# Mississippi Economic Review and Outlook

## Notes to Readers

The destruction caused by Hurricane Katrina last summer set back economic activity in the state, but the tremendous inflows of assistance since the disaster have boosted sales, employment and tax revenues. Although the task of rebuilding after such devastation is frustratingly slow by its very nature, the recovery effort is moving forward.

Economic indicators show clearly that progress is being made. The state forecast presented in this *Review* is for continued acceleration of economic activity over the coming months. Detailed employment trends are predicted. The forecast takes into account the national outlook discussed in the article on the U.S. economy.

An economic and demographic profile of the individuals and businesses whose property on the Coast was damaged by Hurricane Katrina is provided by Brian Richard, who also breaks down the data by the extent of property damage sustained. Websites with reports, studies and other information pertaining to the effects of Hurricane Katrina and the programs aimed at speeding the post-storm recovery are reviewed in a brief article by LaRhonda Odom.

Should the minimum wage be raised? Statistics pertaining to this question are presented in the article by Marianne Hill.

Comments and feedback are welcomed, and may be published. To subscribe to this *Review*, see the form on the next page. National projections are based on the forecast of Global Insight, Inc. As always, the views expressed in the *Review* are those of the authors and do not necessarily represent the official position of the Center for Policy Research and Planning or the Mississippi Institutions of Higher Learning.

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# NATIONAL ECONOMIC OUTLOOK:
# U.S. RECOVERY SLOWING BUT GOING

**After an unexpectedly strong first quarter, the growth of gross domestic product (GDP) is moderating. GDP will increase a healthy, if not outstanding, 3.3% in 2006. Exports and business investment remain solid, but high levels of consumer and federal debt, along with slow growth of real wages and rising interest rates, mean that government and consumer spending will slow. Already, consumers are cutting back their purchases of motor vehicles and housing.**

**High energy prices continue to squeeze households and businesses. The price of West Texas Intermediate oil is approaching $70 per barrel, and only a modest decline, to about $67, is expected before the year's end. Energy costs now absorb over 6% of after-tax income.**

**Higher energy prices have driven up both the consumer price index (CPI) and the producer price index, with the CPI up 3.2% for the year. The Federal Reserve is expected to end its financial tightening this year as the economy slows, although it may still raise the federal funds rate once more. This rate stood at 5% in May.**

**U.S. employment grew 1.5% in 2005, despite the effects of Hurricanes Katrina and Rita. However, the net growth of employment in this recovery (March 2001 to March 2006) has been only 1.9%. The slow growth of demand for labor has meant a slow growth of labor compensation that is limiting consumers.**

**Exports increased at an annual rate of over 10% in early 2006, but the current account deficit, at over $900 billion, remained at a record level. The world economy has strengthened, with China and Latin America in the lead, and the growth rate of global production will top 3.5% this year, a development which will lead to a narrowing of the U.S. trade gap.**

**The major risk to the forecast presented here comes from the potential for higher energy prices to increase business costs, prices and interest rates. Higher rates of interest and higher rates of inflation in turn would reduce expenditures on durables and investment goods, and so reduce production and hiring.**

The national economy is moving forward at a healthy clip. Although consumers and the federal government are stressed by growing debts, expenditures by these sectors continue to rise. Business investment and exports are the prime movers at the moment, providing the pick-me-up needed to assure the 3.3% growth rate of Gross Domestic Product (GDP) predicted for the year. See Table 1.

**The Upswing Continues**

Gross domestic product has been increasing by at least 1.7% in real terms every year since 2001, with the growth rate peaking in 2004 at 4.2%. Although consumption, production and profits have been strong, job recovery has been slow until recent months. In fact, jobs were lost in 2002 and 2003, despite the upturn. Total **employment**, as of March 2006, was only 1.9% higher than in

Table 1. **TRENDS IN SELECTED NATIONAL ECONOMIC INDICATORS**
(Billions of Constant Dollars Unless Otherwise Indicated)

| Description | 2005 QIII | 2005 QIV | 2006 QI | 2006 QII$^P$ | 2006 QIII$^P$ | 2006 QIV$^P$ |
|---|---|---|---|---|---|---|
| 1. Gross Domestic Product (2000$) | $11,202 | $11,248 | $11,381 | $11,473 | $11,548 | $11,627 |
| (annualized % change) | 4.1 | 1.6 | 4.7* | 3.2 | 2.6 | 2.8 |
| 2. Consumer Expenditures (2000$) | $7,908 | $7,925 | $8,032 | $8,087 | $8,142 | $8,201 |
| (annualized % change) | 4.0 | 0.9 | 5.4 | 2.8 | 2.7 | 2.9 |
| 3. Gross Private Domestic Investment (2000$) | $1,909 | $1,982 | $2,013 | $2,042 | $2,057 | $2,066 |
| (annualized % change) | 5.2 | 15.2 | 6.4 | 5.6 | 3.1 | 1.8 |
| 4. Government Purchases (2000$) | $1,998 | $1,994 | $2,013 | $2,007 | $2,015 | $2,023 |
| (annualized % change) | 2.8 | -0.8 | 3.8 | -1.2 | 1.6 | 1.6 |
| 5. Net Exports of Goods & Services (2000$) | -$618 | -$655 | -$678 | -$662 | -$665 | -$660 |
| (annualized % change) | -2.1 | -24.4 | -14.0 | 9.3 | -1.3 | 2.8 |
| 6. Establishment Employment | 133.7 | 134.2 | 134.7 | 135.3 | 135.8 | 136.3 |
| (annualized % change) | 1.56 | 1.23 | 1.70 | 1.56 | 1.67 | 1.33 |
| 7. Total Labor Compensation (2000$) | $6,749 | $6,829 | $6,938 | $7,047 | $7,137 | $7,221 |
| (annualized % change) | 1.3 | 1.5 | 4.2 | 1.3 | 4.1 | 4.7 |
| 8. After-Tax Corporate Profits (2000$) | $960.6 | $1,067.3 | $1,101.9 | $1,112.3 | $1,063.2 | $1,045.3 |
| (annualized % change) | -6.4 | 44.4 | 13.0 | 3.8 | -17.7 | -6.7 |
| 9. Consumer Sentiment, Michigan Index | 87.5 | 82.4 | 88.9 | 85.1 | 89.7 | 92.0 |
| (annualized % change) | -12.0 | -23.2 | 31.5 | -17.2 | 21.6 | 10.1 |
| 10. Housing Starts, Millions, SAAR | 2.10 | 2.06 | 2.13 | 1.92 | 1.84 | 1.79 |
| 11. Index of Industrial Production | 108.01 | 109.40 | 110.60 | 111.96 | 113.04 | 113.64 |
| (annualized % change) | 1.4 | 5.2 | 4.4 | 4.9 | 3.9 | 2.1 |
| 12. West Texas Intermediate Oil ($ per barrel) | $63.21 | $60.06 | $63.35 | $69.67 | $70.67 | $67.00 |

P = Preliminary or projected. Percentage change refers to average annual rate, based on quarter-to-quarter growth rates, multiplied by four. SAAR = seasonally adjusted average annual rate.

*Note: The growth rate of GDP in Q1 has recently been revised upward to 5.3% by the Department of Commerce.

SOURCE: Global Insight, Inc., May 2006.

March 2001 – a slow rate of growth by historical standards. By comparison, five years after the 1990 recession, employment was up 7.1%.

The relatively slow growth of labor demand has resulted in only marginal increases in real wage levels for hourly workers. Profit levels, on the other hand, have soared since 2001, with the growth rate of before-tax profits averaging 22% annually over the 2001-2005 period, and after-tax profits 25%. **Profits** now account for 14% of national income, up from 9% in 2001. Labor's share of national income, including health care and other compensation, is down to 64% of national income, (it was 66% in 2001). (The remaining 20% of national income goes to proprietors, interest and rental income, and certain taxes.) Some improvement in **wages** is expected over the coming] years, however, as growing product demand and slower increases in labor productivity combine to result in tighter labor markets.

## The Global Environment

Global production is expanding rapidly. Last year, the growth rate of world output exceeded the U.S. rate of expansion, and

Global Insight predicts that this will be true at least until 2008. **Asia** and **South America** led the global upswing, with growth rates of 6.8% and 4.8%, respectively. China's GDP rose a phenomenal 9.9%, and its growth rate is forecast to be almost as rapid this year, at 9.4%. The upside of the global expansion for the U.S. is that demand for U.S. exports will be strong, and will strengthen further as the value of the dollar falls in response to the $900 billion U.S. current account deficit.

On the other hand, high levels of **world demand** for inputs into production, including oil and materials, are pushing up prices of raw materials and producer goods.[1] China's industrialization, for example, has been linked to rising energy prices around the globe.

The growth rate of U.S. exports of goods and services will exceed that of imports over the entire 2006-2011 period, according to Global Insight. As a result, the **trade balance** will gradually improve. See Table 1, line 5. However, due to adverse trends in investment income, the deficit on current account will not improve as rapidly, and, in fact, it is forecast to remain greater than $900 billion as late as 2011. (The trade balance is the balance on the exports of goods and services, while the current account balance includes financial flows on investments as well.)

Since 1986, the value of foreign assets in the U.S. has exceeded the value of U.S. assets abroad, but only this year will **net investment income** to the U.S. from abroad will be less than U.S. outflows to foreign investors. This trend is forecast to continue for the foreseeable future, making it more difficult to reduce the deficit on current account.

Policymakers cannot allow this deficit to continue to grow at its recent pace, since large deficits reduce foreign willingness to hold U.S. securities. Any large sell-off of U.S. bonds and notes would drive up interest rates on those securities, thus increasing interest rates in the nation and slowing the economy.

**Inflation Kept at Bay**

The price of energy is a key variable these days. Rising gasoline prices have pushed the share of consumer income spent on energy above 6%. The **price of gasoline** is predicted to increase through Q3 as markets hedge against the political uncertainties in the Middle East, Nigeria and elsewhere. Global Insight notes that tightness in oil markets has been exacerbated by fears of gasoline supply shortfalls. The price per barrel of oil (Table 1, line 12) is expected to drop from the $70 range to about $67 by the fall, and the price at the pump will also ease back, from about $3 per gallon towards $2.50, providing some relief for consumers and businesses.

Higher energy prices have driven up both the **consumer price index** (CPI) and the **producer price index**, with the CPI up 3.2% for the year and producer prices up 4.7%. The core CPI (which excludes food and energy) grew a modest 2.3%. Rising world demand has been a factor in the higher energy and producer prices.

The Federal Reserve is expected to end its financial tightening this year as the economy slows, although it may raise the federal funds rate one more time. This rate stood at 5% in May.

**Trends in Expenditures**

The slow growth of labor compensation has been accompanied by large increases in consumer debt outstanding and a drop in personal savings to below zero. Consumers have become more cautious in their spending, with consumer purchases of motor vehicles and housing slowing. Global Insight projects a further slowdown (see Table 1, line 2). **Consumer sentiment** (line 9), which has fluctuated in recent quarters, reflects this lessening of enthusiasm.

**Investment spending** (line 3) was strong heading into 2006, and this momentum has carried forward to the present. As of Q2, investment spending has begun to exceed government purchases (line 4), a trend which will continue as businesses take advantage of current profits and moderate interest rates, to upgrade their operations. **Industrial production** (line 11), which has shown

impressive strength this year, appears to be encouraging this investment.

