1
Wholesale Trade	\$30.4	\$32.2	\$34.4	\$35.7	\$35.9	\$36.0	\$37.1	\$38.5	\$40.7	\$42.5	\$45.5
Finance, Insurance, Real Estate	\$25.7	\$27.1	\$28.9	\$28.9	\$30.4	\$31.9	\$33.2	\$34.2	\$35.4	\$36.9	\$39.2
Health & Education Services	\$25.1	\$26.3	\$26.7	\$27.4	\$28.3	\$28.4	\$29.6	\$30.5	\$31.5	\$32.2	\$33.8
Leisure & Hospitality	\$12.6	\$13.1	\$13.7	\$14.1	\$14.6	\$15.8	\$15.8	\$16.0	\$16.5	\$16.9	\$16.8
Professional & Business Services	\$21.3	\$22.6	\$24.9	\$25.8	\$26.9	\$29.9	\$30.9	\$32.0	\$32.7	\$33.1	\$34.8
Info Services	\$31.4	\$34.8	\$33.5	\$33.1	\$37.0	\$36.4	\$35.3	\$34.9	\$35.5	\$37.8	\$38.3
Other Services	\$21.9	\$22.1	\$24.4	\$25.4	\$25.9	\$25.8	\$27.0	\$28.1	\$28.9	\$29.4	\$31.1
Government	\$22.7	\$23.5	\$24.4	\$25.4	\$26.1	\$26.3	\$27.0	\$28.6	\$29.8	\$31.3	\$32.6

Table 12-B

Mississippi Econometric Model  
Average Annual Wage Rates  
Growth Rates

(Percent)

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total	3.3	4.3	4.9	2.6	3.2	2.8	2.9	3.7	3.5	4.1	4.7
Manufacturing	4.0	4.4	3.9	3.3	3.3	2.1	3.4	5.2	3.9	4.0	3.4
Construction & Mining	5.5	5.1	8.5	2.4	3.2	4.8	4.6	-0.6	0.2	10.1	11.4
Agric. Forestry & Fishing	6.7	2.6	14.9	3.3	0.4	13.5	1.6	0.8	9.9	0.5	-5.0
Transportation, Utilities	2.2	1.9	4.8	2.1	2.7	3.6	2.9	3.9	4.4	3.2	2.2
Retail Trade	3.3	4.8	5.8	4.2	1.6	5.3	2.5	3.8	2.5	4.0	5.1
Wholesale Trade	3.6	5.6	6.9	3.7	0.7	0.0	3.1	3.8	5.7	4.6	6.9
Finance, Insurance, Real Estate	1.6	5.5	6.6	-0.0	5.2	5.0	3.9	3.0	3.4	4.2	6.4
Health & Education Services	7.1	4.6	1.6	2.5	3.5	0.3	4.2	3.3	3.2	2.2	4.9
Leisure & Hospitality	5.0	4.3	4.2	2.8	3.9	7.8	0.2	1.4	3.3	2.3	-0.9
Professional & Business Services	0.2	6.1	10.1	3.5	4.4	10.9	3.7	3.3	2.4	1.3	5.0
Info Services	2.1	10.9	-3.8	-1.2	11.6	-1.4	-3.2	-0.9	1.6	6.4	1.4
Other Services	4.1	1.1	10.3	4.3	1.9	-0.6	4.7	4.3	2.7	1.6	6.0
Government	3.0	3.4	4.2	3.9	2.8	0.6	3.0	5.7	4.3	5.0	4.1

Table 13-A

Mississippi Econometric Model  
Average Annual Real Wage Rates

(Thousands of 2000\$)

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total (2000\$)	\$22.1	\$22.6	\$23.4	\$23.5	\$23.5	\$23.7	\$24.0	\$24.4	\$24.6	\$24.7	\$25.1
Manufacturing	\$25.0	\$25.6	\$26.2	\$26.6	\$26.6	\$26.6	\$27.1	\$27.9	\$28.2	\$28.4	\$28.4
Construction and Mining	\$22.6	\$23.3	\$24.9	\$25.1	\$25.1	\$25.7	\$26.5	\$25.8	\$25.2	\$26.8	\$28.9
Agric. Forestry & Fishing	\$15.0	\$15.0	\$17.1	\$17.3	\$16.8	\$18.6	\$18.7	\$18.4	\$19.7	\$19.2	\$17.6
Transportation, Utilities	\$29.7	\$29.6	\$30.6	\$30.7	\$30.5	\$30.9	\$31.3	\$31.8	\$32.4	\$32.3	\$31.9
Retail Trade	\$15.0	\$15.4	\$16.1	\$16.5	\$16.2	\$16.7	\$16.9	\$17.1	\$17.1	\$17.2	\$17.5
Wholesale Trade	\$30.4	\$31.5	\$33.2	\$33.8	\$33.0	\$32.3	\$32.8	\$33.3	\$34.4	\$34.7	\$35.9
Finance, Insurance, Real Estate	\$25.7	\$26.6	\$28.0	\$27.4	\$28.0	\$28.7	\$29.4	\$29.6	\$29.9	\$30.1	\$31.0
Health & Education Services	\$25.1	\$25.7	\$25.8	\$25.9	\$26.0	\$25.5	\$26.2	\$26.5	\$26.6	\$26.3	\$26.7
Leisure & Hospitality	\$12.6	\$12.8	\$13.2	\$13.3	\$13.4	\$14.1	\$14.0	\$13.9	\$14.0	\$13.8	\$13.2
Professional & Business Services	\$21.3	\$22.1	\$24.1	\$24.4	\$24.7	\$26.8	\$27.4	\$27.7	\$27.6	\$27.0	\$27.5
Info Services	\$31.4	\$34.1	\$32.4	\$31.4	\$34.0	\$32.7	\$31.3	\$30.3	\$30.0	\$30.8	\$30.3
Other Services	\$21.9	\$21.7	\$23.6	\$24.1	\$23.8	\$23.1	\$23.9	\$24.4	\$24.4	\$23.9	\$24.6
Government	\$22.7	\$23.0	\$23.6	\$24.1	\$24.0	\$23.6	\$24.0	\$24.8	\$25.2	\$25.6	\$25.7

