Examining Gaps in Economic Well-Being in Mississippi: Trends and High Priority Next Steps for Policymakers

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1. MSU Extension Center for Economic Education and Financial Literacy
2. Family Resource Management in FCS Program Area
3. Community Economic Development MSU Extension Program Area

“Household financial health and well-being is the bridge to a better life, a better community, and a better economy.”

Ellen Seidman, What It’s Worth

Goal is to increase assets for individuals, families, firms, and communities across MS
Questions

What is the optimal level of income/wealth inequality?

What do most people think is the main cause of persistent poverty?
OH GREAT. NOW WE'LL HAVE TO SPEND MORE MONEY ON FENCES AND SECURITY GUARDS.
Turning the Tide on Poverty: Creating Vibrant Communities Together

Read through the Viewpoints and rank them 1-10 where #1 is your top rank

http://srdc.msstate.edu/tide/
## CAUSES OF POVERTY—RESEARCH CONTINUUM

<table>
<thead>
<tr>
<th>INDIVIDUAL BEHAVIORS AND CIRCUMSTANCES</th>
<th>COMMUNITY CONDITIONS</th>
<th>EXPLOITATION</th>
<th>POLITICAL/ECONOMIC STRUCTURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Definition</em>: Research on the choices, behaviors, and circumstances of people in poverty</td>
<td><em>Definition</em>: Research on resources and human and social capital in the city or county</td>
<td><em>Definition</em>: Research on the impact of exploitation on individuals and communities</td>
<td><em>Definition</em>: Research on political, economic, and social policies and systems at the organizational, city/county, state, national, and international levels</td>
</tr>
</tbody>
</table>

### Sample topics:

- Racism
- Discrimination by age, gender, disability, race, sexual identity
- Bad loans
- Credit card debt
- Lack of savings
- Skill sets
- Dropping out
- Lack of education
- Alcoholism
- Job loss
- Teen pregnancies
- Early language experience
- Street crime
- Dependency
- Work ethic
- Lack of organizational skills

- Racism
- Discrimination by age, gender, disability, race, sexual identity
- Layoffs
- Middle class flight
- Plant closings
- Underfunded schools
- Weak safety net
- Criminalizing poverty
- Charity that leads to dependency
- Brain drain
- City and regional planning
- Mix of employment/wage opportunities
- Loss of access to high-quality schools, childcare, and preschool
- Downward pressure on wages

- Racism
- Discrimination by age, gender, disability, race, sexual identity
- Payday lenders
- Lease/purchase outlets
- Subprime mortgages
- Sweatshops
- Human trafficking
- Employment and labor law violations
- Wage and benefits theft
- Some landlords
- Sex trade
- Internet scams
- Drug trade
- Poverty premium (the poor pay more for goods and services)
- Day labor

- Racism
- Discrimination by age, gender, disability, race, sexual identity
- Layoffs
- Middle class flight
- Plant closings
- Underfunded schools
- Weak safety net
- Criminalizing poverty
- Charity that leads to dependency
- Brain drain
- City and regional planning
- Mix of employment/wage opportunities
- Loss of access to high-quality schools, childcare, and preschool
- Downward pressure on wages

Wealth inequality is growing

http://apps.urban.org/features/wealth-inequality-charts/

Average wealth has increased over the past 50 years, but it has not grown equally for all groups. Between 1963 and 2016,

- families near the bottom of the wealth distribution (those at the 10th percentile) went from having no wealth on average to being about $1,000 in debt.
- those in the middle more than doubled their wealth.
- families near the top (at the 90th percentile) saw their wealth increase fivefold.
- and the wealth of those at the 99th percentile—in other words, those wealthier than 99 percent of all families—grew sevenfold.