**Housing markets** have fooled the experts, with housing starts (line 10) increasing unexpectedly in Q1. Rising interest rates are taking a toll, however, and a cooling-off period can be expected. Leading indicators, such as mortgage applications, affirm that a downward trend is in the works; inventories of unsold housing are growing.

**Debt Slows Government Spending**

While federal spending will continue to increase annually over the forecast period, the rate of increase in 2007 and 2008 will be considerably slower than 2006's real growth rate of 2.7% - dropping to less than 1% for 2008 to 2011. Defense expenditures to finance U.S. operations in Iraq and for rebuilding the Gulf Coast after Hurricane Katrina pushed the federal deficit to $323 billion in 2005. The consequent increase in the debt has added to U.S. interest payments and is exerting upward pressure on interest rates.

The **Deficit Reduction Act**, passed by Congress this January, will have the effect of reducing the deficit by about $10 billion per year over the next ten years. The reductions are to be achieved by cutting spending for higher education ($29 billion), Medicaid ($26 billion), and Medicare ($22 billion).[2] The increasing obligations of the federal Pension Benefit Guaranty Corporation (PBGC) (which guarantees minimum pensions to retirees, should the pension fund of a covered firm go bankrupt) will be funded in part through an increase in premiums paid by firms.[3] **State governments** have enjoyed rising revenues, with state and local revenues up 8.8% in 2005 and a 7.1% increase expected in 2006. This has been a very positive factor for the economy, since purchases by state and local governments exceed those of the federal government.

Table 2. **U.S. ECONOMIC FORECAST 2006-2008**
(Percent Change)

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| Gross Domestic Product (Percent Change) | 6.4 | 4.5 | 5.0 |
| Real Gross Domestic Product (Percent Change) | 3.3 | 2.7 | 3.2 |
| GDP Price Index (Percent Change) | 2.9 | 1.7 | 1.7 |
| Real Private Domestic Investment (Percent Change) | 6.5 | 1.1 | 2.7 |
| Total Establishment Employment (Percent Change) | 1.5 | 1.4 | 1.4 |
| Manufacturing | 0.1 | -0.3 | -1.0 |
| Business and Professional Services | 2.9 | 3.1 | 3.3 |
| Health and Social Services | 2.5 | 2.2 | 2.0 |
| Construction | 3.4 | 0.8 | 1.1 |
| Trade | 3.4 | 0.8 | 1.1 |
| Finance, Insurance, Real Estate | 2.4 | 0.9 | 1.2 |
| Transportation, Utilities | 1.3 | 1.9 | 2.7 |
| Government | 0.7 | 1.3 | 0.8 |
| Unemployment Rate (Percent) | 4.7 | 4.8 | 4.8 |
| Personal Income (Percent Change) | 6.2 | 5.7 | 5.6 |
| Consumer Price Level (Percent Change) | 3.2 | 1.5 | 1.6 |
| Prime Rate (Percent) | 8.0 | 8.0 | 7.8 |

SOURCE: Global Insight, May 2006.

## A Closer Look at the Labor Market

The U.S. economy added an impressive 200,000 jobs per month on average between March 2005 and March 2006, excluding the two months immediately after the Gulf Coast hurricanes hit, a rate sufficient to keep unemployment below 5%. However, **job growth** from 2001 to 2005 was slow: the total number of persons employed grew only 1.9%, an increase that was substantially less than the 7.1% increase from 1990 to 1995, after the 1990 recession. This slow growth of labor demand is a basic reason why the average real hourly earnings of nonsupervisory workers in 2005 remained at the same level as in 2001.

Total **worker compensation**, though, has increased more rapidly (a total of 5.9% or 1.2% annually), due to rising cost of health care benefits. Nonetheless, workers must often rely on increased hours to improve their family's take-home pay, and real family incomes for most Americans, which fell at an average annual rate of 1% over the 2000-2003 period, appear to be only slowly improving.

The slow growth of wages over the past three years, combined with soaring profit rates, likely means that the trend toward a widening **income gap** has continued. Some relevant figures: between 1993 and 2003, the share in total income of the bottom four quintiles of families stayed the same or decreased, while the share of the top fifth increased. (These figures incorporate the brief drop in incomes from 2000 to 2001, which had the greatest negative effect on the income of the top fifth.) Earlier trends also show a growing gap: from 1979 to 2000, the growth rate of real income for the bottom quintile of households was 6%, the middle quintile 12%, the top quintile 70% and the top 1%, 184%, according to Census data. At the same time, mobility between quintiles appears to be decreasing.[4]

This increasing income inequality impacts markets. Upper-income families purchases are more concentrated on up-scale goods and services. These families invest more as well. Recent trends in real estate markets can be linked to the income growth of the top income quintiles. Owned **second homes** now account for more than one-third of the nation's housing stock, and second homes make up 39% of all home sales; in 2005, vacation homes were 12% of total sales, and another 28% of total sales were for investment purposes (Realty Times 4/6/06). At the same time, slow growth of family income for other groups adversely impacts their purchasing power, reducing their access to health care insurance and increasing the debt levels they incur to finance a college education.

## Economic Forecast 2006-2008

The U.S. economy will grow at a moderate pace over the coming three years, with a slight dip expected in 2007, as shown in Table 2. This year's growth rate of 3.3% gives way to a 2.7% increase in 2007 before rebounding in 2008 to a 3.2% pace, according to the predictions of Global Insight. Business investment, forecast to rise 6.5% in 2006, will slow to an increase of only 1.1% in 2007. At the same time, solid employment growth will boost incomes and permit consumers to maintain a decent pace of expenditures. Exports will continue to improve over the forecast period, due to the growth of world demand and the falling value of the dollar. Inflation will drop, whether measured by the consumer price index or the GDP deflator.

**Payroll employment** will increase by about 1.4% annually over the next three years, led by business and professional services, which includes temporary workers. Job growth in this sector averages over 3.0% from 2006 to 2008. Health & social services and transportation & utilities show rates of increase averaging over 2%, while construction, finance, trade and government grow more slowly. Manufacturing continues to lose jobs. The **unemployment rate** is predicted to rise slightly to 4.8% in 2007 and 2008.

The prime rate of interest, which will average 8.0% in 2006 and 2007, drops to 7.8% by 2008. **Personal incomes** grow 6.2% this year, and, with continued strong employment,

Table 3. **ALTERNATIVE SCENARIOS AND PROBABILITIES IN NATIONAL ECONOMIC FORECAST**

| | 2006 | 2007 | 2008 | Probability |
|---|---|---|---|---|
| **Baseline** | 3.3 | 2.7 | 3.2 | 55% |
| **Pessimistic** | 2.7 | 0.9 | 2.7 | 25% |
| **Optimistic** | 3.6 | 3.7 | 3.9 | 20% |

SOURCE: Global Insight, May, 2006.

increase 5.7% in 2007 and 5.6% in 2008. Tables 8 through 9 in the Appendix at the back of the *Review* provide more detail.

**Alternative Scenarios**

The **baseline forecast** (55% probability), published by Global Insight, incorporates a strong growth rate of real GDP at the start of 2006, slackening over the course of the year to result in an average annual increase of 3.3% in 2006. GDP growth falls to 2.7% in 2007, but the slowdown is brief, and the growth rate springs back to 3.2% by 2008.

The **optimistic scenario** (20% probability) materializes as a series of positive factors converge. Among the developments bolstering growth are: lower energy prices, a stronger international economy, increased business investment and, especially, a jump in the rate of productivity growth -- all of which lead to higher tax revenues, a stronger housing market, and more jobs. This happy combination of circumstances results in a growth rate of 3.6% this year, rising to 3.7% in 2007 and 3.9% in 2008, as shown above in Table 3.

The **pessimistic scenario** (25% probability), on the other hand, assumes that the economy's capacity to expand production is less than thought, due to obsolete technologies and persistently high oil prices. Productivity growth also slows, and the result is a rise in inflation. Interest rates go up, the housing market drops further, hiring falters and consumers retrench. The growth rate of GDP drops from 2.7% this year to 0.9% in 2007. The value of the dollar falls at the same time, however, boosting exports. With the fundamentals of the economy remaining sound, recession is avoided and the stage is set for a resurgence of growth as interest rates peak and fall back, inflation drops, and business moves to replace depleted inventories and increases investment in equipment and facilities. The growth rate of GDP returns to 2.7% in 2008.

*Written by Marianne Hill, with input from members of the Center for Policy Research and Planning.*

**Notes**

1. Rapid growth of world demand impacts demand for U.S. goods, and so U.S. demand for workers. The U.S. labor force grew at an average annual rate of 1.1% during past 10 years, but this growth rate will shrink to just 0.3% and falling by 2015 -- due to demographic changes including reduced birth rates. At the same time, the world's population will be expanding rapidly – it will increase by about 50% from 2000 to 2050, given current trends, and this will drive up world demand for U.S. goods and services. U.S. corporations plan to meet the expected shortage of workers through drawing on the international labor force, both by hiring immigrant works and through expanding their presence abroad. As of 2000, about 30% of U.S. population growth was due to immigration.

2. The savings in higher education will come largely from higher interest rates for parent-loan borrowers, and there will also be an increase in guaranty agency insurance fees, which are expected to be passed along to borrowers. As to the Medicaid savings, payments for certain outpatient prescription drugs will be reduced, and nursing home benefits for persons with substantial home equity will be reduced. There will also be added emphasis on reducing fraud, waste and abuse. Medicare payments for some services will be cut, and eligibility criteria for the Medicare prescription drug program will be revised. There are other small changes as well.

3. The premium increases for the PBGC are expected to be sufficient to ensure the solvency of that program until at least 2015. Previously, the program was forecast to be bankrupt by 2013. Single-employer defined benefit pension programs in the PBGC will face an increase in premiums from $19 to $30 per participant. There are about 35 million employers in this category. Multi-employer plans (roughly 10 million participants) will see an increase from $2.60 per participant to $8. Future premium increases are indexed to inflation as well. The Tax Reconciliation Bill proposes to extend reduced rates on capital gains and dividends, but it is not clear as this is being written whether this provision will pass. An alternative minimum tax provision is expected to pass, extending current exemptions.

4. Mobility between quintiles, and upward mobility in particular, has been decreasing since 1969. For each quintile, the percentage staying in that quintile over a ten-year period increased between 1969 and 1998 (Bradbury and Katz 2002). For example, while 49% of families in the top quintile in 1969 were still in that quintile ten years later, by 1989 the percentage was 53% -- that is, 53% in the top quintile in 1989 were there in 1998. The percentage staying at the bottom showed a similar increase from 49% to 53%. The downward mobility from the top also changed in another way: the percentage going from the top to the two quintiles next to the top increased, while the percentage going to the bottom two correspondingly decreased. The Bradbury and Katz study also noted that, over the 1968-1998 period, whites were over twice as likely as blacks to move from the bottom to the top quintile, while blacks were over twice as likely as whites to move from the top to the bottom. Cited in Mishel et al. (2005), using Census data.