Table 13-B

Mississippi Econometric Model  
Average Annual Real Wage Rates  
Growth Rates

(Percent)

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total (2000\$)	0.3	2.1	3.5	0.7	-0.0	0.5	1.6	1.4	0.9	0.5	1.4
Manufacturing	0.9	2.2	2.5	1.4	0.1	-0.2	2.1	2.8	1.3	0.5	0.1
Construction & Mining	2.4	2.9	7.1	0.5	-0.0	2.4	3.3	-2.8	-2.2	6.3	7.9
Agric. Forestry & Fishing	3.5	0.4	13.4	1.4	-2.7	11.0	0.3	-1.5	7.1	-2.9	-8.0
Transportation, Utilities	-0.9	-0.2	3.4	0.2	-0.5	1.2	1.6	1.5	1.8	-0.4	-1.1
Retail Trade	0.2	2.6	4.4	2.3	-1.5	2.9	1.2	1.5	-0.1	0.4	1.7
Wholesale Trade	0.5	3.4	5.5	1.8	-2.4	-2.2	1.8	1.5	3.1	1.0	3.5
Finance, Insurance, Real Estate	-1.4	3.3	5.2	-1.9	1.9	2.6	2.6	0.7	0.9	0.6	2.9
Health & Education Services	3.9	2.4	0.3	0.6	0.3	-2.0	2.9	0.9	0.7	-1.3	1.5
Leisure & Hospitality	1.9	2.1	2.9	0.9	0.7	5.3	-1.1	-0.9	0.7	-1.2	-4.1
Professional & Business Services	-2.8	3.9	8.7	1.6	1.2	8.3	2.3	1.0	-0.2	-2.2	1.7
Info Services	-0.9	8.6	-5.1	-3.0	8.1	-3.7	-4.4	-3.2	-0.9	2.8	-1.9
Other Services	1.0	-1.0	8.8	2.3	-1.2	-2.9	3.4	1.9	0.1	-1.9	2.5
Government	-0.1	1.2	2.8	2.0	-0.4	-1.7	1.7	3.3	1.7	1.4	0.8

Table 14-A

Mississippi Econometric Model  
Payroll Employment by Industry

(Thousands)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total (Farm and Nonfarm)	1131.5	1156.8	1177.8	1177.8	1154.1	1146.7	1135.0	1145.0	1149.8	1162.4	1181.5
Manufacturing	228.5	233.8	232.9	222.5	200.8	188.0	179.0	179.7	178.3	175.8	172.2
Construction	50.6	54.3	55.2	54.5	51.9	53.9	50.6	49.1	52.2	57.8	61.1
Natural Resources & Mining	11.4	12.0	10.4	9.4	9.6	8.9	8.7	8.8	8.8	9.5	9.5
Agric. Forestry & Fishing	24.4	23.0	24.5	24.2	24.1	23.0	20.1	20.4	19.6	20.6	19.4
Transportation, Utilities	42.5	43.2	44.5	45.1	45.8	45.7	45.8	46.7	47.0	47.5	48.5
Retail Trade	136.1	138.6	144.1	145.1	142.1	140.4	138.7	138.9	139.1	143.2	144.1
Wholesale Trade	35.5	36.9	36.6	36.9	35.3	35.0	34.9	34.9	35.3	36.4	37.4
Finance, Insurance, Real Estate	43.5	44.8	45.7	45.9	45.8	45.7	45.9	46.0	46.3	46.3	46.6
Health & Education Services	102.6	104.1	103.1	105.1	109.9	112.9	115.8	119.1	120.5	122.8	125.4
Leisure & Hospitality	108.2	113.5	122.8	122.9	120.6	122.0	123.3	124.6	122.7	118.4	123.9
Professional & Business Services	77.8	78.6	79.6	79.3	76.7	77.7	78.9	82.5	87.7	93.5	96.5
Info Services	15.3	15.8	16.5	17.4	17.0	16.1	15.1	14.6	14.3	13.7	13.6
Other Services	36.2	34.9	34.8	35.6	36.9	37.3	37.6	37.5	37.2	36.9	37.1
Government	219.0	223.4	227.1	233.8	237.5	240.1	240.8	242.1	240.8	239.9	246.3

