

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

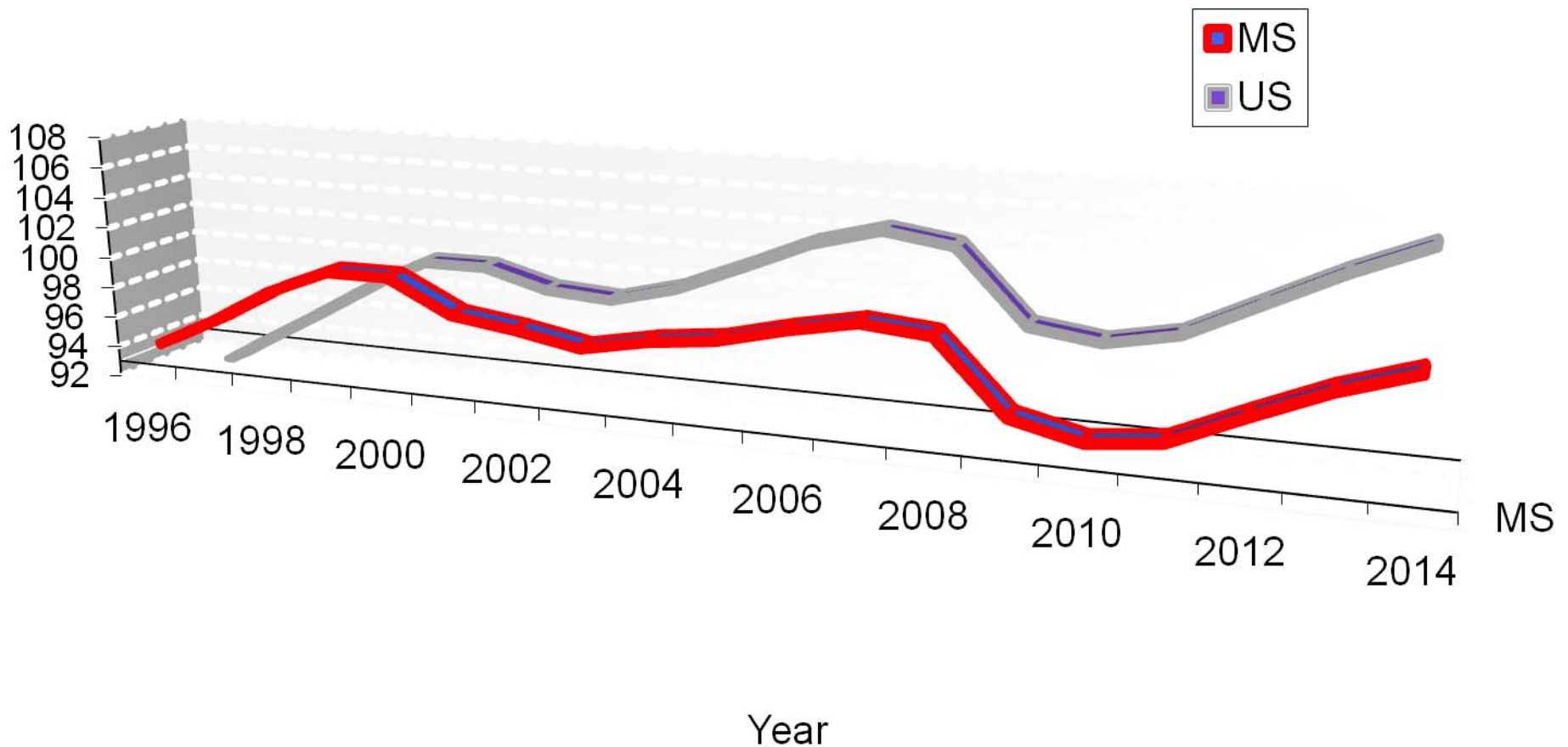
- Private sector jobs growing slowly
- Government spending & jobs falling
- European woes slowing world economy
- Unemployment high, housing weak
- Toxic financial assets still on books