These changes have increased wealth inequality significantly. In 1963, families near the top had six times the wealth (or $6 for every $1) of families in the middle. By 2016, they had 12 times the wealth of families in the middle.
The median wealth of white U.S. households in 2009 was $113,149, compared with $6,325 for Hispanics and $5,677 for Blacks, according to the analysis released by the Pew Research Center. Those ratios, roughly 20 to 1 for blacks and 18 to 1 for Hispanics, far exceed the low mark of 7 to 1 for both groups reached in 1995, when the nation's economic expansion lifted many low-income people to the middle class.
More lower wealth individuals are going to college…but not graduating

The Impact of Unequal Systems

https://www.youtube.com/watch?v=lKhAd0Tyny0
Data for Mississippi
Poverty

- Poverty trends
  - 22.1% in Mississippi, 2015 (14.7% in the US): the worst state in the income poverty
  - 638 thousand Mississippians experienced income poverty

- Deep poverty rate
  - 47.3% of the population in poverty suffered from the deep poverty

Data source: SAIPE, US Census Bureau (Poverty trends); ACS 1-year Estimates, US Census Bureau (Deep poverty rate)
Poverty (left) and Deep poverty (right)

* Colored areas are that regional poverty rates are worse than the state average (22.1% in poverty rate and 10.4% in deep poverty rate). Darker areas are worse in poverty and deep poverty.
Income

• Real Median Income Trends
- in 2015 $ value
- $40,630 in Mississippi, 2015 ($55,775 in the US)
- The trend of MS real income is downward

• Average Household Income by Income Source

<table>
<thead>
<tr>
<th>Income source:</th>
<th>2015</th>
<th>% Change from 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Households</td>
</tr>
<tr>
<td>Wage or salary</td>
<td>$56,490</td>
<td>768,456</td>
</tr>
<tr>
<td>Self-employment</td>
<td>$32,070</td>
<td>91,931</td>
</tr>
<tr>
<td>Interest, Dividends, or net rental</td>
<td>$12,972</td>
<td>137,995</td>
</tr>
<tr>
<td>Social Security</td>
<td>$16,169</td>
<td>365,331</td>
</tr>
<tr>
<td>Supplemental security</td>
<td>$8,740</td>
<td>88,696</td>
</tr>
<tr>
<td>Public assistant</td>
<td>$2,720</td>
<td>30,505</td>
</tr>
<tr>
<td>Retirement</td>
<td>$20,443</td>
<td>199,805</td>
</tr>
<tr>
<td>Other types</td>
<td>$9,023</td>
<td>134,201</td>
</tr>
</tbody>
</table>
Unemployment

• Unemployment Rate Trends

- 46 of 100 in poverty status were working or seeking their jobs: 14 of 46 unemployed in 2015

• Data source: LAUS, Bureau of Labor Statistics (Unemployment rate trend); ACS 1-year Estimates, US Census Bureau (Unemployment rate and labor participation rate below poverty level)
Net Worth, 2014

• Median Net Worth

- Non-Mississippi’s median net worth is 1.8 times higher than Mississippi’s

• Average of Net Worth by Income Class

<table>
<thead>
<tr>
<th>Income Class</th>
<th>Non-MS household</th>
<th>MS household</th>
<th>Non-MS is x times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>$369,415</td>
<td>$183,555</td>
<td>2.0</td>
</tr>
<tr>
<td>Poor</td>
<td>$95,742</td>
<td>$44,908</td>
<td>2.1</td>
</tr>
<tr>
<td>Low-income</td>
<td>$109,550</td>
<td>$96,627</td>
<td>1.1</td>
</tr>
<tr>
<td>Middle</td>
<td>$262,069</td>
<td>$221,597</td>
<td>1.2</td>
</tr>
<tr>
<td>Upper</td>
<td>$949,093</td>
<td>$492,698</td>
<td>1.9</td>
</tr>
</tbody>
</table>

• % of HHs with Zero (or Negative) Net Worth

- Data source: SIPP 2014, US Census Bureau
Asset (top) and Liquid Asset (bottom) Poverty

- Almost the same level of asset poverty rate to the non-Mississippi household
- Over a half of Mississippi household in liquid asset poverty
- 84% of poor households and 70% of low-income households do not have a sufficient liquid asset when they face the unexpected financial hardship

Data source: SIPP 2014, US Census Bureau; Definition of (Liquid) Asset Poverty from *Prosperity Now Scorecard*
Components of Assets (left) and Debt (right)