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# MISSISSIPPI ECONOMIC OUTLOOK: COAST RECONSTRUCTION FUELING ECONOMY

**The entire state has been affected by the catastrophe on the coast. Hurricane Katrina's devastating hit last summer left thousands of homes and businesses destroyed or damaged. Currently, reconstruction activity is gaining momentum, and will be a major force in the state over the forecast period.**

**Federal inflows to aid recovery efforts in the state are expected to top $20 billion. So far, debris removal, public assistance, flood insurance claims, rebuilding and repair of highways and public buildings, and homeowner assistance are the major expenditure categories. Inflows from private insurance are also formidable, at over $12 billion.**

**Employment in Pascagoula is approaching pre-Katrina levels, and in Gulfport-Biloxi, where employment dropped 22.6% after the storm, the number of persons employed was back to 82% of pre-Katrina levels as of March. Not surprisingly, the percentage of persons employed in construction is up, and in tourism related jobs, down.**

**With only three casinos in operation, coast gaming revenues are already back to 54% of pre-Katrina levels – up from zero revenues in September.**

**Statewide, payroll employment in the first quarter (Q1) of 2006 was 0.2% higher than in Q1 of 2005, despite high unemployment rates on the Coast. Retail sales are soaring. Total general fund collections for FY2006 through May were up 13% over the same period for FY2005. Business and consumers are optimistic, with confidence indexes of both at or above pre-storm levels.**

The massive recovery effort post-Katrina is dominating the state's economic outlook. The coastal counties, which account for about 15% of employment and population in the state, are starting to rebuild the homes and businesses that were ravaged by the August storm. The employment situation is improving, aided by inflows of billions of dollars, although the number of persons employed on the coast is not yet back to pre-storm levels.

The increasing momentum of economic activity in the state, spurred by the recovery effort, is reflected in recent numbers, which indicate that the economy is back on track, with statewide employment already exceeding pre-Katrina levels. Figures 1a to 1h summarize some **key trends**. Figure 1a shows the rapid recovery in employment since the sharp drop in September. Note that since January 2006 the number of persons employed has been higher than in the same month of 2005. However, many sectors have not yet returned to August employment levels, including manufacturing (Figure 1b). The employment situation is discussed in greater detail below.

The value of **building permits** issued has been steadily increasing since October, and in March was 13% higher than a year ago (Figure 1c). General funds revenues (Figure 1d), including personal income tax revenues (Figure 1e), are showing strong growth. Total **general fund collections** for FY2006 through May were up 13% over the same period in FY2005, boosted by expenditures on post-Katrina recovery. The state sales tax was up 17%, and the individual income tax, up 10%. Gaming on the coast is making a remarkable comeback (Figure 2g). Although

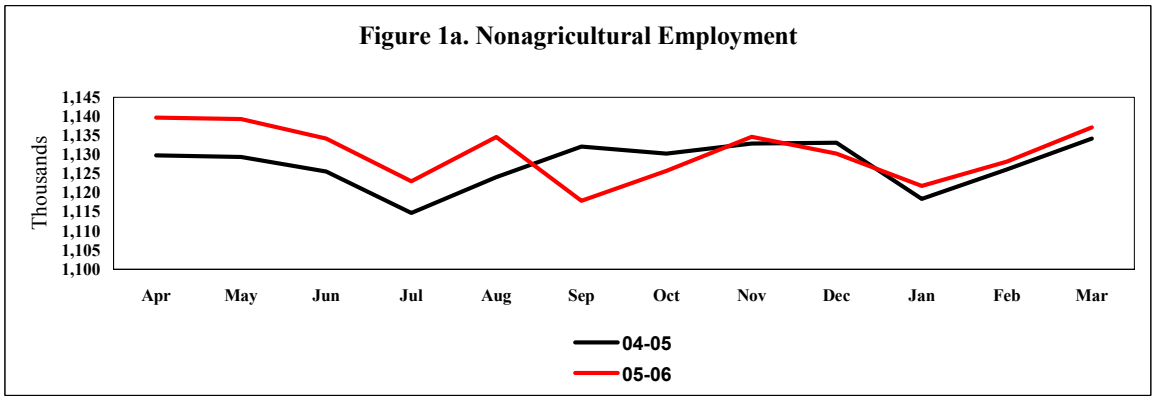


Figure 1a. Nonagricultural Employment
Thousands
1,145
1,140
1,135
1,130
1,125
1,120
1,115
1,110
1,105
1,100
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

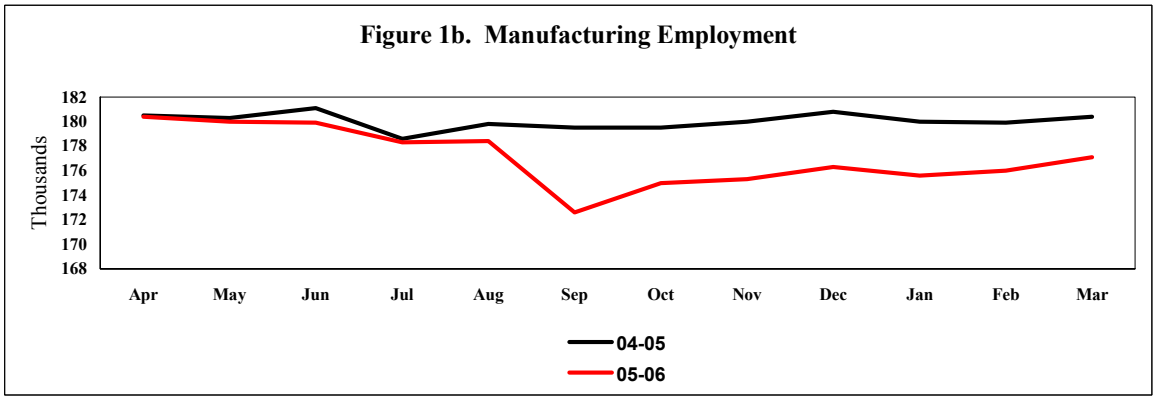


Figure 1b. Manufacturing Employment
Thousands
182
180
178
176
174
172
170
168
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

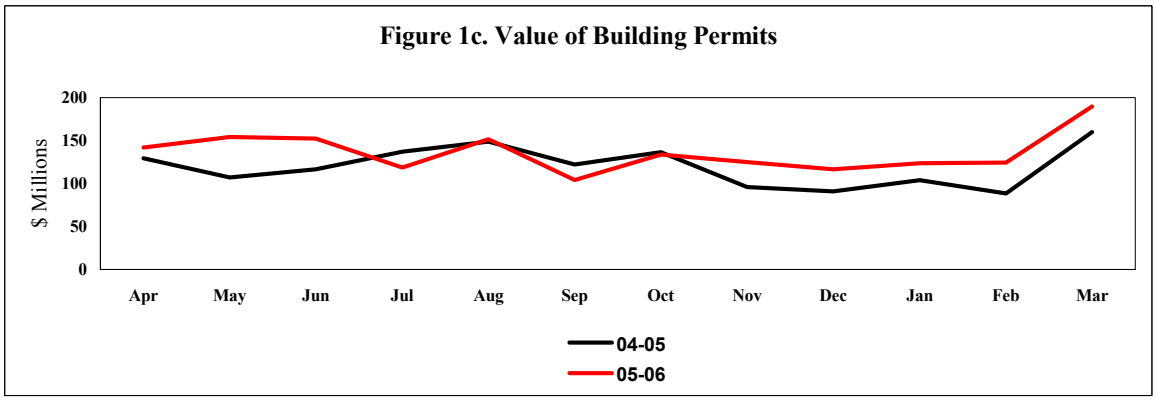


Figure 1c. Value of Building Permits
$ Millions
200
150
100
50
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

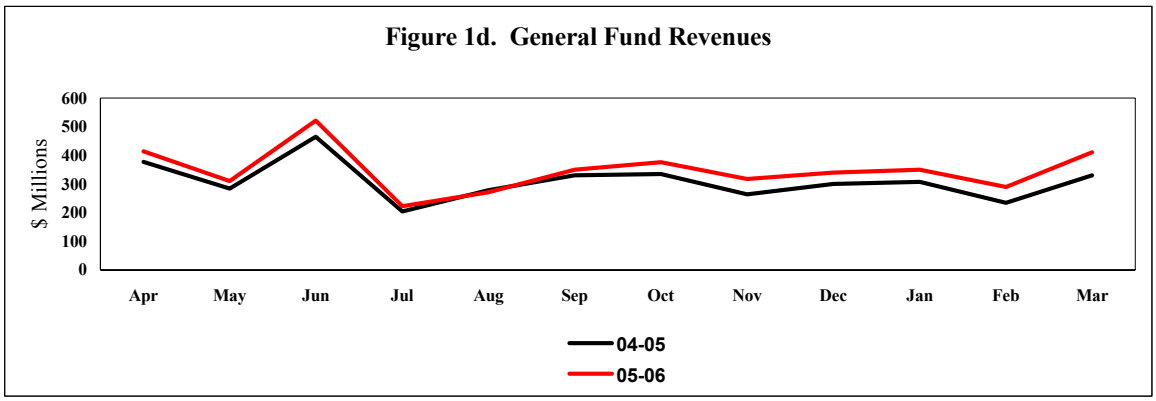


Figure 1d. General Fund Revenues
$ Millions
600
500
400
300
200
100
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

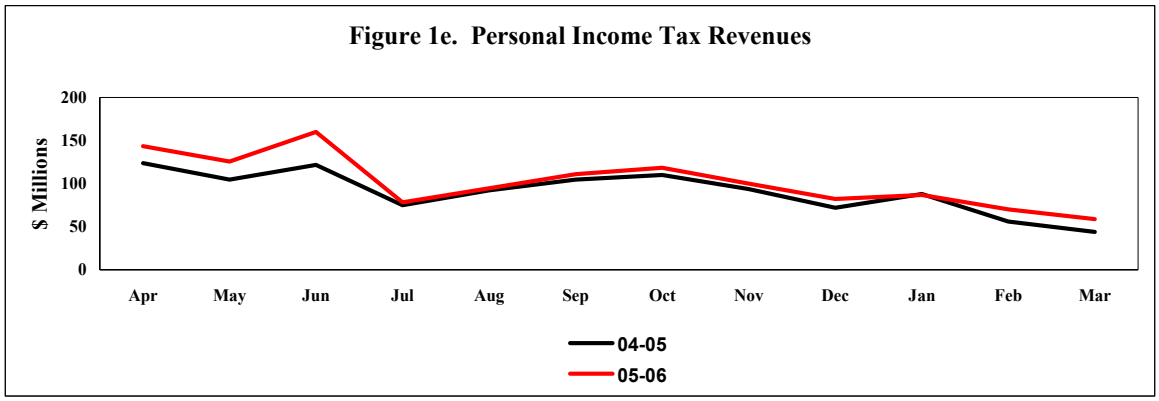


Figure 1e. Personal Income Tax Revenues
$ Millions
200
150
100
50
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