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

EMPLOYMENT AS A PERCENTAGE OF 2000 EMPLOYMENT LEVELS, U.S. & MISSISSIPPI

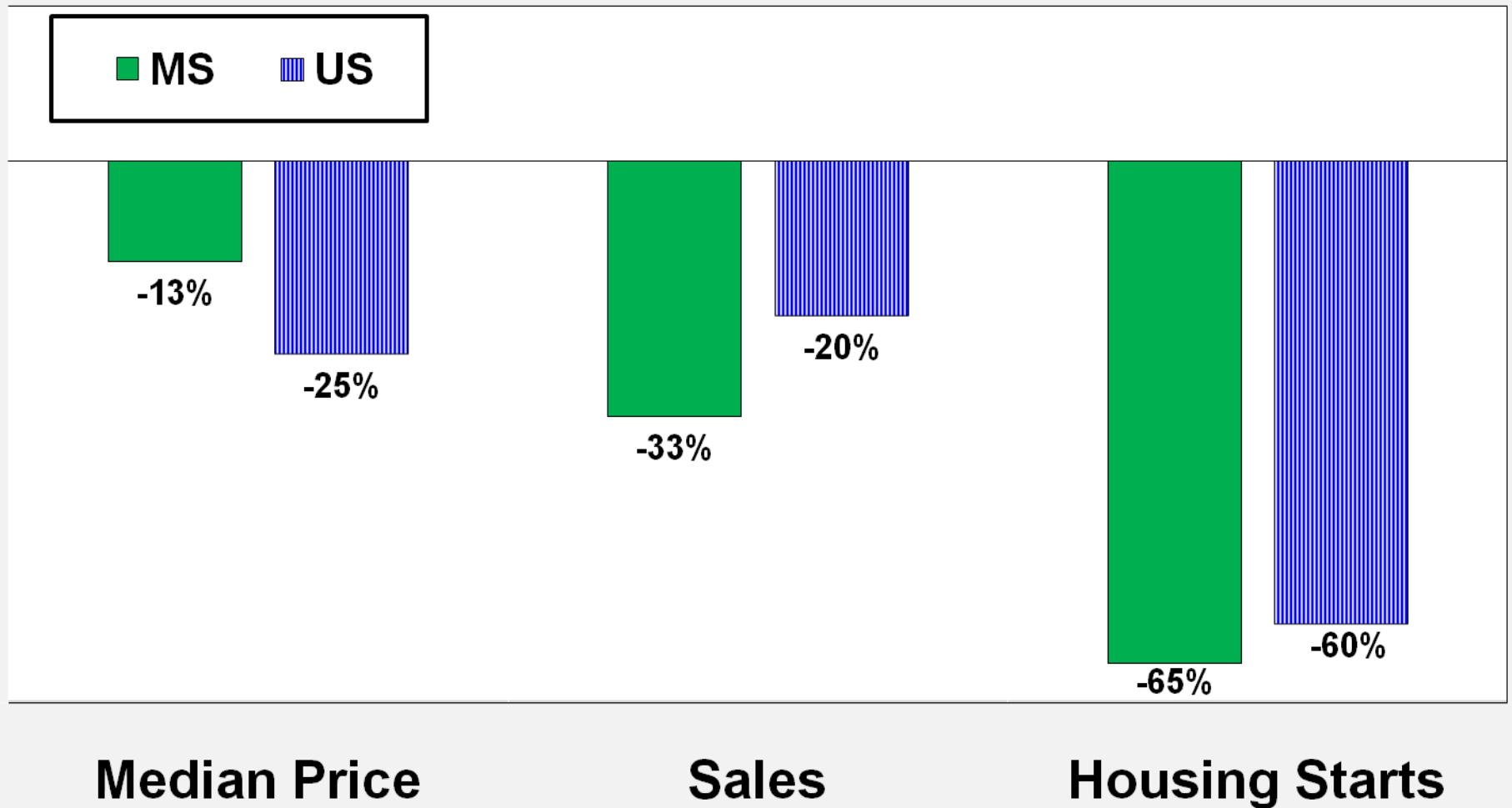


Source: MS Center for Policy Research & Planning, I.H.S. Global Insight.

MS and US Housing Markets since 2007

% Change 2007:Q1 – 2011:Q1

SALES EXISTING HOMES



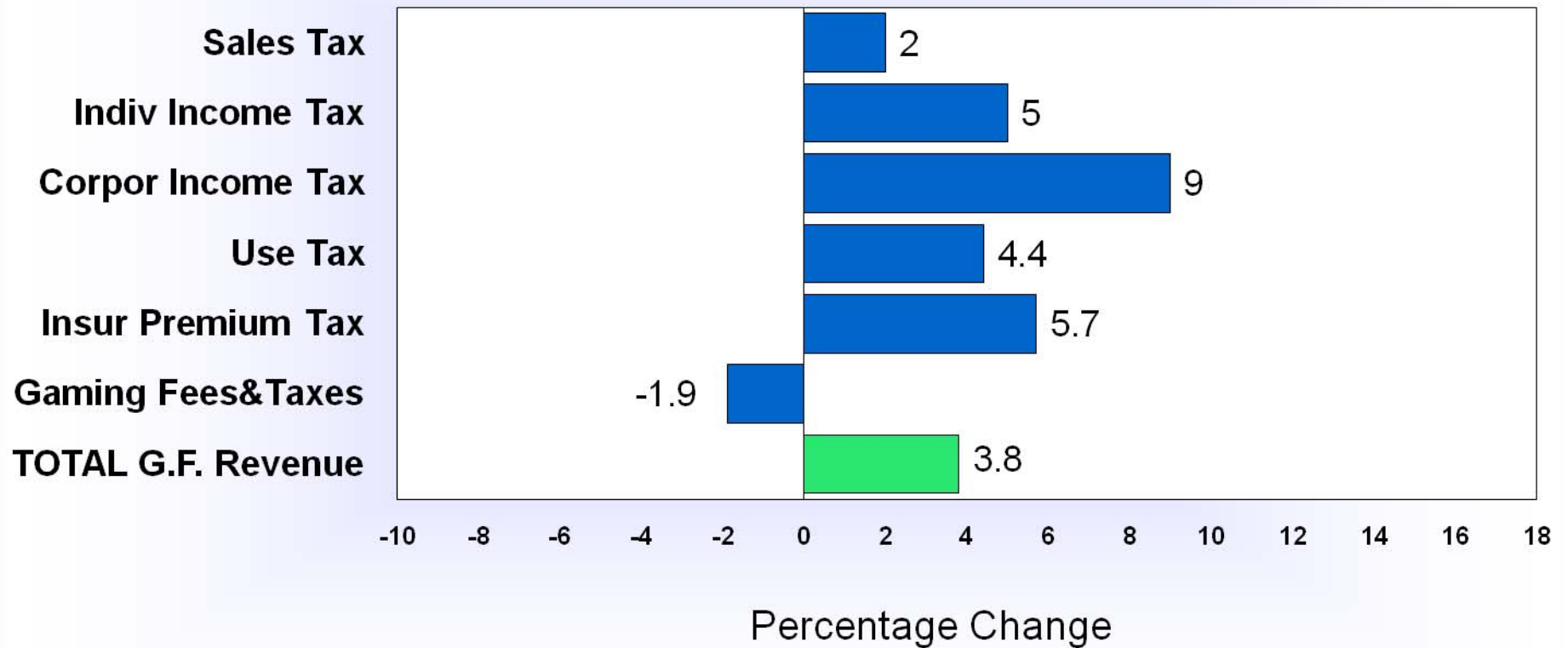
Source: FHFA, National Realtors Assoc, US Census.