- Data source: SIPP 2014, US Census Bureau
### Assets and Debts by Income Class

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>MS-all</th>
<th>Poor</th>
<th>Low-income</th>
<th>Middle</th>
<th>upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>43%</td>
<td>32%</td>
<td>48%</td>
<td>46%</td>
<td>40%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>24%</td>
<td>42%</td>
<td>25%</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>12%</td>
<td>16%</td>
<td>13%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Retirement account</td>
<td>10%</td>
<td>2%</td>
<td>7%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Other investment</td>
<td>4%</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Business</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Money market</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Other real estate</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Rental property</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Bond</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Educational Savings account</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non liquid Asset</td>
<td>67%</td>
<td>73%</td>
<td>73%</td>
<td>64%</td>
<td>54%</td>
</tr>
<tr>
<td>Liquid Asset</td>
<td>32%</td>
<td>25%</td>
<td>27%</td>
<td>35%</td>
<td>46%</td>
</tr>
</tbody>
</table>

### Financial Security

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>2009</th>
<th>2011</th>
<th>2013</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unbanked</td>
<td></td>
<td>16.2</td>
<td>15.1</td>
<td>14.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Underbanked</td>
<td></td>
<td>-</td>
<td>23.6</td>
<td>32.8</td>
<td>25.5</td>
</tr>
<tr>
<td>Savings accounts</td>
<td></td>
<td>-</td>
<td>51.8</td>
<td>49.4</td>
<td>48.7</td>
</tr>
<tr>
<td>Income Volatility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.3</td>
</tr>
<tr>
<td>Emergency savings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50.6</td>
</tr>
</tbody>
</table>

- Data source: SIPP 2014, US Census Bureau (Asset and Debts); National Survey of Unbanked and Underbanked Household, FDIC (Financial Security)
The living wage is the hourly rate that an individual must earn to support their family. The values are per adult in a family.

The Minimum wage is $7.25 per hour. Full–time is considered as 2,080 hours per year. Part-time is defined as less than 35 hours per week of work.

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### Table: Living Wage (Poverty Wage)

<table>
<thead>
<tr>
<th>Living Wage (Poverty Wage)</th>
<th>Related children under 18 years</th>
<th>None</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Adult</td>
<td></td>
<td>$10.86 ($5.00)</td>
<td>$21.29 ($7.00)</td>
<td>$23.44 ($9.00)</td>
<td>$28.77 ($11.00)</td>
</tr>
<tr>
<td>2 Adults</td>
<td></td>
<td>$18.17 ($7.00)</td>
<td>$21.36 ($9.00)</td>
<td>$24.37 ($11.00)</td>
<td>$26.68 ($13.00)</td>
</tr>
<tr>
<td>1 working full-time</td>
<td></td>
<td>$9.09 ($3.00)</td>
<td>$11.51 ($4.00)</td>
<td>$13.28 ($5.00)</td>
<td>$14.70 ($6.00)</td>
</tr>
<tr>
<td>1 working part-time</td>
<td></td>
<td></td>
<td>$15.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 working full-time</td>
<td></td>
<td>$9.09 ($3.00)</td>
<td>$11.51 ($4.00)</td>
<td>$13.28 ($5.00)</td>
<td>$14.70 ($6.00)</td>
</tr>
</tbody>
</table>

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- Data source: Living Wage Calculator, http://livingwage.mit.edu/
Living Expenses, 2017 (continued on next slide)