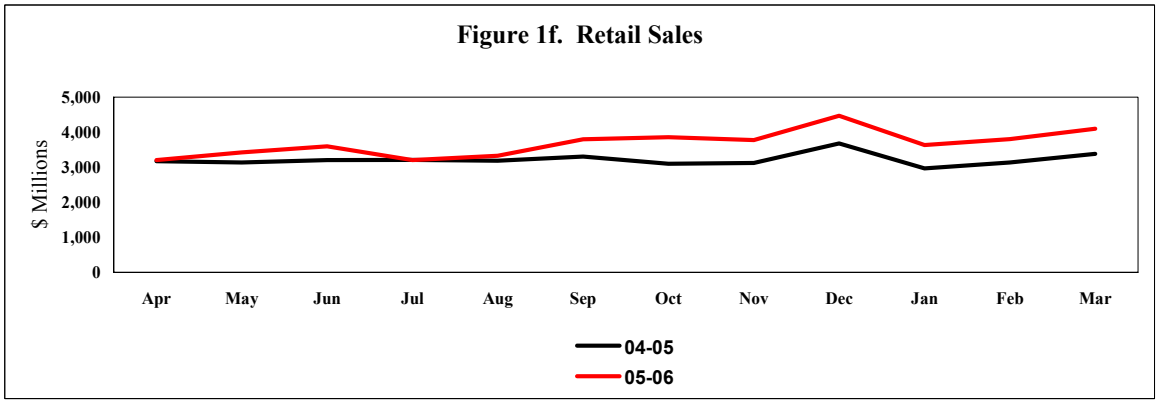


Figure 1f. Retail Sales
$ Millions
5,000
4,000
3,000
2,000
1,000
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

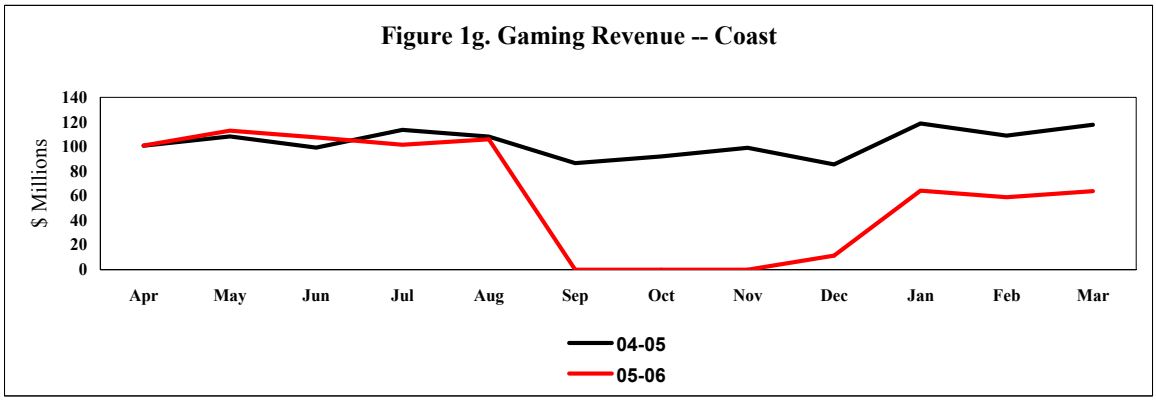


Figure 1g. Gaming Revenue -- Coast
$ Millions
140
120
100
80
60
40
20
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

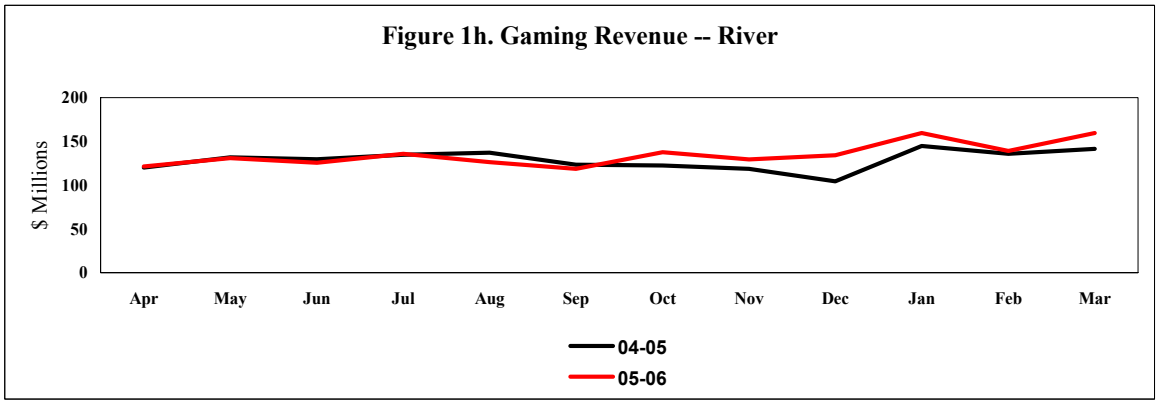


Figure 1h. Gaming Revenue -- River
$ Millions
200
150
100
50
0
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
04-05
05-06

Table 1. **MISSISSIPPI EMPLOYMENT BY SECTOR**

| | Jan-Mar 2006 | Jan-Mar 2005 | Number Change | Percent Change |
|---|---|---|---|---|
| **Residence Based Amounts[1]** | | | | |
| Civilian Labor Force | 1,317,000 | 1,338,530 | (21,530) | (1.6%) |
| Unemployed | 112,800 | 98,500 | 14,300 | 14.5% |
| Rate | 8.6 | 7.4 | 1.2 | xxxx |
| **Establishment Based Amounts** | | | | |
| **Total Nonfarm** | **1,129,030** | **1,126,230** | **2,800** | **0.2%** |
| Goods Producing | 238,900 | 236,570 | 2,330 | 1.0% |
| **Natural Resources & Mining** | **8,530** | **8,500** | **30** | **0.4%** |
| **Construction** | **54,130** | **47,970** | **6,160** | **12.8%** |
| **Manufacturing** | **176,230** | **180,100** | **(3,870)** | **(2.1%)** |
| Durable Goods | 116,130 | 118,270 | (2,140) | (1.8%) |
| Wood Product Mfg. | 13,670 | 13,100 | 570 | 4.4% |
| Fabricated Metal Products | 10,730 | 10,900 | (170) | (1.6%) |
| Machinery Manufacturing | 12,030 | 12,500 | (470) | (3.8%) |
| Electrical Equipment | 5,200 | 4,930 | 270 | 5.5% |
| Transportation Equipment | 27,970 | 29,670 | (1,700) | (5.7%) |
| Motor Vehicle Parts | 7,100 | 7,470 | (370) | (5.0%) |
| Ship and Boat Building | 13,570 | 14,700 | (1,130) | (7.7%) |
| Furniture and Related | 27,300 | 27,730 | (430) | (1.6%) |
| Non-Durable Goods | 60,100 | 61,830 | (1,730) | (2.8%) |
| Food Manufacturing | 26,030 | 26,570 | (540) | (2.0%) |
| Animal Slaughtering | 18,500 | 19,370 | (870) | (4.5%) |
| Paper Manufacturing | 5,700 | 5,600 | 100 | 1.8% |
| Plastics and Rubber | 8,770 | 9,100 | (330) | (3.6%) |
| Service-Providing | 890,130 | 889,670 | 460 | 0.1% |
| **Trade, Transportation,and Utilities** | **224,400** | **219,000** | **5,400** | **2.5%** |
| Wholesale Trade | 34,970 | 34,730 | 240 | 0.7% |
| Retail Trade | 141,270 | 137,570 | 3,700 | 2.7% |
| Utilities | 8,000 | 7,800 | 200 | 2.6% |
| Transport & Warehouse | 40,170 | 38,900 | 1,270 | 3.3% |
| **Information** | **13,900** | **14,500** | **(600)** | **(4.1%)** |
| Telecommunications | 7,170 | 7,470 | (300) | (4.0%) |
| **Financial Activities** | **46,000** | **45,970** | **30** | **0.1%** |
| Finance and Insurance | 34,200 | 34,000 | 200 | 0.6% |
| Insurance Carriers | 11,500 | 11,230 | 270 | 2.4% |
| Real Estate and Rental | 11,800 | 11,970 | (170) | (1.4%) |
| **Professional and Business Activities** | **89,800** | **86,100** | **3,700** | **4.3%** |
| Professional, Scientific and Technical Serv | 32,170 | 32,970 | (800) | (2.4%) |
| Management of Companies | 9,430 | 9,530 | (100) | (1.0%) |
| Administrative and Support | 48,200 | 43,600 | 4,600 | 10.6% |
| **Educational and Health Services** | **122,470** | **121,130** | **1,340** | **1.1%** |
| Educational Services | 16,130 | 16,030 | 100 | 0.6% |
| Health Care and Social Assistance | 106,330 | 105,100 | 1,230 | 1.2% |
| Hospitals | 28,830 | 28,870 | (40) | (0.1%) |
| Nursing and Residential Care | 21,700 | 21,670 | 30 | 0.1% |

Table 1. **MISSISSIPPI EMPLOYMENT BY SECTOR (continued)**

| | | | | |
|---|---|---|---|---|
| **Leisure and Hospitality** | **112,770** | **122,530** | **(9,760)** | **(8.0%)** |
| Arts, Entertainment, and Recreation | 10,130 | 12,270 | (2,140) | (17.4%) |
| Amusement, Gambling | 9,030 | 11,400 | (2,370) | (20.8%) |
| Accommodation | 26,600 | 35,600 | (9,000) | (25.3%) |
| Food Services and Drive Ins | 76,030 | 74,670 | 1,360 | 1.8% |
| **Other Services** | **37,570** | **37,370** | **200** | **0.5%** |
| **Government** | **243,230** | **243,070** | **160** | **0.1%** |
| Federal Government | 25,600 | 25,170 | 430 | 1.7% |
| State Government | 59,730 | 60,030 | (300) | (0.5%) |
| State Govt. Education | 21,870 | 21,230 | 640 | 3.0% |
| Local Government | 157,900 | 157,870 | 30 | 0.0% |
| Local Govt Education | 85,370 | 85,970 | (600) | (0.7%) |

SOURCE: Mississippi Employment Security Commission, May 2006. Preliminary figures.

[1]Residence employment estimates are based on household surveys, whereas establishment data are based on jobs reported at places of work. A person with two jobs will generally be counted twice by establishment data, but not by the household data. A person residing in Mississippi but employed outside of the state will be included in residence-based data, but not in establishment data. The self-employed are also better captured by residence-based data.