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)

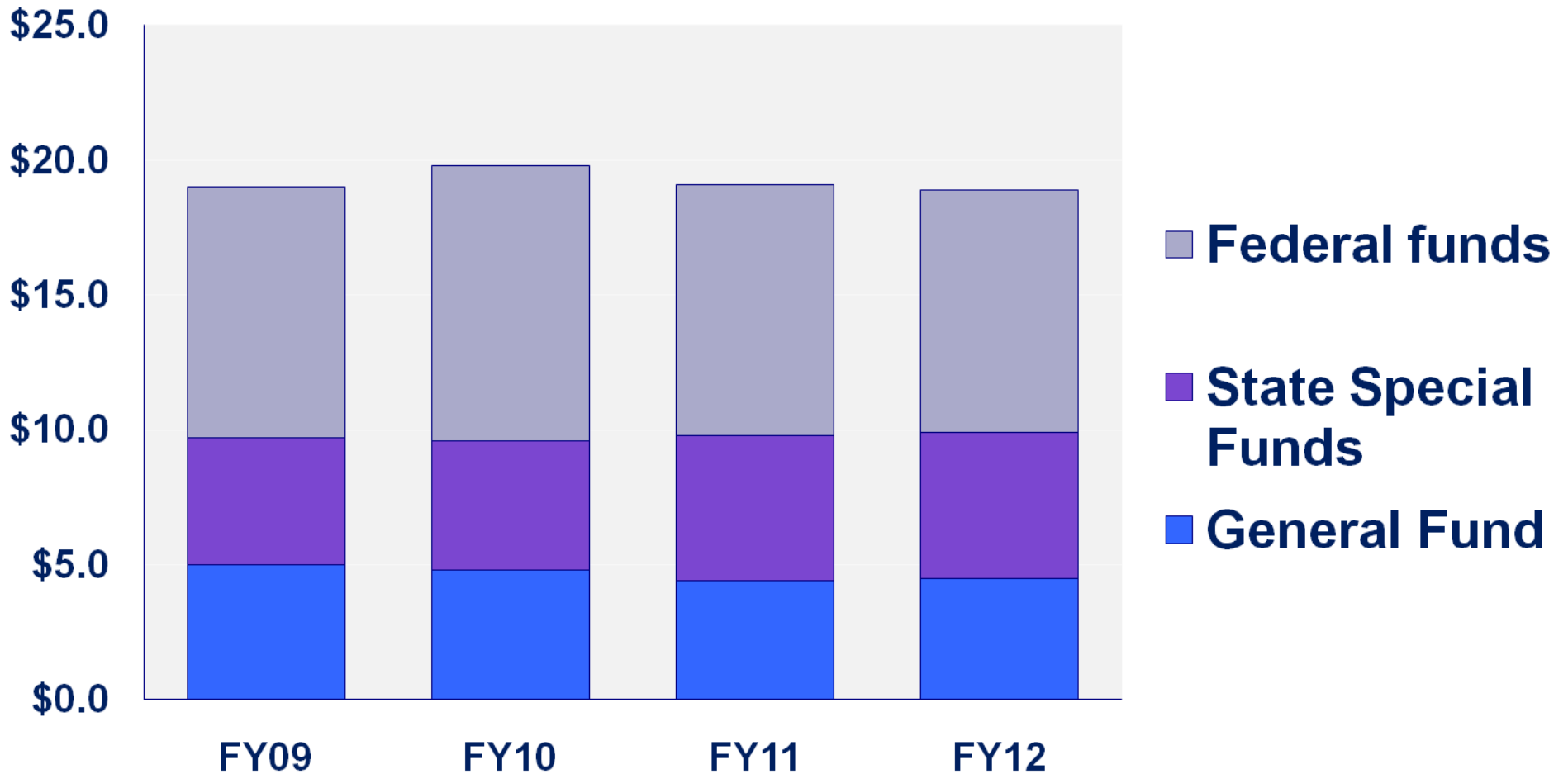
REVENUE DEPARTMENT COLLECTIONS



SOURCE: MS Dept of Revenue., January 2012

State Budget by Funding Source

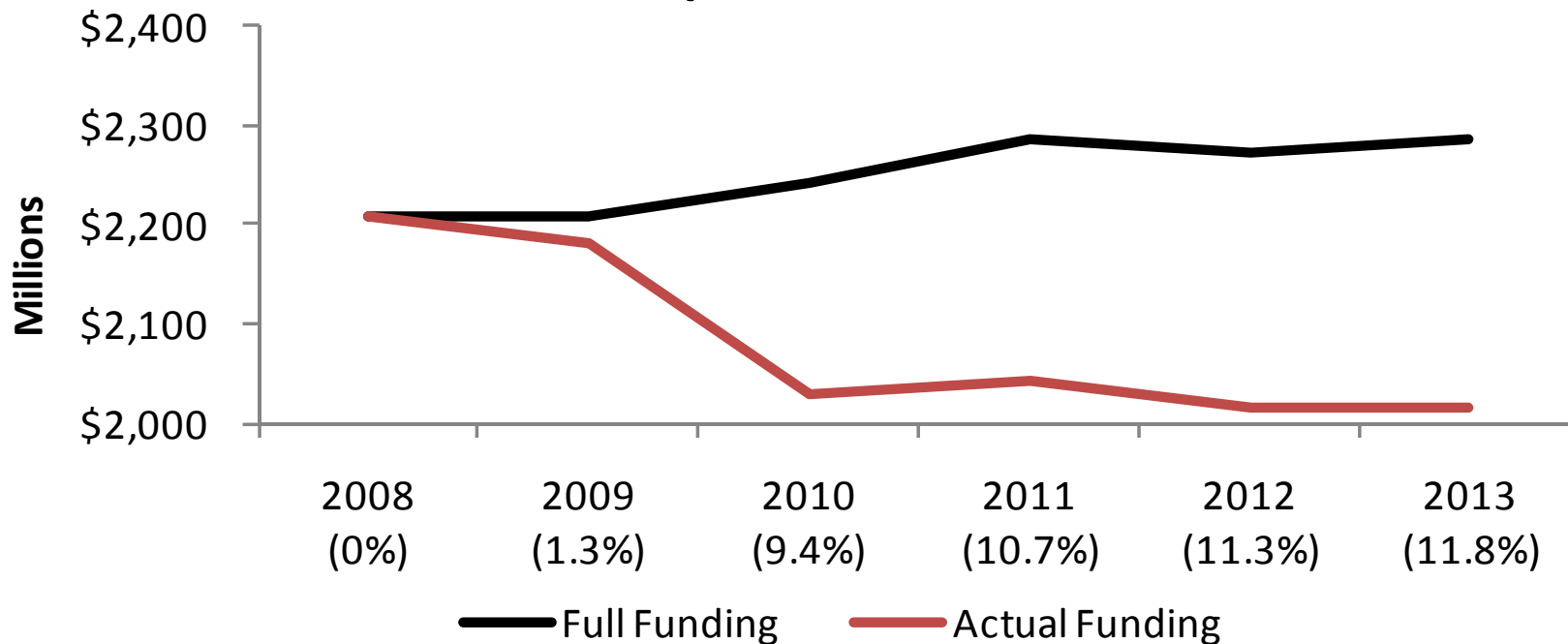
Billions of Dollars



Source: Joint Legislative Budget Committee.

Mississippi Adequate Education Program

MAEP Shorfall 2009-2013: \$1 Billion



State Rankings

■ Population with College Degree: 19% (US 28%)	48
■ Per capita income (2010) \$31,186	50
■ Federal \$ per capita \$10,481	7
■ Patents per capita (2010)	50
■ Gasoline used per capita (2007)	2
■ Fastest-growing firms (2009)	36

SOURCE: CQ, State Rankings 2009. US Census.

