Economic Outlook for Mississippi’s Children and Families

- Economy & State Budget
- Economic Development
  - Education
  - Health
  - Jobs
- Looking Ahead

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National Economy:
Not Out of the Woods

- Private sector jobs growing slowly
- Government spending & jobs falling
- European woes slowing world economy
- Unemployment high, housing weak
- Toxic financial assets still on books
Mississippi Economy: Private Services Leading the Way

- Jobs, taxes, jobs ahead of FY2011
- Major projects on-line

- Manufacturing lagging nation
- Stimulus funds gone
- Long-term challenges on hold
MS Regains 2000 Employment In 2016

Unemployment Rate by County, November

**Mississippi Unemployment Rates By County**

November 2011

Mississippi 9.7%
U.S. 8.2%

**Red:**
15 – 19%

**Blue:**
10.7 – 15%

**Yellow:**
8 – 10.6%

**Green:**
6 – 7.9%

**MS:** 9.7%
**US:** 8.2%

Source: Labor market Data Publication, November 2011
Design: Labor market Information Department, MDCS
MS and US Housing Markets since 2007

% Change 2007:Q1 – 2011:Q1

SALES EXISTING HOMES

<table>
<thead>
<tr>
<th>Median Price</th>
<th>Sales</th>
<th>Housing Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>-13%</td>
<td>-25%</td>
<td>-65%</td>
</tr>
<tr>
<td>-33%</td>
<td>-20%</td>
<td>-60%</td>
</tr>
</tbody>
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Recession: impacts on families

- 17% of workers un- or under-employed
- Results: Economic insecurity -
  even homelessness, hunger
- Increased physical & mental illness
- Children 15% more likely to repeat a grade
  when parent unemployed
- Unstable housing hurts children’s achievement
- Instability hurts business, communities too
Growth in State General Fund Transfers
FY2012 vs. FY2011 (July - December)

SOURCE: MS Dept of Revenue, January 2012
State Budget by Funding Source

Billions of Dollars

Source: Joint Legislative Budget Committee.
Mississippi Adequate Education Program

MAEP Shorfall 2009-2013:
$1 Billion

Source: MS Department of Education; MEPC Analysis
Assumes Level Funding in FY 2013
State Rankings

- Population with College Degree: 19% (US 28%)
- Per capita income (2010) $31,186
- Federal $ per capita $10,481
- Patents per capita (2010)
- Gasoline used per capita (2007) 2
- Fastest-growing firms (2009) 36

Economic Development Strategies: Approaches Differ In Key Areas

- Education: impacts lifetime potential, including income, health, civic participation (Issues: early childhood, compulsory K, dropouts, sex education, tuition, funding)

- Health: basic investment in labor force, impacts productivity. (Most MS firms don’t offer. Will insurance exchanges work?)

- Job Creation: basic to economic security (Question: which firms should receive taxpayer support?)
## Major New & On-Going Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chevron Expansion</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>Toyota Auto Plant</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>LNG Project</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>HCL CleanTech</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Calisolar</td>
<td>$600 million</td>
</tr>
</tbody>
</table>

BUT number employed in manufacturing has declined every year since 2000 except 2004.

Source: MS Development Authority, MS Dept of Employment. Security
Creating Jobs

Options for job creation:
Tax breaks or support of:
- Manufacturing, tourism, selected services
- Local business & community initiatives

- Fulltime, year-round employed less likely to be poor (7% of women, 3% of men versus 21% overall in 2006)
- Disabled or ill, those caring for dependents, those lacking h.s. education face obstacles that need to be addressed
MISSISSIPPIANS WHO ARE POOR: SELECTED CHARACTERISTICS (ADULTS 25-64)

- Disabled: 37.0%
- Lone Parent, HH: 22.0%
- Married with Kids: 15.0%
- No H. S. Degree: 43.0%

Source: 2000 Census.
SOURCE: PUMS Dataset, 2000 Census. Poverty rate 23% in 2010. 2000 rate was 18%.
Percent of Unemployed Receiving Regular Unemployment Benefits (UI)

(12-Month average ending Oct. 1)

2007 (Q3) 23%
2009 (Q3) 36%
2011 (Q3) 23%

NOTE: Another zero % received extended benefits in 2007; 13% in 2009 and 21% in 2011.
Source: U.S. Dept of Labor.
42% of Working Mothers Only Wage Earner in Family (Mississippi 2007-09)

(Employed women in Mississippi with children under 18 years old, 2007-09)

- Married women in dual-income family: 58%
- Women sole job-holders:
  - Female-headed household: 36%
  - Married women, spouse unemployed: 2%
  - Married women, spouse out of labor force: 4%

Options for Expanding UI Coverage

- Use alternate base period
- Cover those seeking part-time work only, especially heads of families
- Provide extended benefits while in training
- Allow compelling family reasons for leaving work
- Provide allowance of $15 per dependent per week

(MS taxable wage base raised to $14,000 as of 2011)
Economic Security for Families

WORKING AGE ADULTS WITH CHILDREN
(37% of Working Age Poor in MS)

- Child Care – cost per child over $4,000 per yr
- Child Support – average per child per yr about $600.
- Unemployment benefits: most unemployed don’t receive

DISABLED WORKING AGE ADULTS
(37% of Working Age Poor in MS)

- Medical coverage under Medicaid Working & Disabled (WD) Program; need to be able to work and maintain medical coverage
Supporting, Educating Youth

- Expand job options beyond the military to include National Service Program
- Business-school partnerships
- Affordable post-secondary education
- Early childhood education
- School counselors, nurses
- After-school programs
- Dropout prevention/tutoring
- Pregnancy prevention/education for life, parenting skills
Social Safety Nets

- Health benefits – 24% working age adults in MS lack
- Unemployment insurance - inadequate
- Minimum wage – lower than in 1959 in real terms; many states have own.
- Food stamps, EITC, TANF: keeping up?
- Tuition support
Financing Needed Supports

$ $ ARE THERE: Output per worker: 2.8 X 1959 levels

Worsening income distribution means most of increase has gone to top. National strategic planning could help.


Performance-based budgeting.
GROWTH OF AVERAGE REAL FAMILY INCOME

REAL FAMILY INCOME BY QUINTILES
MISSISSIPPI AND U.S., GROWTH 1999-2005

- Bottom 20%: -8.5% (MS), -8.1% (US)
- Next 20%: -0.4% (MS), -1.6% (US)
- Middle 20%: 1.3% (MS), 1.7% (US)
- Next 20%: 3.6% (MS), 9.1% (US)
- Top 20%: 23.4% (MS)
MISSISSIPPI ECONOMIC REVIEW
& OUTLOOK
and
MISSISSIPPI’S BUSINESS at
www.mississippi.edu/URC and
www.mississippi.edu/economics

Questions?
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