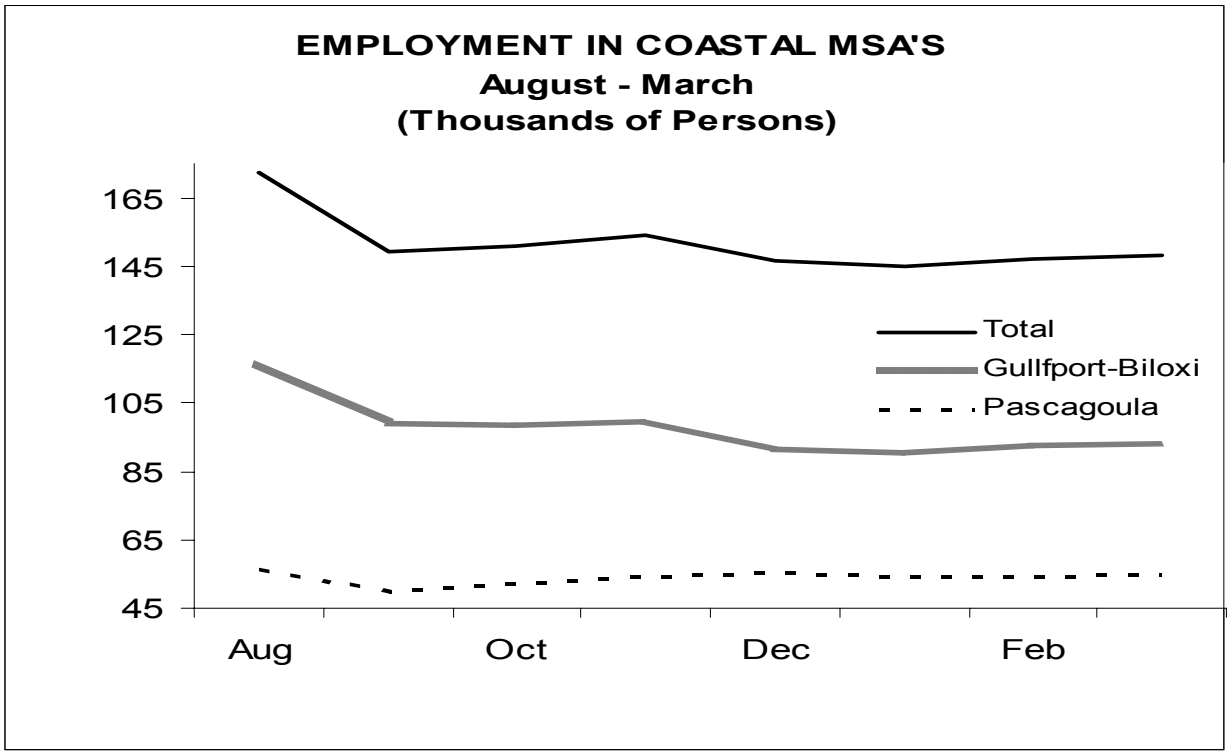
employment in amusements and gaming is off, three casinos on the coast were back in operation by the start of 2006, and had brought coast **gaming revenues** up to 54% of year-ago levels by February. River gaming (Figure 1h), which was largely unaffected by the storm, has seen some growth.

Retail sales, linked to repair and reconstruction demand, are strong; total sales in February were 21% higher than a year ago. The state **unemployment rate**, which had risen to 9.8% in September from 7.0% in August, was down to 8.0% in March. Business and consumer confidence levels are registering optimism, and both are at or above pre-storm levels.

**Employment Up Statewide**

Payroll employment for the state as a whole is higher this year than last, although Hurricane Katrina continues to exact a toll. As Table 1 shows, about 3,000 more persons were employed in the first quarter (Q1) of 2006 than during Q1 of 2005, a rise of 0.2%. Employment increases were concentrated in **construction**, up 13%, and in administration & support, up 11%. The latter category includes temporary workers, who have been employed in large numbers in debris removal and other tasks on the coast. There was a net gain of over 6,000 workers in construction, and almost 5,000 were added in administration & support. Other major industries adding sizeable numbers of employees in Q1 of 2006 compared to year-ago figures included retail trade, which added 3,700 workers, and transportation & warehousing, 1,270. Only two other industries added more than 1,000 workers: health care & social assistance, continuing its long-term rise, and food services, which has experienced solid growth despite the loss of tourist demand after the hurricane. Many of these job increases are linked to the recovery and reconstruction efforts.

On the other hand, the devastating effect of the hurricane on casinos and coast **tourism** is reflected in the 25% drop in the number of jobs in accommodations, and in the 21% drop in amusements/gambling employment. Ship




SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, May 2006.

and boatbuilding, largely Northrop-Grumman on the coast in Pascagoula, was down by 1,130 jobs. Overall **manufacturing** employment was down 2.1%

Over the coming months, the employment picture will continue to improve, as homes are rebuilt and small and medium businesses resume or expand operations that were curtailed after the storm. Larger businesses, as well, are dealing with some backlogs in orders, due to the need to repair storm damage and to labor shortages resulting from the forced relocation of many of their workers.

**Coast Poised for Massive Rebuilding**

Employment in the two coastal Metropolitan Statistical Areas (MSAs) of Gulfport-Biloxi and Pascagoula had returned to 87% of pre-Katrina levels by March. These MSAs encompass the three coastal counties of Hancock, Harrison, and Jackson, as well as the adjoining counties of George and Stone. As Figure 2 shows, the recovery in employment has been slower in Gulfport-Biloxi than in Pascagoula. The number of persons employed in **Gulfport-Biloxi** in March was 18% below August levels, while in **Pascagoula**, the number employed was only 4% below pre-Katrina totals. Most of the March shortfall in Gulfport-Biloxi was due to the loss of half of the 29,400 jobs in the leisure and hospitality sector, although the related retail trade industry also continues to be hit hard (down 21%). Manufacturing, as well, has not yet regained its former numbers. In Pascagoula, only manufacturing employment remained down (by 14%) among the four major sectors there: construction, trade/transportation/utilities, and government were all up in comparison to August.

Construction employment offers a gauge of **reconstruction** activity. The numbers show that the bulk of rebuilding efforts lie ahead; construction employment in the two MSAs was only 11.3% ahead of August levels, with 900 jobs added in that sector. With thousands of homes severely damaged or destroyed, hundreds of construction jobs will be added monthly, once reconstruction is fully underway. And the pieces required for

rebuilding are slowly falling into place. New building codes have been enacted for the coast and the bulk of insurance claims are well on the way to settlement. In addition, loans and other assistance are being provided to homeowners, businesses, and municipalities, as discussed below.

**Gaming**, too, is poised for a strong comeback. With only three casinos in operation, (coast gaming revenues at $64 million in March of 2006) were already back to 54% of pre-Katrina levels – up from zero revenues in September. The head of the Mississippi Gaming Commission expects six more casinos to reopen by year's end, bringing revenues close to pre-Katrina levels. Three additional casinos are expected to reopen in 2007, and several new companies have expressed interest in building casinos and resorts in the area.

**Federal Inflows To Top $20 Billion**

Total federal expenditures for recovery from Katrina are expected to exceed $100 billion nationwide. Last year, an initial $60 billion was appropriated to the Federal Emergency Management Agency **(FEMA)** for activities including debris removal and the rebuilding of public buildings, and then another $29 billion was allocated by Congress under H.R. 2863 for other hurricane-related recovery efforts. Additional funds for farmers, fishermen and others are being considered as the *Review* goes to press.

FEMA has spent more than **$7.8 billion** in Mississippi since Katrina hit, and has provided funds to other agencies' disaster efforts. In the state, $3.1 billion went to FEMA mission assignments such as emergency medical assistance and debris removal. Of this, more than $1 billion went to the U.S. Army Corps of Engineers and the U.S. Coast Guard for debris removal. (As of May 19, debris removal funded through FEMA was 96% complete, with 41 million cubic yards of debris removed.) FEMA's Public Assistance program has obligated more than $1 billion for emergency work and infrastructure repair. The National Flood Insurance Program (also under FEMA) has paid more than $2.1 billion in flood insurance claims in the state.

Over 273,000 households in Mississippi have received assistance through the Individuals and Households Program. Most of this $1.2 billion went to food, rent, repair or housing construction. The U.S. Small Business Administration (SBA) has approved more than $2.3 billion in low-interest loans for homeowners, renters and business owners through its Disaster Assistance Program.

Apart from funds received through FEMA programs, the largest single appropriation to the state for recovery efforts was $5.06 billion, allocated as a **Community Development Block Grant** (CDBG) under the U.S. Department of Housing and Urban Development (HUD). These funds will provide homeowner assistance and support for local and regional economic development efforts.

The most ambitious **homeowner assistance** and housing-related program using the CDBG funds is that formulated by the Governor's Office and administered by the Mississippi Development Authority located at this site: (www.mississippi.org). Under this program, homeowners who qualify can receive a grant of up to $150,000. Some funding (about $100 million) is expected to go to public housing as well.

There are **additional funds** available to Mississippi and other affected regions for social services including health care, for education, highways, and the rebuilding of public buildings. Mississippi's share of the highway funds appropriated is estimated at $740 million; the state share of social services funds (through the Social Services Block Grant) is approximately $210 million; funds for K-12 education, $750 million; medical assistance, including the waiver of state matching requirements for Medicaid as spelled out, about $450 million; for workforce training, $95 million; the Army Corps of

Engineers for projects along the coast, $160 million; for the rebuilding and repair of federal facilities, over $1 billion; and for law enforcement, $58 million (Governor's Office, 1/3/06 and 5/31/06).

In addition to federal inflows, over $12 billion in private insurance **claim settlements** will be paid to individuals and businesses in the state (Property Claim Services of the ISO).

### Mississippi GO Zone Aims at Business

Among other initiatives aimed at speeding recovery on the Coast, the Gulf Opportunity (GO) Zone created by Congress is of particular interest to the business community. The **GO Zone** aims at attracting new investment and bringing new businesses to the region. The GO Zone Act contains more than a dozen Katrina-related tax incentives and covers 40 counties in Mississippi. It also will help cities restructure their debt.

The **incentives** are attracting considerable interest across the nation, and are expected to be a significant factor in accelerating investment on the Coast. One of the major incentives is the 50% bonus first-year depreciation allowance, which applies not only to personal residences, but also to nonresidential property and to rental property. The bill also will allow Mississippi to issue up to $5 billion in **tax-exempt, private activity bonds** – which can be used to finance commercial and industrial enterprises. The deadline for the 50% depreciation bonus for private residential property is December 31, 2007 and for nonresidential and rental property, December 31, 2008. The relevant properties must be placed in service before those deadlines, although it has been suggested that these deadlines be extended. See www.gozonelaw.com.

### Storm Damaged 21% of State's Homes

***The U.S. Department of Housing and Urban Development (HUD) estimates that 21% of owner-occupied housing units in the state suffered at least minor damage from Hurricane Katrina, and 22% of renter-occupied units as well.*** Table 2

Table 2. **MISSISSIPPI TOTAL HOUSING UNIT DAMAGE**
(Estimates as of 2/12/06)

| Damage Category[1] | Owner-Occupied Homes | | Renter-Occupied Homes | | Total Housing Units | |
|---|---|---|---|---|---|---|
| | Number | % of Total Damaged (line 4) | Number | % of Total Damaged (line 4) | Number | % of Total Damaged (line 4) |
| (1) Minor Damage | 117,407 | 74% | 41,591 | 67% | 158,998 | 72% |
| (2) Major Damage | 30,889 | 20% | 14,887 | 24% | 45,776 | 21% |
| (3) Severe/Destroyed | 9,618 | 6% | 5,992 | 10% | 15,610 | 7% |
| (4) Total Damaged | 157,914 | 100% | 62,470 | 100% | 220,384 | 100% |
| **2000 Census Total Occupied Housing Units** | **756,967** | **21%[2]** | **289,467** | **22%** | **1,046,434** | **21%[2]** |

[1]For definitions of damage categories, see footnote one in article.
[2]Percent of 2000 Census total suffering damage.

SOURCE: U. S. Department of Housing and Urban Development, Office of Policy Development and Research. "Current Housing Unit Damage Estimates: Hurricanes Katrina, Rita and Wilma", 2/12/06, p. 12. Based on FEMA and Small Business Administration data.

provides an overview of the number of homes damaged. Seven percent of all damaged units in the state were destroyed or suffered damage greater than 50% of value, shown as "severe/destroyed" in the table.[1]

A higher percentage of rental units than of homeowner units were in the "severe damage" category. Homes that were flooded accounted for 77% of units that were destroyed or severely damaged, although only 18% of homes with damage suffered from flooding. These figures do not include vacant and second homes. ***If these homes are included as well, the number of units with severe damage increases from the 15,615 units shown in the table to about 17,596,*** based on 2000 Census figures for vacancy rates/second homes by county.