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

Chevron Expansion	\$1.4 billion
Toyota Auto Plant	\$1.3 billion
LNG Project	\$1.1 billion
HCL CleanTech	\$1.0 billion
Calisolar	\$600 million

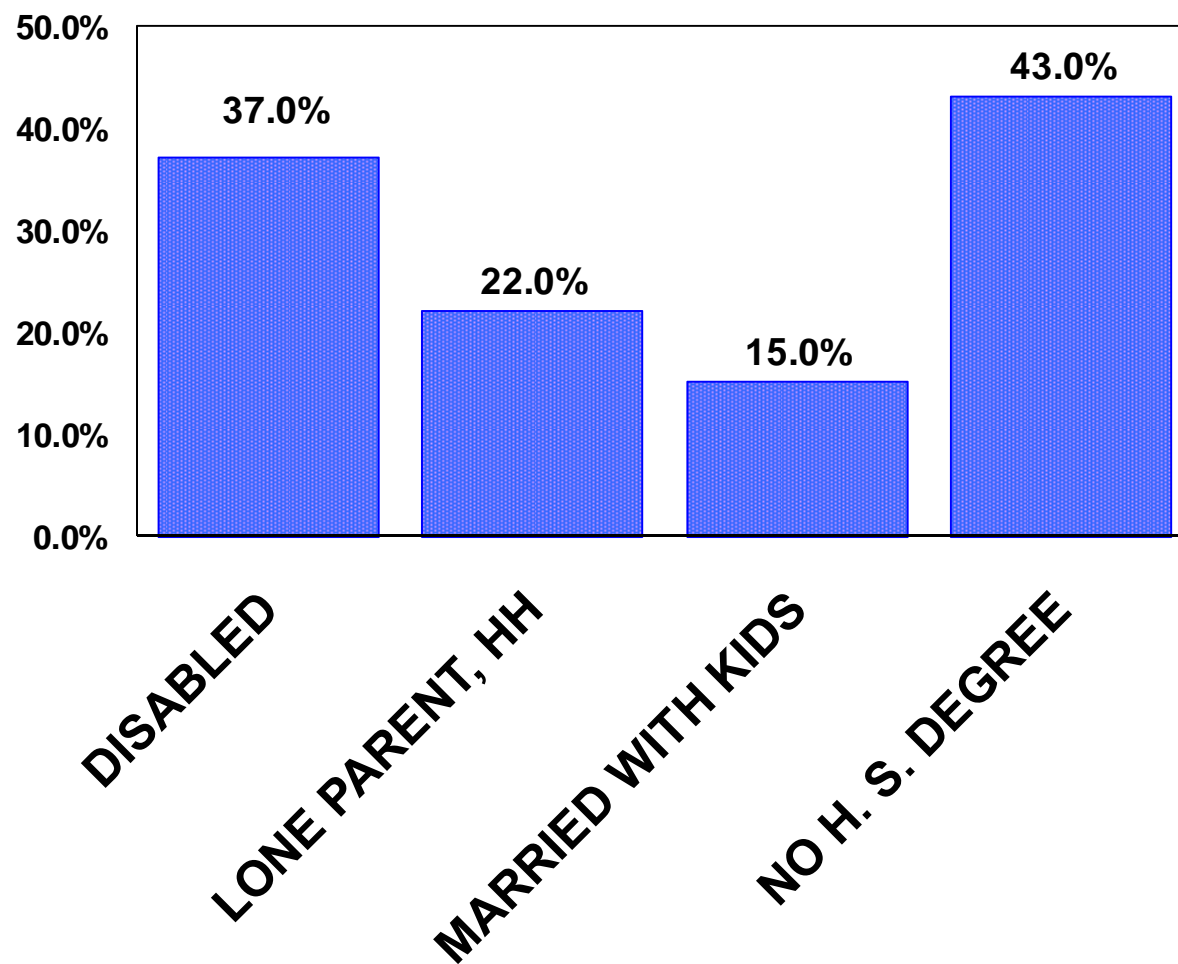
BUT number employed in manufacturing has declined every year since 2000 except 2004.