<table>
<thead>
<tr>
<th>Annual Expense</th>
<th>1 Adult</th>
<th>1 Adult 1Child</th>
<th>1 Adult 2Children</th>
<th>1 Adult 3Children</th>
<th>2 Adults (1 working)</th>
<th>2 Adults 1Child</th>
<th>2 Adults 2Children</th>
<th>2 Adults 3Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$2,986</td>
<td>$4,394</td>
<td>$6,613</td>
<td>$8,777</td>
<td>$5,474</td>
<td>$6,807</td>
<td>$8,786</td>
<td>$10,702</td>
</tr>
<tr>
<td>Child Care</td>
<td>$0</td>
<td>$2,907</td>
<td>$3,833</td>
<td>$4,759</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Medical</td>
<td>$2,455</td>
<td>$7,557</td>
<td>$7,271</td>
<td>$7,329</td>
<td>$5,574</td>
<td>$7,271</td>
<td>$7,329</td>
<td>$6,993</td>
</tr>
<tr>
<td>Housing</td>
<td>$6,657</td>
<td>$9,214</td>
<td>$9,214</td>
<td>$12,166</td>
<td>$7,566</td>
<td>$9,214</td>
<td>$9,214</td>
<td>$12,166</td>
</tr>
<tr>
<td>Transportation</td>
<td>$4,314</td>
<td>$8,914</td>
<td>$9,358</td>
<td>$11,234</td>
<td>$8,914</td>
<td>$9,358</td>
<td>$11,234</td>
<td>$11,190</td>
</tr>
<tr>
<td>Other</td>
<td>$2,704</td>
<td>$4,373</td>
<td>$4,823</td>
<td>$6,169</td>
<td>$4,373</td>
<td>$4,823</td>
<td>$6,169</td>
<td>$5,723</td>
</tr>
<tr>
<td>Annual taxes</td>
<td>$3,473</td>
<td>$6,929</td>
<td>$7,641</td>
<td>$9,407</td>
<td>$5,895</td>
<td>$6,951</td>
<td>$7,948</td>
<td>$8,714</td>
</tr>
<tr>
<td><strong>Required annual income</strong></td>
<td><strong>$22,589</strong></td>
<td><strong>$44,288</strong></td>
<td><strong>$48,752</strong></td>
<td><strong>$59,842</strong></td>
<td><strong>$37,796</strong></td>
<td><strong>$44,423</strong></td>
<td><strong>$50,681</strong></td>
<td><strong>$55,488</strong></td>
</tr>
</tbody>
</table>

- Data source: Living Wage Calculator, http://livingwage.mit.edu/
## Living Expenses, 2017

<table>
<thead>
<tr>
<th>Annual Expense</th>
<th>2 Adults (1 working Part-time) 1 Child</th>
<th>2 Adults (2 working)</th>
<th>2 Adults 1Child</th>
<th>2 Adults 2Children</th>
<th>2 Adults 3Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$5,474</td>
<td>$6,807</td>
<td>$8,786</td>
<td>$10,702</td>
<td></td>
</tr>
<tr>
<td>Child Care</td>
<td>$0</td>
<td>$2,907</td>
<td>$3,833</td>
<td>$4,759</td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>$5,574</td>
<td>$7,271</td>
<td>$7,329</td>
<td></td>
<td>$6,993</td>
</tr>
<tr>
<td>Housing</td>
<td>$7,566</td>
<td>$9,214</td>
<td>$9,214</td>
<td>$12,166</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$8,914</td>
<td>$9,358</td>
<td>$11,234</td>
<td>$11,190</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$4,373</td>
<td>$4,823</td>
<td>$6,169</td>
<td>$5,723</td>
<td></td>
</tr>
<tr>
<td>Annual taxes</td>
<td>$5,895</td>
<td>$7,502</td>
<td>$8,674</td>
<td></td>
<td>$9,616</td>
</tr>
<tr>
<td><strong>Required annual income</strong></td>
<td><strong>$47,311</strong></td>
<td><strong>$37,796</strong></td>
<td><strong>$47,881</strong></td>
<td><strong>$55,240</strong></td>
<td><strong>$61,149</strong></td>
</tr>
</tbody>
</table>

Racial Inequality in Poverty and Income

• Poverty Rate in 2015 by Race

- Racial income and wealth gap is the persistent social issue in Mississippi, in which is getting better but still bad

- Racial composition of the population in Mississippi: 59% White, 39% Black, and 3% Others

• Household Income by Race

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Gap</td>
</tr>
<tr>
<td><strong>MS state</strong></td>
<td>$56,338</td>
<td>$40,652</td>
</tr>
<tr>
<td>White only</td>
<td>$67,215</td>
<td>+$30,702</td>
</tr>
<tr>
<td>Black only</td>
<td>$36,513</td>
<td>$26,443</td>
</tr>
</tbody>
</table>
Racial Inequality in Wealth