Table 14-B

Mississippi Econometric Model  
Employment by Industry  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	1.7	2.2	1.8	0.0	-2.0	-0.6	-1.0	0.9	0.4	1.1	1.6
Manufacturing	-0.9	2.4	-0.4	-4.5	-9.8	-6.4	-4.8	0.4	-0.8	-1.4	-2.1
Construction	4.6	7.3	1.6	-1.2	-4.7	3.8	-6.2	-2.9	6.3	10.6	5.7
Natural Resources & Mining	5.8	5.1	-13.1	-9.6	2.3	-7.5	-1.5	0.9	-0.8	8.8	-0.4
Agric. Forestry & Fishing	5.0	-5.6	6.5	-1.4	-0.2	-4.6	-12.9	2.0	-3.9	4.7	-5.7
Transportation, Utilities	1.0	1.5	3.1	1.3	1.6	-0.1	0.1	2.1	0.6	1.1	1.9
Retail Trade	1.7	1.8	4.0	0.8	-2.1	-1.2	-1.2	0.1	0.2	3.0	0.6
Wholesale Trade	1.6	3.8	-0.6	0.9	-4.3	-0.9	-0.5	0.3	0.9	3.3	2.8
Finance, Insurance, Real Estate	1.5	2.9	2.0	0.5	-0.2	-0.2	0.3	0.2	0.7	-0.1	0.7
Health & Education Services	3.7	1.5	-1.0	2.0	4.6	2.7	2.6	2.8	1.2	1.9	2.1
Leisure & Hospitality	2.4	4.9	8.2	0.0	-1.9	1.2	1.0	1.1	-1.5	-3.5	4.6
Professional & Business Services	4.9	0.9	1.3	-0.3	-3.3	1.2	1.6	4.6	6.4	6.6	3.2
Info Services	2.7	3.4	4.6	5.2	-2.3	-5.2	-6.2	-3.3	-2.1	-4.0	-1.0
Other Services	3.7	-3.6	-0.2	2.3	3.4	1.2	0.8	-0.2	-1.0	-0.6	0.5
Government	1.0	2.0	1.6	3.0	1.6	1.1	0.3	0.5	-0.5	-0.4	2.7

Table 15-A

Mississippi Econometric Model  
More Indicators

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Federal Expenditures (Mill \$)*	\$15,091	\$15,314	\$16,488	\$18,358	\$20,277	\$21,308	\$21,741	\$23,624	\$26,181	\$42,250
Poverty Rate (Percent) **	16.7	17.6	19.9	17.6	19.3	18.4	16.0	18.7	20.1	20.6
Median Household Income**	\$28,499	\$29,120	\$31,330	\$34,299	\$30,161	\$30,882	\$32,728	\$34,755	\$32,875	\$34,733
Total Retail Sales (Mill \$)	\$28,678	\$30,670	\$33,383	\$34,548	\$34,780	\$35,256	\$36,206	\$38,195	\$42,171	\$46,675
Merchandise Retail Sales (Mill \$)	\$4,245	\$4,542	\$4,884	\$5,335	\$5,593	\$5,890	\$6,137	\$6,525	\$7,065	\$7,450
Total Exports (Mill \$) ***	na	na	\$2,216	\$2,726	\$3,557	\$3,058	\$2,558	\$3,179	\$4,008	\$4,674

Table 15-B

Mississippi Econometric Model  
Growth Rates

(Percent)

Description	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Federal Expenditures	-0.6	1.5	7.7	11.3	10.5	5.1	2.0	8.7	10.8	61.4
Poverty Rate	-18.9	5.4	13.1	-11.6	9.7	-4.7	-13.0	16.9	7.5	2.5
Median Household Income	6.8	2.2	7.6	9.5	-12.1	2.4	6.0	6.2	-5.4	5.7
Total Retail Sales	6.6	6.9	8.8	3.5	0.7	1.4	2.7	5.5	10.4	10.7
Merchandise Retail Sales	4.4	7.0	7.5	9.2	4.8	5.3	4.2	6.3	8.3	5.5
Total Exports	...	...	...	23.0	30.5	-14.0	-16.3	24.3	26.0	16.6

\* Federal Fiscal Year

\*\* Current Population Survey except  
that 1999 is Census 2000 data.\*\*\* Origin of Movement Series from  
the U.S. Census Bureau.

na = not available