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

Creating Jobs

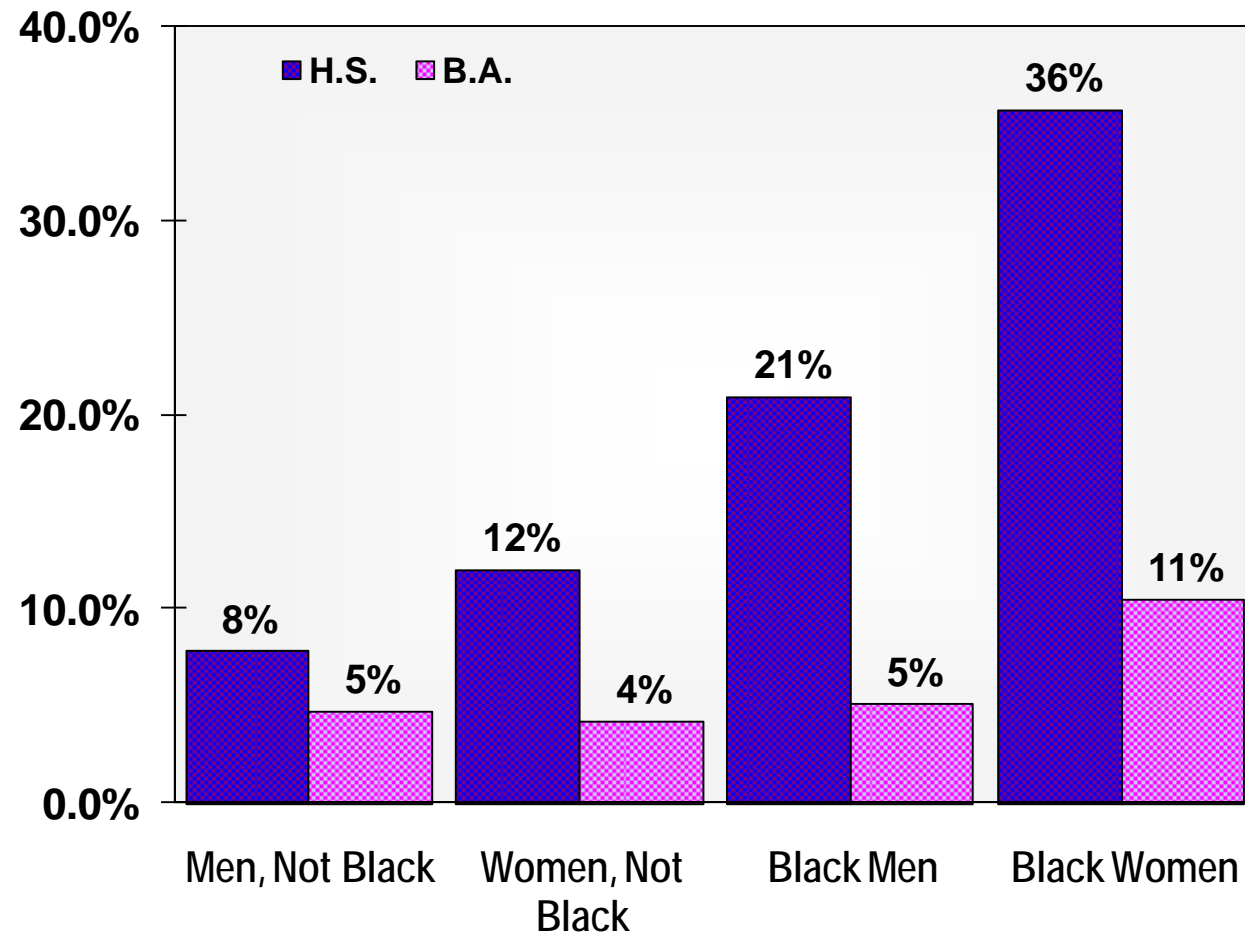
- Options for job creation:
 - Tax breaks or support of:
 - Manufacturing, tourism, selected services
 - Local business & community initiatives
- Fulltime, year-round employed less likely to be poor (7% of women, 3% of men versus 21% overall in 2006)