FEMA reports that **more than 102,000 people** in Mississippi are housed temporarily in nearly 38,000 trailers and mobile homes (FEMA 5/12/06). A sizeable percentage of Mississippi families are finding that rebuilding after Katrina is a financial, as well as an emotional challenge, particularly given the lack of flood insurance coverage in many cases of flooding and the fact that insurance policies typically do not cover the full cost of repair and replacement of goods.

The HUD study provides data on **insurance coverage** by damage category for owner-occupied homes, although not for rental units. While most homes with damage had hazard insurance only (60%), 33% had no insurance at all, including over 20% of homes with major or severe damage. The remaining 7% of homeowners had both hazard and flood insurance. ***The data show that only 25% of flooded units with major damage and only 49% of flooded units with severe damage had flood insurance coverage.***

Several programs are available to help homeowners who wish to rebuild. One of the first groups targeted by the **Homeowners Grant Program** were flooded homes with major or severe damage that were outside of FEMA's 100-year flood zone. Mortgage

Table 3. **ECONOMIC FORECAST FOR 2006-2008**

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| **Mississippi** | | | |
| Gross State Product (Percent Change) | 5.5 | 5.2 | 4.8 |
| Real Gross State Product (Percent Change) | 3.1 | 3.2 | 2.7 |
| Price Level (Percent Change) | 2.4 | 1.9 | 2.0 |
| Establishment Employment (Percent Change) | 1.2 | 1.6 | 1.3 |
| Unemployment Rate | 6.9 | 5.9 | 5.7 |
| Personal Income (Percent Change) | 5.4 | 5.5 | 5.0 |
| Consumer Price Level-South (Percent Change) | 3.0 | 1.6 | 1.7 |
| **United States** | | | |
| Gross State Product (Percent Change) | 6.4 | 4.5 | 5.0 |
| Real Gross State Product (Percent Change) | 3.3 | 2.7 | 3.2 |
| Price Level (Percent Change) | 2.9 | 1.7 | 1.7 |
| Establishment Employment (Percent Change) | 1.5 | 1.4 | 1.4 |
| Unemployment Rate | 4.7 | 4.8 | 4.8 |
| Personal Income (Percent Change) | 6.2 | 5.7 | 5.6 |
| Consumer Price Level-U.S. (Percent Change) | 3.2 | 1.5 | 1.6 |

SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, May, 2006. Global Insight May 2006.

lenders did not require flood insurance for these homes. For details on the Homeowners Program, see www.mississippi.org. For HUD disaster programs, which include low-cost loans, visit www.hud.gov/local (Mississippi).

Although low-cost loans are helpful to persons who wish to rebuild on the coast, the price may simply be too steep, despite the subsidies. Building costs have increased due to new building code requirements and to the rising price of insurance post-Katrina. The Legislature established a new **state minimum building code** this year, mandating that code for the coastal counties. Several coast municipalities have enacted increased **elevation requirements** for new housing, in line with the new eligibility requirements for federal flood insurance. The cost of federal flood insurance is rising, and that of private insurance as well.[2]

To make housing more affordable for residents who must rebuild, several alternatives are being considered at town meetings along the coast, including a switch from single homes towards townhouses. More condominiums were already in the works before the storm hit. For detailed information on progress and programs related to housing on the coast, see the following website: www.governorbarbour.com/recovery (go to housing at left) and also this site: www.mississippirenewal.com.

An article by Brian Richard in this *Review* provides an economic and demographic profile of individuals and businesses on the coast that were hit by Katrina.

**State Budget: Challenges Remain**

State revenue collections through May were up 13% over last year, which is 7.7% over the estimate used in setting the FY2006 budget. State fiscal pressures remain, nonetheless. The legislature has postponed funding several priority needs in recent years, due to revenue shortfalls -- for example, the **Adequate Education Program**, which is designed to ensure that an adequate education is provided by all K-12 schools in the state, was not fully funded even in this legislative session.[3]

More disaster-related expenditures by the state are also expected. **Matching funds** are required for FEMA's expenditures and that of other federal agencies in response to Hurricane Katrina, although it is not yet clear what amount will be obligated. The state may also find it necessary to aid municipalities on the coast whose property tax base has been decimated or worse by Hurricane Katrina. (See article by Hill in the 12/05 *Review.)* On the other hand, Mississippi's obligations in some areas, such as **Medicaid**, have been reduced substantially. In any case, a heightened uncertainty is complicating the budgeting process here.

Besides the unexpected demands of disaster funding, Mississippi continues to share the challenges facing states across the nation in balancing expenditures and revenues. The outlook is for **recurring pressure** on state budgets nationwide. One problem is that the growth of the service sector and of e-commerce continue to erode the traditional sales tax base. Also, the upcoming retirement of baby-boomers will stress state retirement systems, which are typically under-funded.[4]

**State Economic Forecast: Upswing Ahead**

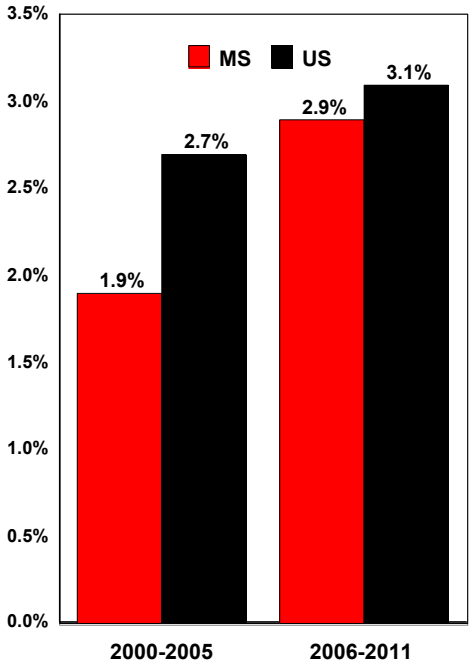
Growth of output and employment on the coast will accelerate throughout 2006 and into 2007 and 2008, generating a positive ripple effect throughout the state. **Gross state product** (GSP) is forecast to increase 3.1% this year, with employment growing at over 1%. In 2007, the growth of output and employment in the state will move ahead of that of the U.S. as a whole, as economic activity here picks up while the U.S. growth rate slows. Over the 2006-2011 period, the growth rate of output will average 2.9% and of employment 1.1%, in sharp contrast to the 2000-2005 period, which had an average growth rate of GSP of 1.9%, and of employment of 0.5%.

Table 3 provides more detail. The growth rate of GSP in Mississippi increases from 3.1% this year to 3.2% next year, before slowing a bit in 2008, when a growth rate of 2.7 is forecast. Inflation, which will average about 3.0% this year, as measured by the consumer price index (South), will fall to 1.6% in 2007 and 1.7% in 2008, as energy prices level off. **Employment** statewide will grow about 1.2% this year, 1.6% in 2007 and 1.3%, in 2008. This job growth will bring down the unemployment rate to pre-Katrina levels by 2007 and lower than that by 2008. This baseline forecast assumes that construction activity increases approximately twice as fast in the second half of 2006 as during the first half on the state's coast. If the growth of construction activity is more gradual, the growth rate of employment and output will be somewhat less than forecast in 2006, and economic activity the following year correspondingly greater.

**Personal income** increased only 4% in 2005, due to uninsured losses of private homeowners, estimated at over $3 billion. This positive, if moderate, rise in personal income was made possible by inflows of government and private assistance, which wholly offset these losses in property income. Strong economic activity this year will push the growth of personal income up to 5.4% in 2006, rising to 5.5% in 2007 and 5.0% in 2008.

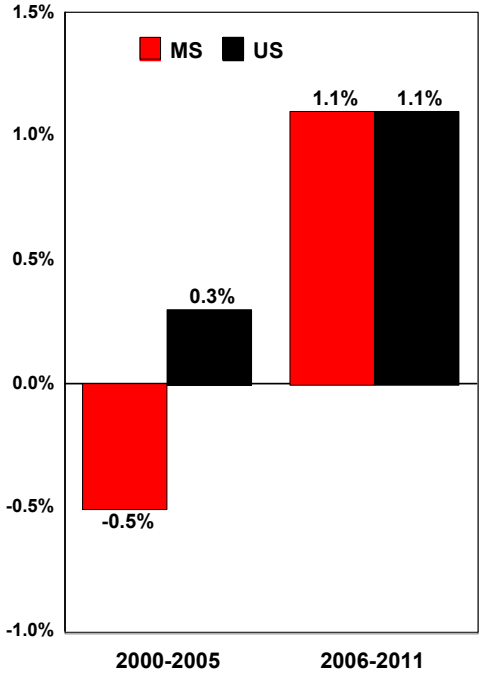
Mississippi briefly moved out of last place in **per capita income** in 2005, ceding that spot to Louisiana, as a result of the destruction caused by Hurricane Katrina. While the storm battered homeowners in both states, the drop in property income in Louisiana was far greater than in Mississippi: between Q2 and Q3, property income in Louisiana plummeted over 500%, compared to a drop of 114% in Mississippi. These staggering figures are due to the **uninsured property losses** of homeowners. However, in both states, property incomes of residents were estimated to be back to pre-Katrina levels by Q4, so that per capita incomes in

**Figure 3. ACTUAL AND PROJECTED ANNUAL CHANGES IN REAL GSP AND REAL GDP**




Source: Center for Policy Research and Planning, May 2006.

**Figure 4. ACTUAL AND PROJECTED ANNUAL CHANGES IN EMPLOYMENT**




Source: Center for Policy Research and Planning, May 2006.

Table 4. **INCOME RATIOS - MISSISSIPPI AND U.S. 1980-82 TO 2001-03**

| | (1) Average income of bottom fifth of families | (2) Average top fifth of families | (3) Average top 5% of families | Ratio (2)/(1) | Ratio (3)/(1) |
|---|---|---|---|---|---|
| **2001-2003** | | | | | |
| Mississippi | $13,456 | $95,406 | $145,342 | 7.1 | 10.8 |
| **1980-1982** | | | | | |
| Mississippi | $11,029 | $64,342 | n.a. | 5.8 | n.a. |
| **2001-2003** | | | | | |
| U.S. | $16,778 | $122,152 | $201,707 | 7.3 | 12.0 |
| **1980-1982** | | | | | |
| U.S. | $14,114 | $77,051 | $109,195 | 5.5 | 7.7 |

SOURCE: J. Bernstein, E. McNichol, and K Lyons, "Pulling Apart: A State-by-State Analysis of Income Trends", 1/06, Center on Budget and Policy Priorities, and Economic Policy Institute.

Louisiana were again higher than in Mississippi that quarter. Although these income figures will be revised as more data becomes available, it is likely that Mississippi's per capita income will be below Louisiana's again in 2006.

Tables presenting the complete forecast, along with historical tables, can be found in the Appendix at the back of this *Review*. Two new tables on trends in wages are included in this issue.