• Median Net Worth by Race

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Black</th>
<th>Relative Holdings per $1 White wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>73,400</td>
<td>19,400</td>
<td>0.26</td>
</tr>
<tr>
<td>Poor</td>
<td>5,850</td>
<td>1,289</td>
<td>0.22</td>
</tr>
<tr>
<td>Low-income</td>
<td>26,180</td>
<td>27,580</td>
<td>1.05</td>
</tr>
<tr>
<td>Middle</td>
<td>105,980</td>
<td>43,657</td>
<td>0.41</td>
</tr>
<tr>
<td>Upper</td>
<td>206,210</td>
<td>168,000</td>
<td>0.81</td>
</tr>
</tbody>
</table>

• Asset Poverty by Race

<table>
<thead>
<tr>
<th></th>
<th>Mississippi</th>
<th>White (A)</th>
<th>Black (B)</th>
<th>% point gap (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid Asset Poverty</td>
<td>53.3</td>
<td>46.8</td>
<td>65.9</td>
<td>19.7</td>
</tr>
<tr>
<td>Poor</td>
<td>84.0</td>
<td>77.6</td>
<td>87.3</td>
<td>9.7</td>
</tr>
<tr>
<td>Low-income</td>
<td>69.6</td>
<td>68.5</td>
<td>70.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Middle</td>
<td>37.7</td>
<td>35.8</td>
<td>42.1</td>
<td>6.3</td>
</tr>
<tr>
<td>Upper</td>
<td>17.5</td>
<td>14.5</td>
<td>37.8</td>
<td>23.3</td>
</tr>
<tr>
<td>Asset Poverty</td>
<td>27.7</td>
<td>22.7</td>
<td>37.2</td>
<td>14.5</td>
</tr>
<tr>
<td>Poor</td>
<td>52.9</td>
<td>44.8</td>
<td>60.2</td>
<td>15.4</td>
</tr>
<tr>
<td>Low-income</td>
<td>29.6</td>
<td>26.6</td>
<td>32.6</td>
<td>6.0</td>
</tr>
<tr>
<td>Middle</td>
<td>17.6</td>
<td>17.2</td>
<td>19.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Upper</td>
<td>12.4</td>
<td>12.2</td>
<td>16.8</td>
<td>4.6</td>
</tr>
</tbody>
</table>

• Zero Net Worth

<table>
<thead>
<tr>
<th></th>
<th>Mississippi</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>17.2</td>
<td>13.8</td>
<td>22.9</td>
</tr>
<tr>
<td>Poor</td>
<td>35.5</td>
<td>31.2</td>
<td>39.8</td>
</tr>
<tr>
<td>Low-income</td>
<td>15.3</td>
<td>12.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Middle</td>
<td>10.2</td>
<td>9.6</td>
<td>11.8</td>
</tr>
<tr>
<td>Upper</td>
<td>12.4</td>
<td>12.2</td>
<td>16.8</td>
</tr>
</tbody>
</table>

• Data source: SIPP 2014, US Census Bureau
• Definition of (Liquid) Asset Poverty from *Prosperity Now Scorecard*
Components of Assets (left) and Debt (right)

- Data source: SIPP 2014, US Census Bureau
## Assets and Debts by Race x Income class