- Disabled or ill, those caring for dependents, those lacking h.s. education face obstacles that need to be addressed

MISSISSIPPIANS WHO ARE POOR: SELECTED CHARACTERISTICS (ADULTS 25-64)



Source: 2000 Census.

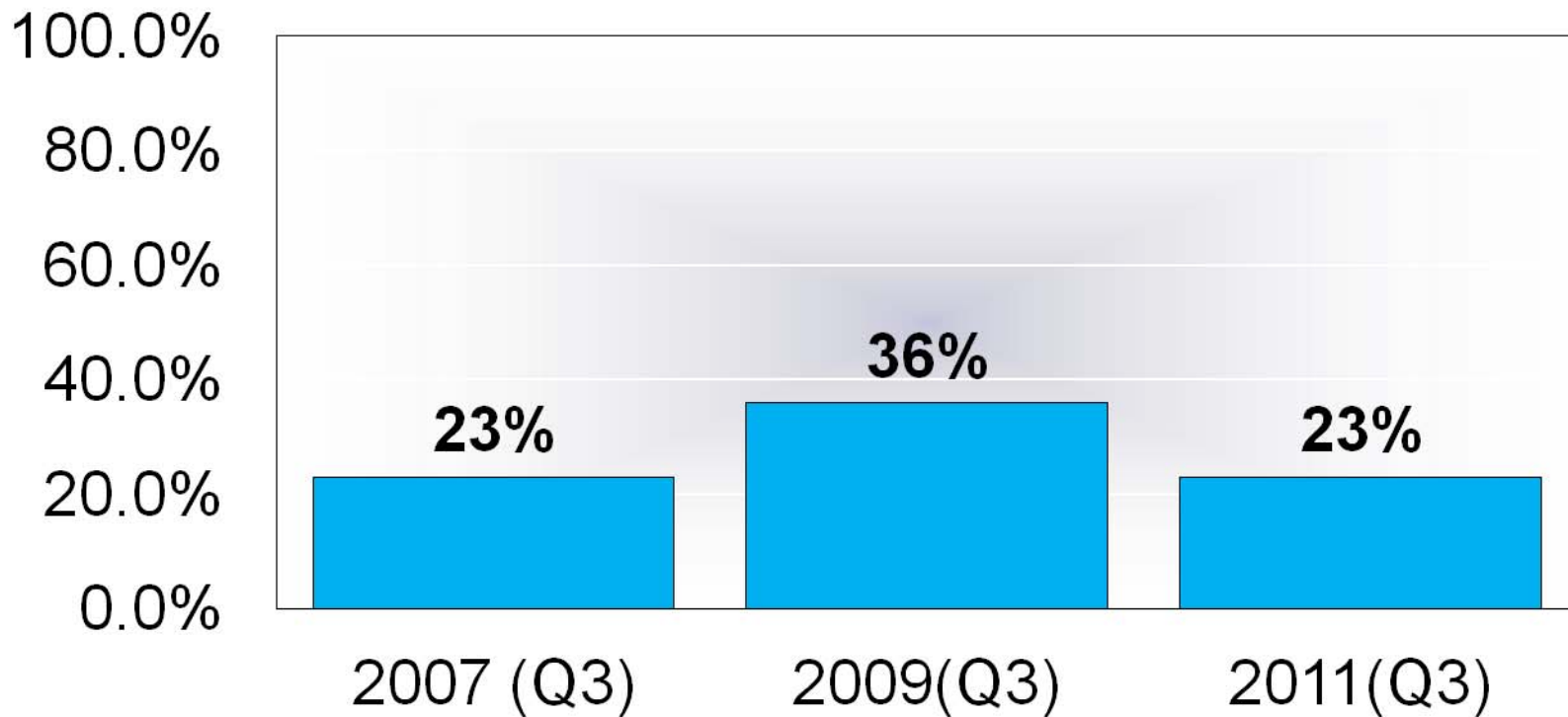
**POVERTY RATES OF ADULTS, AGED 18 - 64,
BY LEVEL OF EDUCATION, MISSISSIPPI 2000**



