

MISSISSIPPI WAGE GAP PERSISTS

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

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

The Wage Gap by Industry

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

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

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

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

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

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

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



Trends over Time

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

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

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

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

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

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

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

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

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

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

What Do the Numbers Show?

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



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

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



Growth Trends by Industry Group

1. Higher-Paying Industries

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

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

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

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

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

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

*Above average growth rate of -0.17%.

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

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

2. Medium-Paying Industries

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

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

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

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

3. Lower-Paying Industries

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

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

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

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

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

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

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

Concluding Remarks

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

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



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

Rebuilding after Hurricane Katrina presents special challenges. Government subsidies and programs that improve worker access to education through assistance with



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

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

Appendix on Occupations follows on next page.

Notes

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

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

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

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

Sources

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

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

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

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

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

1. Estimates do not include self-employed workers.

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