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>White</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Poor</td>
<td>Low</td>
<td>Middle</td>
<td>upper</td>
</tr>
<tr>
<td>Home</td>
<td>36%</td>
<td>49%</td>
<td>48%</td>
<td>39%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>35%</td>
<td>25%</td>
<td>16%</td>
<td>14%</td>
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<tr>
<td>Financial institutions</td>
<td>19%</td>
<td>13%</td>
<td>9%</td>
<td>9%</td>
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<tr>
<td>Retirement account</td>
<td>2%</td>
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<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Other investment</td>
<td>0%</td>
<td>2%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Business</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Money market</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Other real estate</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Rental property</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Bond</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Educational Savings account</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Non liquid Asset</td>
<td>73%</td>
<td>75%</td>
<td>67%</td>
<td>59%</td>
</tr>
<tr>
<td>Liquid Asset</td>
<td>27%</td>
<td>25%</td>
<td>33%</td>
<td>41%</td>
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<table>
<thead>
<tr>
<th>Debt Type</th>
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<tbody>
<tr>
<td></td>
<td>Poor</td>
<td>Low</td>
<td>Middle</td>
<td>upper</td>
</tr>
<tr>
<td>Home</td>
<td>24%</td>
<td>38%</td>
<td>38%</td>
<td>39%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>16%</td>
<td>26%</td>
<td>22%</td>
<td>23%</td>
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<tr>
<td>Other Debt</td>
<td>22%</td>
<td>12%</td>
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<td>4%</td>
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<tr>
<td>Credit Cards</td>
<td>9%</td>
<td>14%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Educational Debt</td>
<td>22%</td>
<td>10%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Business</td>
<td>4%</td>
<td>0%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Rental Property</td>
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<td>0%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Other real estate</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>4%</td>
</tr>
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</table>

- Data source: SIPP 2014, US Census Bureau
## Financial Security

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Unbanked</td>
<td>5.5</td>
<td>5.1</td>
<td>5.7</td>
<td>6.7</td>
<td>33.5</td>
<td>30.8</td>
<td>29</td>
<td>21.5</td>
</tr>
<tr>
<td>Underbanked</td>
<td>19</td>
<td>29</td>
<td>20.9</td>
<td>31.7</td>
<td>40.1</td>
<td>32.1</td>
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<tr>
<td>Savings account</td>
<td>61.3</td>
<td>57.8</td>
<td>56.1</td>
<td>36.2</td>
<td>36.2</td>
<td>36.1</td>
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<tr>
<td>Income Volatility</td>
<td></td>
<td>24.7</td>
<td></td>
<td></td>
<td></td>
<td>23.2</td>
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<tr>
<td>Emergency Saving</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Rate</td>
<td>55.6</td>
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<td></td>
<td></td>
<td></td>
<td>42.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Data source: National Survey of Unbanked and Underbanked Household, FDIC*
Measures of Economic Well-Being and Sources of Data
Income and Poverty

• Defined by the *U.S. Census Bureau*

• **Poverty rate**: number of people with household incomes at or below 100% of their poverty threshold

• **Deep poverty**: household incomes below 50% of their poverty threshold

• Poverty thresholds: income dollar amounts to determine a household’s poverty status. Thresholds vary according to the size of the household and the ages of its members

• **Household income**: income of the householder and all other people 15 years and older in the household
Unemployment and Labor Participation

• Defined by the *Bureau of Labor Statistics*

• Labor force: the sum of the employed and the unemployed, i.e., the number of people who are either working or actively seeking work

• **Unemployment rate**: number of unemployed people as a percentage of the labor force

• **Labor force participation rate**: the number of people in the labor force as a percentage of the civilian non-institutional population 16 years old and over
Wealth

• Four Income groups: the households are divided into four income groups—poor, low-income, middle, and upper—according to the percent of 2013 Federal Poverty Level (FPL)
  - Poor-class less than or equal 100 percent of the FPL
  - Low-income class between 100 and 200 percent of the FPL
  - Middle class between 200 and 600 percent of the FPL
  - Upper class above 600 percent of the FPL

• **Net worth**: assets minus liabilities, i.e., how much a person owns minus what they owe to others
Asset/Liquid Asset Poverty

• Defined by *Prosperity Now Scorecard*

• *(Liquid) Asset Poverty*: the percentage of households without sufficient net worth (based on liquid asset) to subsist at the poverty level for three months under the financial crisis such as a job loss, medical emergency or the need to fix a car

• Liquid asset: it includes cash on hand or an asset that can be readily converted to cash, for example, bank account, other interest-earning accounts, equity in stocks and mutual funds, and retirement accounts
Financial Security

• Defined by *Federal Deposit Insurance Corporation*

• **Unbanked**: household not having a checking, savings, or money market account

• **Underbanked**: household having a checking or savings but also obtaining financial products and services outside of the banking system

• **Income volatility**: whether income varied somewhat/a lot from month to month