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)

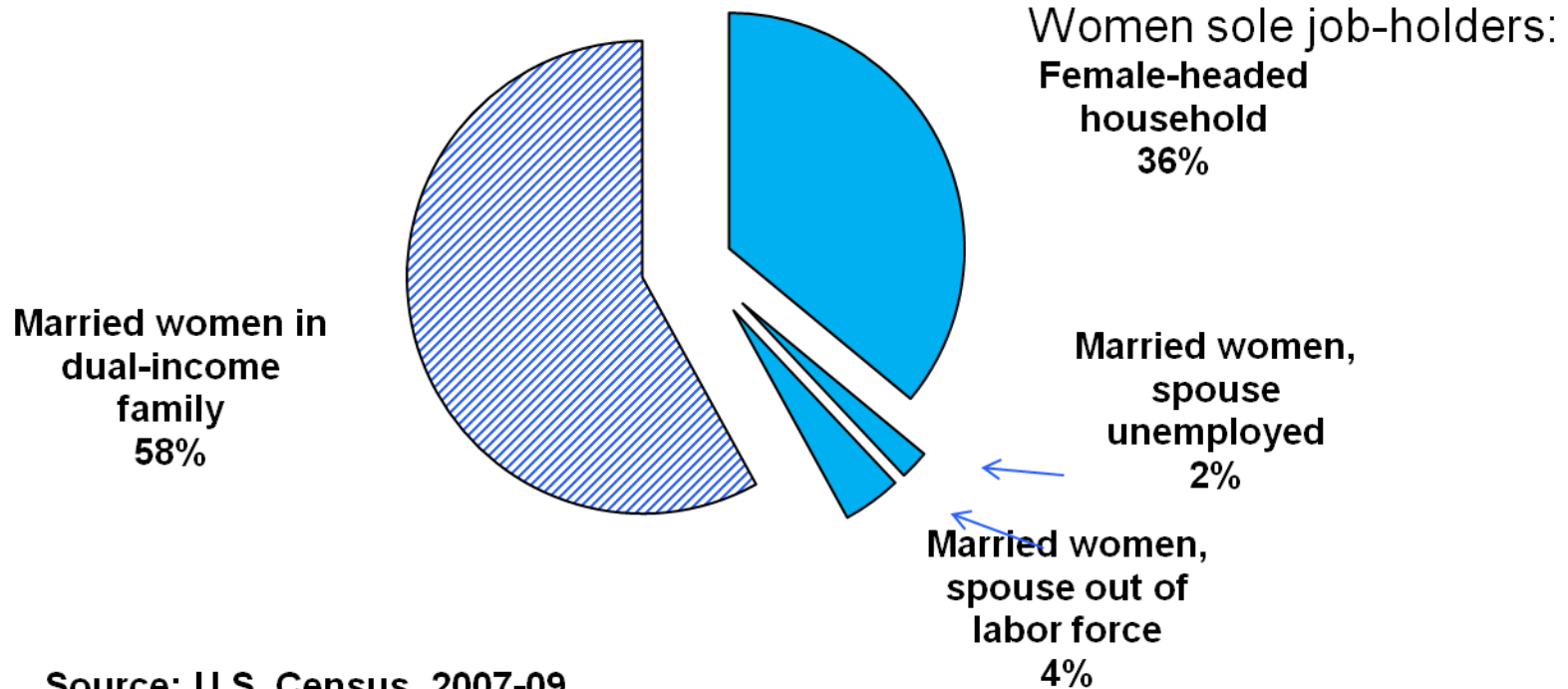


NOTE: Another zero % received extended benefits in 2007; 13% in 2009 and 21% in 2011.