**Five-Year Trends**

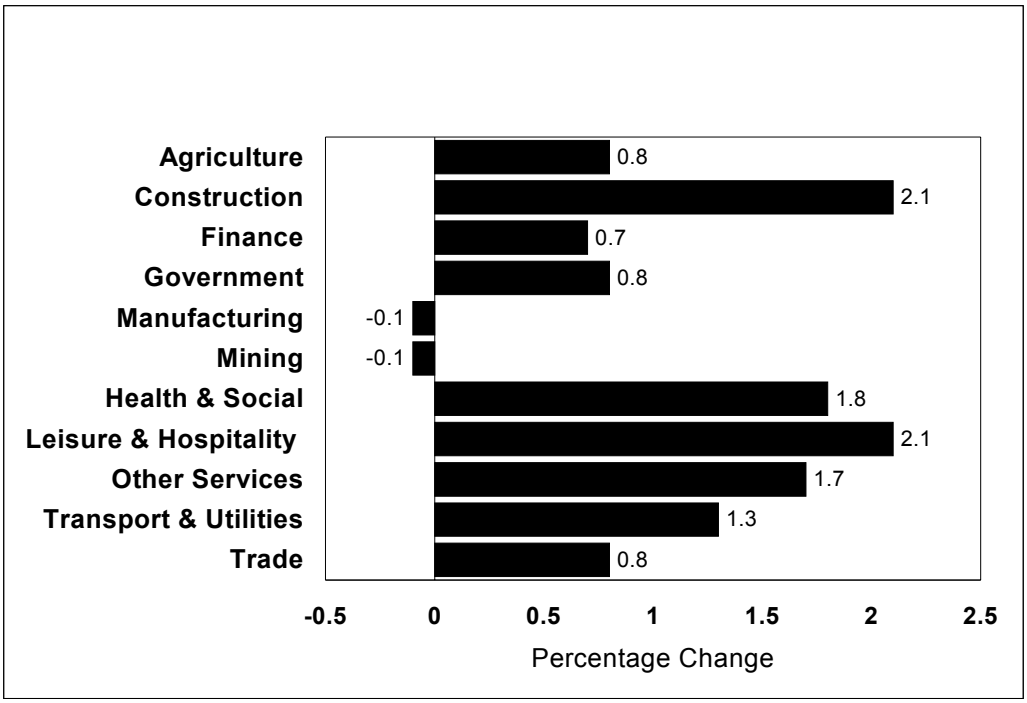
Mississippi was enjoying an economic upswing in 2005 before Hurricane Katrina hit, and the state economy has resumed its upward path. As Figures 3 and 4 show, gross state product (GSP), which rose at an average rate of 1.9% from 2000 to 2005, will grow at an average rate of 2.9% over the coming five years, or just below the U.S. average growth rate of 3.1%. **Employment growth** will equal that of the U.S. as a whole, with the increase in the number of persons employed rising annually at an average rate of 1.1% over the five-year period. Over the 2000-2005 period, the number employed in the state fell at an average rate of -0.5% annually.

The slower growth of output forecast for Mississippi compared to the U.S. is largely due to the fact that output per worker in the state's rapidly growing sectors of construction, leisure & hospitality and other services is below the state average. Figure 5 illustrates employment trends by sector in the state. The most rapid growth of employment over the coming five years will be in **construction** and in **leisure & hospitality**, both at 2.1%, followed by health & social services at 1.8%, and other services, at 1.7%. Transportation and utilities is the only other sector with a growth rate of over 1.0% in employment, at 1.3%. Agriculture, finance/insurance/real estate, government, and trade all have positive growth rates of over 0.5%, while manufacturing and mining show no growth of employment.

The increased economic base provided by the inflow of persons from the New Orleans area will continue to boost employment and output in coming years, but no attempt has been made to quantify this effect, given the lack of reliable estimates of recent population inflow.

The national trend toward widening **income inequality**, discussed in the article

**Figure 5. MISSISSIPPI EMPLOYMENT PROJECTIONS**
**AVERAGE ANNUAL GROWTH RATES 2006-2011**




SOURCE: Center for Policy Research and Planning, May 2006.

on the national economic outlook, is also affecting Mississippi, as shown in Table 4. The income share of the top quintile of families increased relative to the share of the bottom quintile over the 1980 – 2003 period, from a ratio of 5.8 to 1 to a ratio of 7.1 to 1. These figures take into account trends in health care coverage and pensions, as well as the effect of food stamps and school lunches. Both health care coverage and pension coverage declined nationally over the 2000-2003 period.

*Written by Marianne Hill, with input from members of the Center for Policy Research and Planning.*

**Notes**

1. Severe damage according to FEMA is determined based on the cost of damage as a percentage of the value of the home – damage must be more than 50%. When damage is less than 50%, whether the damage is categorized as major or minor depends on the cost of making the home habitable again – not on the full cost of repairs. If the cost of making the unit habitable is equal to or greater than $5,200, the damage is major; if less than $5,200, it is classified as minor. Though in most cases there was an inspector at the site, the FEMA inspections were not as detailed or precise as inspections made by the Small Business Administration (SBA) which examined a subset of homes whose owners had met minimum income requirements and who had applied for SBA loans. In Mississippi, the SBA inspected 10,641 homes with major damage and determined the median verified loss to be $70,026. For homes with severe damage, the median was $153,180. Some more numbers: 2,515 homes with severe damage and 6,854 with major damage had no insurance. Among those homes with hazard but not flood insurance, 15, 322 suffered flood damage, with most of

these having major (11,383 units) or severe damage (2,416 units).

2. Private insurance companies are especially concerned about wind damage. Insurance companies in the state are often members of the Windstorm Underwriting Association, which provides member companies coverage for paying wind damage claims. Last year, members of the wind pool paid about $8 million for $150 million worth of coverage. However, these companies paid out $750 million for wind damages in the state, leaving individual companies to make up the difference. Not all companies had sufficient assets, and at least one has declared bankruptcy. For the coming hurricane season, companies in the wind pool wish to increase their coverage to $350 million, but the cost will be about five times the cost of last year for individual homes, with smaller, but still dramatic rate increases in other categories (although as of this writing, the State Insurance Commissioner has not yet ruled on the requested rate increases). In any case, a steep increase in the cost of wind policies can be expected for individuals.

The National Association of Insurance Commissioners has made some recommendations regarding how to address the problem of providing affordable coverage, recommendations supported by the State Insurance Commissioner:

a. Coastal states should be offered standard all-perils policies that would cover flood and earthquake damage. This would eliminate the confusion over wind versus water damage.

b. Federal tax laws should be changed so as not to penalize insurance companies that put aside larger reserves for disaster coverage. Currently, taxes discourage larger reserve funds.

3. However, legislation passed to fully fund it over the coming years. A review of the major measures that passed the legislature can be found at www.clarionledger/legislature and for bill texts and final outcomes, go to www.ls.state.ms.us.

4. The increasing dominance of services in the U.S. economy has meant an erosion of the sales tax base. Some of the fastest-growing services, such as those in health care, education and other professional services, are often not subject to the sales tax. More information is available from the National Association of State Budget Officers (www.nasbo.org).

The Wilshire Report notes expected shortfalls in the retirement systems of most states, including Mississippi, as baby boomers reach retirement age. Mississippi is acting to prevent such a shortfall: as of last July, the employers' share of payroll that must be paid into the retirement system was increased to 10.75%, and a further increase, to 11.55% is slated for this July (see Actuary Recommendations, PERS Summary Report, p 8). Rates of return to Mississippi's Retirement System were negative in 2001 and 2002, but in 2004, the annualized rate of return jumped to 14.6%, and was a strong 9.8% in 2005. This brought the average return for the 2001-2005 period to 2.5%.

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# HIGHLIGHTS FROM RECENT NEWS ON MISSISSIPPI'S ECONOMY

*See www.mississippi.org and www.visitmississippi.org for more news on economic development in the state.*

**New and Expanded Business**

Investments in 102 new and expanded facilities, totaling over $280 million in value, have been announced by the Mississippi Development Authority for the January through March 2006 period. Although this total is less than in 2005, the number of new jobs created, at 1,747, is greater than the 1,570 jobs announced for the same period in 2005.


The largest single investment was reported by Entergy Mississippi. The company will invest $111 million in the expansion of its facility in Attala County. Other investments include the $35 million expansion of the One Hancock Plaza bank facility in Hancock County, and the new $36 million Renaissance office building in Madison County. The company announcing the most new jobs in the first quarter was Georgia Pacific, which is adding an estimated 350 new employees to its manufacturing facility in Amite County.

**Firm Awarded Billion-Dollar Contract**

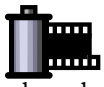
Madison-based L-3 Vertex Aerospace was awarded a $1 billion contract in January by Raytheon Aircraft Company to provide supply support for training aircraft for the Air Force and Navy. The contract, which extends through 2015, will mean the addition of approximately 50 new employees to its 460 person workforce. Vertex owns all existing inventory for the T-6 aircraft and expects to supply all replacement parts for these planes (*Clarion Ledger*, 01/13/2006. pp. 1C, 3C).

**Research Institute Opens Regional Office in Jackson**

The RAND Corporation, headquartered in Santa Monica, California, has opened its Gulf States Policy Institute in Jackson. The Institute will become a part of the area's rebuilding efforts post-Katrina. Its research will focus on determining how public policies can be improved in areas including housing, disaster preparation, rebuilding and improving health care systems, financing options for public education, and environmental issues protection. The Institute has partnered with several universities in Mississippi, Louisiana, and Alabama to develop a long-term vision and strategy for building a better future for hurricane-ravaged states (*Mississippi Business Journal*, 4/3/2006, p. 15. Also see the following site: http://www.rand.org/rgspi/ ).

**Canton to Open Mississippi Film Complex**

The Canton Convention and Visitors Bureau and the Canton Film Office, in cooperation with the city, county and state, have announced plans for the construction of a $4 million dollar Mississippi Film Complex. A 25-acre site has been secured for the complex, which is largely funded with a $3 million, low-interest loan from the U.S. Department of Agriculture's Office of Rural Development. Plans for the 33,718-square-foot facility include sound stages, office space, a mill shop for building and storing sets, and a movie museum for tourists and visitors.



The facility, designed by Bastien and Association architects, will offer training in all areas of film production, lighting, set design, construction, props, makeup, hair design and wardrobe. The architectural firm's past work includes studios for DreamWorks, Paramount and Warner Brothers., among others. According to the Canton Film Office, the goals of the facility are 1) to create a competitive facility that will allow Mississippi filmmakers and crews opportunities to train and to work in their home state; and 2) to

market the facility to independent filmmakers, television, commercial production businesses, corporate training filmmakers, and major Hollywood studios for their production needs (*Clarion-Ledger,* 5/24/2006, pp. 1C, 6C; and www.cantontourism.com/film).

**Resorts, Condos and Casinos**

Canadian-based Myriad World Resorts has been given approval from the Mississippi Gaming Commission for its proposed Tunica Gaming Resort. The proposal, originally presented to the commission in 2004, seeks to develop a $900 million gaming casino resort with an 80,000 square-feet casino. The resort is expected to include, among other amenities, a 1,200 room hotel, a convention center, botanical gardens, golf course, entertainment area, and water-park. The resort is designed to attract families and visitors in the non-gaming market (*Clarion-Ledger*, 03/17/2006, pp. 1C,6C; http://www.myriadworldresorts.com/indexb.htm).