• **Emergency savings**: whether saved for unexpected expenses or emergencies in the past 12 months
Data: SAIPE

- Small Area Income and Poverty Estimates, the U.S. Census Bureau

- Provides yearly poverty rate, child poverty rate, and median household income by states and counties
Data: ACS

- American Community Survey, the U.S. Census Bureau
  - 1-year/3-year/5-year estimates provide population, demographic, and housing related data for communities.
Data: SIPP

- Survey of Income and Program Participation, the *U.S. Census Bureau*
  - SIPP provides the information related to economic well-being, assets, debts, health insurance, food security, etc.
Data: LAUS

• Local Area Unemployment Statistics, Bureau of Labor Statistics
  - Provides annual employment, unemployment, and labor force for Census geographic units
Data: FDIC

- National Survey of Unbanked and Underbanked Household, *Federal Deposit Insurance Corporation*
Data: Living Wage Calculator

- The MIT Living Wage Calculator Tool
  - It provides estimated cost of living in a community or a region based on typical expenses
Next Steps for Policymakers & Educators

How can we use this information?
What needs to change?
What resources do we have?
From Scarcity to Abundance: Understanding and Redesigning our Choices
Effective Financial Education

Financial Doing™

Figure 2: Model of Financial Action

Intentions To Change

Actual Desired Changes

The Gap

The principles: How financial capability programs can support financial well-being:

2.1 Know the individuals and families to be served
2.2 Provide actionable, relevant, and timely information
2.3 Improve key financial skills
2.4 Build on motivation
2.5 Make it easy to make good decisions and to follow-through on them
The Compelling Question of Modern Economics

How do we increase our standard of living?

- Decide on an economic system and establish the “Rules of the Game”:
  - What do we value?
  - How do we set up a system to reach our goals?

- Improve productivity
  - Specialize & Trade
  - Use Markets When Markets Work
    - Role of Prices and Demand and Supply
    - Buyer Beware
    - Role of Money and Inflation
    - Circular Flow and GDP and Unemployment
  - Use Government When Government Works
    - Rules of the Game, Public Goods, Externalities, Promote Competition, Income Inequality

- Improve Human capital
  - Why are wages different?
Fundamental and Powerful Concepts of Economic Development

• 1. Gaps grow over time
  • We used to think that economies could “catch up,” but the data reveal that it is more likely that gaps grow over time
    • Cumulative

• 2. We are all connected
  • My productivity depends upon your productivity, your productivity depends upon my productivity
    • When human capital development is hindered for some, this limits the size of the pie

• 3. Infrastructure matters
  • Taking a person out of a place without good infrastructure and “dropping” him/her into a place with good infrastructure will increase her productivity

*The Soulful Science, What Economists Really Do and Why It Matters, Diane Coyle, 2010 Princeton University Press*
Conditions for Economic Development

• Four things must hold for the *hopes of the future* to outweigh the *legacy of the past*:
  • 1. A high degree of interdependence among people;
  • 2. People must put a high weight on the future compared with the present;
  • 3. People must want to change; and
  • 4. The change needs to be evident in a reasonable amount of time

“Household financial health and well-being is the bridge to a better life, a better community, and a better economy.”
Ellen Seidman, What It’s Worth

Low financial readiness affects not just individuals but has significant ripple effects on their families, communities, and ultimately the state and national economy.

http://www.strongfinancialfuture.org/
Prosperity Now Scorecard

24.5% of consumers have an account in collections in six states. 1 in 3 consumers have an account in collections.

Whose Bad Choices? How Policy Precludes Prosperity and What We Can Do About It.

February 2018
Financial Assets & Income
Do all residents have adequate income and opportunities to build and protect wealth?

- Asset Limits in Public Benefit Programs
- Child and Child Care Tax Credits
- Debt Collection Protections
- EITC State Funding
- Individual Development Accounts
- Predatory Small-Dollar Lending Protections
- Prize-Linked Savings
- Property Tax Relief
- Retirement Security
- Tax Fairness
- Tax Prep Regulations
- Unemployment Comp. Using Prepaid Cards

Businesses & Jobs
Are there quality jobs or business ownership opportunities available to all residents?