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)



Source: U.S. Census, 2007-09.

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

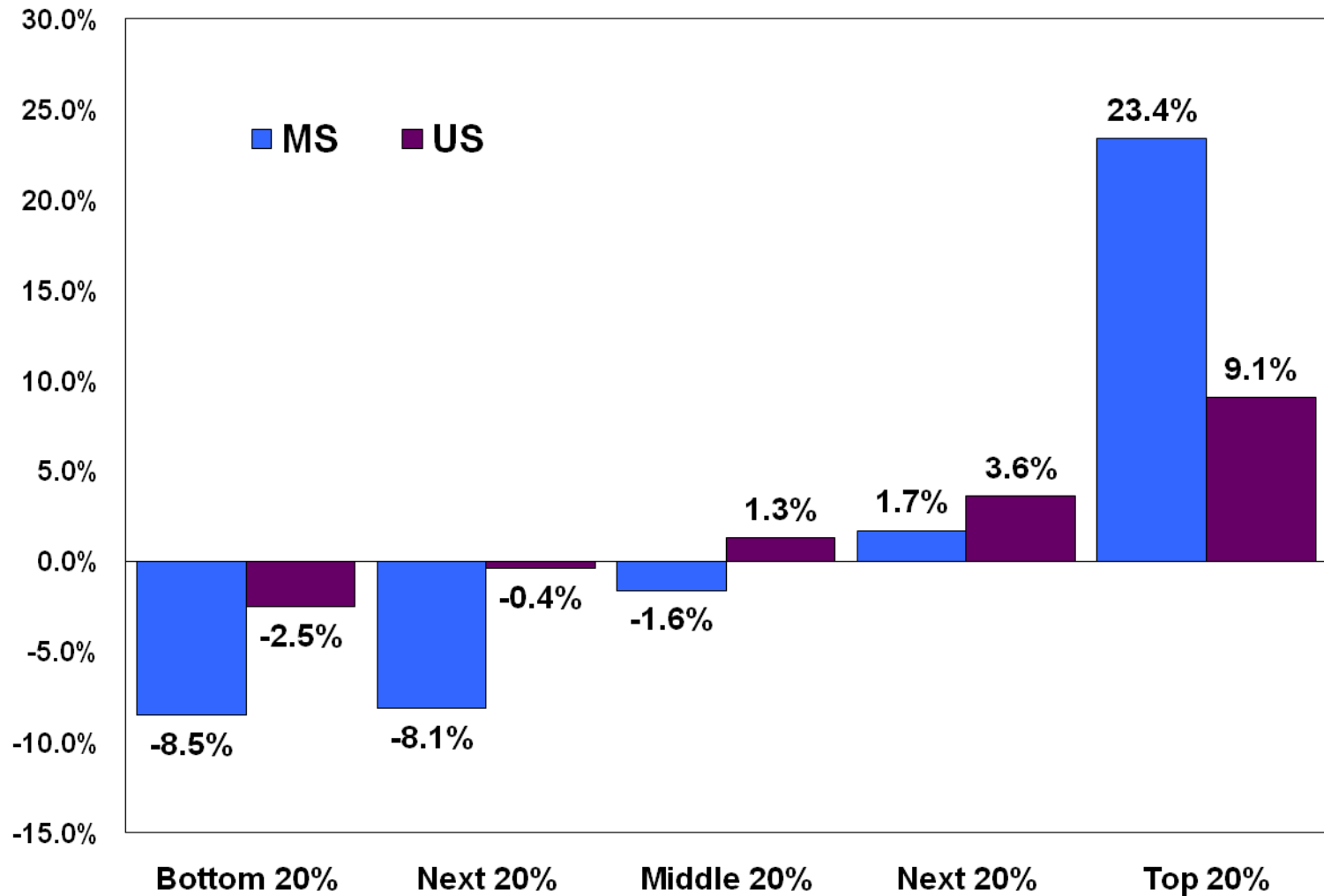
- Health benefits – 24% working age adults in MS lack
- Unemployment insurance - inadequate
- Minimum wage – lower than in 1959 in real terms; many states have own.
- Food stamps, EITC, TANF: keeping up?
- Tuition support

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.
- More progressive, affordable taxation needed. Close corporate tax loopholes.
- Performance-based budgeting.

GROWTH OF AVERAGE REAL FAMILY INCOME

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



MISSISSIPPI ECONOMIC REVIEW & OUTLOOK

and

MISSISSIPPI'S BUSINESS at

www.mississippi.edu/URC and

www.mississippi.edu/economics

Questions?

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