

## SOLVING THE POVERTY PROBLEM IN MISSISSIPPI

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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



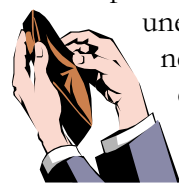
Mississippi. These young women lack the educational attainment and job experience typically needed to keep their children out of poverty. An article in this *Review* by Barbara Logue addresses this issue.]

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/hihistt6.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. Department of Labor, “Disability Data Resources”, at <http://www.dol.gov/odep/pubs/fact/data.htm>