- Microbusiness Support
- Minimum Wage
- Paid Leave
- Unemployed Entrepreneur Support
- Unemployment Benefits
- Workforce Development

Homeownership & Housing
Are there affordable and sustainable housing or homeownership opportunities available to all residents?

- First-Time Homebuyer Assistance
- Foreclosure Regulations
- Housing Trust Funds
- Post-Foreclosure Protections
- Protection from Discrimination for Low-Income Renters
- Redeveloping Foreclosed Properties
- Resident Ownership, Titling and Zoning of Manufactured Homes
- Tenant Protections from Foreclosure
Health Care
Is there broad access to affordable health insurance as protection against income interruption and asset depletion from medical bills?

Education
Do residents have access to affordable education and training they need to get ahead?
STEP 1. SELECT A STATE

Mississippi

STEP 2. SELECT UP TO FOUR OUTCOME HIGHLIGHTS TO FEATURE ON THE FRONT PAGE

- 53.4% of Mississippi households live in liquid asset poverty
- 27.8% of Mississippi households live in asset poverty
- 20.0% of Mississippi households live in income poverty
- 36.2% of Mississippi credit users have prime credit
- 12.6% of Mississippi households are unbanked
- 48.7% of Mississippi households have savings accounts
- 50.6% of Mississippi households kept emergency savings in the past year
- 24.3% of Mississippi households experienced income volatility in the past year
- 25.5% of Mississippi households are underbanked

4 Selected (drag to sort)
- 36.2% of Mississippi credit users have prime credit
- 50.6% of Mississippi households kept emergency savings in the past year
- 37.1% of jobs in Mississippi are low-wage jobs
- 48.1% of renters in Mississippi are cost burdened

STEP 3. SELECT UP TO FOUR POLICIES TO FEATURE ON THE FRONT PAGE

- Has state eliminated TANF asset test? (N)
INCOME-SUPPORTS TO ENCOURAGE SHORT-TERM SAVINGS FOR WORKING FAMILIES OF COLOR:

People of color disproportionately work in low-wage occupations. Stretching and supplementing limited household income allows families to set aside savings. These policies help families get by and get ahead.

**Policy Solution 1:**
Establish a refundable state Earned Income Tax Credit that is at least 15% of the federal credit and expand eligibility to more workers.

**Policy Solution 2:**
Increase education funding for Head Start programs and provide a supplemental Head Start grant to help programs meet federal match requirements.
REMOVE BARRIERS TO SHORT-TERM SAVINGS FOR PEOPLE OF COLOR:

Saving is difficult enough without policies that discourage and strip families of hard-earned savings. These policies aim to remove barriers and protect financial security.

**Policy Solution 1:**
Remove asset limits from public benefits programs (TANF, SNAP and LIHEAP) to ensure families are not penalized for saving. financial futures.

**Policy Solution 2:**
Protect consumers from the cycle of small-dollar debt perpetuated by predatory lenders.
EMPOWERING COMMUNITIES OF COLOR TO SAVE FOR LONG-TERM GOALS:

Saving for long-term assets like education, homeownership and retirement are fundamental to prosperity and economic mobility over generations. These policies can promote access for historically marginalized groups.

**Policy Solution 1:**
Encourage matched savings programs like Individual Development Accounts.

**Policy Solution 2:**
Encourage saving for college through Children’s Savings Account programs and lower tuition costs for undocumented students.

**Policy Solution 3:**
Promote access to retirement savings programs for workers without employer-sponsored plans and strengthen accompanying financial education.
AFFORDABLE HOUSING & HOMEOWNERSHIP AS THE FOUNDATION OF BLACK & LATINO WEALTH:

Despite deep setbacks during the recession, affordable housing and homeownership remains critical to long-term wealth and prosperity. These policies help create opportunities for families to rent and own safely and sustainably.

Policy Solution 1: Provide a range of supports for first-time homebuyers.

Policy Solution 2: Pass legislation explicitly barring “source of income” discrimination to increase fair housing options.

Policy Solution 3: Enact state-level property tax credit programs.