Paradise Bay Resorts Inc. has proposed building a mix of homes and condominiums with a "retail lifestyle center," which will offer regional shopping similar to that found in cities like Atlanta and Birmingham. The proposal includes 5,000 residential units, 200 acres of commercial space and 500 acres of preserved wetlands near the coast on property that straddles the new Mississippi Highway 67 near D'Iberville (*Clarion-Ledger*, 4/28/2006, pp. 3C).

The Mashantucket Pequot Tribal Nation of Connecticut is seeking approval of a $1.2 billion plan to build a gaming resort that would include a golf course, marina, condominiums, and retail shops. The Mashantucket Pequot Tribal Nation currently owns Foxwoods Resort Casino located in southeastern Connecticut, the largest resort casino in world. The economic development arm of the tribal nation wants to locate its 15-acre resort in the middle of 266 acres owned by Broadwater Development LLC in Biloxi (*Clarion-Ledger*, 4/26/2006, pp. 1C, 3C).

**Mississippi in the Nation**

KPMG, an international consulting firm, ranked Jackson, Mississippi, the second least-costly metro area in which to do business for 2006. Jackson placed second among cities with populations between 500,000 and 1.5 million, and third overall in the Southeast Region. The firm's annual Comparative Analysis study compares the cost of doing business in cities located in North America, Europe and Asia Pacific. (*Clarion-Ledger*, 4/17/2006, pp. 1C,6C; or see the following: www.competitivealternatives.com/highlights/cities.html).

Tupelo was ranked the nation's second most active micropolitan area for new and expanding industries by *Site Selection* magazine in March. This ranking was based on Tupelo's 15 existing industrial expansion projects, five new facility locations that exceeded $40 million in capital investments and the creation of more than 440 new manufacturing jobs in 2005. The micropolitan designation is a new category introduced by the U.S. Census in 2003. The term is used to refer to an urban core with a population between 10,000 and 50,000 that is surrounded by a rural area supporting the economy of the core.

**Tourism**

Jackson's Convention and Visitors Bureau was successful in its bid to win the National Appaloosa Horse Club's annual 13-day horse show. Jackson beat a fierce competitor, Las Vegas, in winning the prestigious event, which will hold its first show in the Capital City beginning in 2008. The show is expected to boost the local economy by about $1 million.

The Southern Governor's Association (SGA) has selected the Natchez Trace Parkway as a "Best Practice" attraction in Southern Tourism. The site is one of 16 attractions in the Southern region that will be highlighted in an SGA publication focusing on the region's tourism-related activities.

**Mississippi Journalism Honors**

The *Sun Herald* of Gulfport received a Pulitzer Prize in recognition of its coverage of the aftermath of Hurricane Katrina, which was cited as "valorous and comprehensive". The *Sun Herald* shared the award for public service in journalism with The *Times-Picayune* of New Orleans. Several individual Mississippi journalists were finalists for the Pulitzer Prize, including Stan Tiner, *Sun Herald* executive editor; B. Marie Harris and Tony Biffle, *Sun Herald* editorial writers; and *Clarion-Ledger* reporter Jerry Mitchell and editorial cartoonist Marshall Ramsey.

WLOX-TV of Biloxi won the Peabody Award for broadcast excellence in April 2006. The George Foster Peabody Award recognized WLOX-TV's "courageous employees" and exceptional cover-age of Hurricane Katrina. The station never went off the air during the storm, even after losing the roof of its newsroom. Continuous, 24-hour live coverage kept residents informed about the fate of neigh-boring communities and also provided essential instructions related to management of their day-to-day lives in a disaster zone (*Clarion-Ledger*, 4/18/2006, pp. 4A; for more information, see the following website: http://ecast.harvesthost.com/8780; Mississip-pi Economic Council Online Newsletter, 4/26/2006).

*Written by LaRhonda Odom.*

# GULF COAST RESIDENTIAL AND BUSINESS POPULAITONS IMPACTED BY HURRICANE : SOME BASIC DATA

*Brian Richard*

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**August 29, 2005 brought what turned out to be the costliest natural disaster in United States history. Hurricane Katrina easily surpassed Camille as the hurricane by which all others are compared in south Mississippi. The visual images of the destruction shown on television, newspaper pages and the internet have documented much of the damage. A more difficult proposition is to systematically assess the household and business damage. What were the demographics of the destruction? How many and what types of businesses were impacted? This paper begins to answer these questions.**

**Impact Estimates of Previous Hurricanes**

Analyses of previous storms provide us with indications of what we might expect in Mississippi in the wake of Hurricane Katrina. Hurricanes Hugo (South Carolina), Andrew (South Florida), and Frederic (Alabama) provide useful examples of patterns of economic activity after destructive storms. Important points to note from the studies of these disasters:

- Income and employment in certain sectors were increased for a period of two to fou`r years following each storm, most notably:
  Construction
  Repair services
  Wholesale and retail trade
  Insurance reimbursements and government aid were far less than the overall losses experienced.
  Damages from Hurricane Hugo totaled about $6.4 billion, with reimbursements from private and public sources totaling about $3.4 billion, leaving $3 billion in un-reimbursed losses.

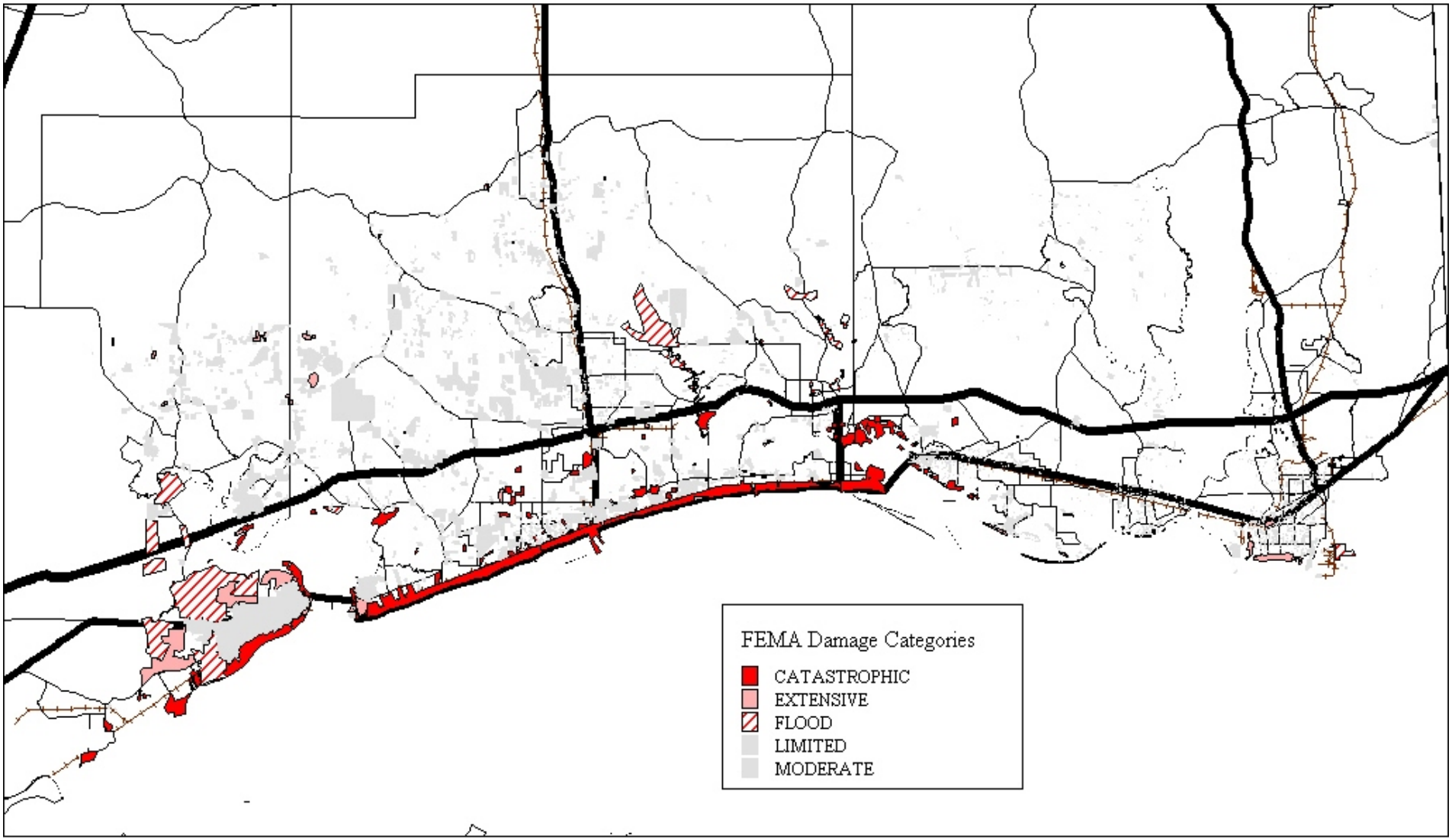
  Damages resulting from Hurricane Andrew totaled over $22.6 billion, $15.4 billion of which was covered by insurance, leaving $7.2 billion in uninsured losses.

- An extensive survey was conducted in the wake of Hurricane Andrew to determine the extent of housing damage, along with information about demographic changes in the area.[1] Over half (52%) of south Dade county residents were forced to move out of their homes as a result of Andrew.

  Two years later, only about 62% of those displaced households had returned to their pre-hurricane residence. A significant finding of their research was that households that moved farther away from their pre-hurricane residence were less likely to return to that original residence:

  Only 10% of south Dade County residents who moved out of Florida following the hurricane returned to their original home.

  72% of households that moved to another location within Dade County returned to their original home.




Map 1. **FEMA Damage Assessment of the Mississippi Coast from Waveland to Pascagoula.**

SOURCE: See References section – FEMA.

**Hurricane Katrina Impacts on Homes and Businesses**

One common aspect of all of the information listed above is that they were conducted two to three years after the storms. While this allows for more complete sources of data, there is certainly value in more contemporary estimates. Here a more indirect method using remote sensing techniques combined with census data was used to provide estimates of damages, just weeks after the storm (see appendix for a description of the methodology).

Map 1 displays the FEMA estimates of various damage levels on the Mississippi Gulf Coast[2]. The black line paralleling the coast is Interstate I-10. The railroad tracks south of I-10 have often been mentioned in news reports to be a dividing line between devastation and less severe damage. This is reflected in the FEMA map. The dark red strip (representing 'catastrophic' damage) that runs along the coast is bounded, with few exceptions, by the railroad tracks to the north. The total area of all five FEMA damage areas is about 140 square miles. The area of the two most extensive damage areas totals about 28 square miles.

**Household Impacts**

According to a February 2006 report published by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research, just over 52,500 (about 37% of all occupied housing units in the three coastal counties) homes sustained over $5,200 in damage. A large majority of the total destruction occurred in the 'catastrophic', 'extensive', and 'flood' zones from Map 1. From here forward, these will be referred to as "serious damage" zones. There were over 21, 000 total homes in these zones. Based on a building-by-building survey conducted under FEMA's supervision, we now know that over 90% of the housing units in the three serious damage zones, or approximately 18,900 homes, sustained substantial damage[3]. Structures are defined by FEMA as substantially damaged when the cost of restoring the building would equal or exceed 50% of its pre-damage market value (FEMA 1991, p. 6). Table 1 displays some basic demographics on the households most significantly impacted by Hurricane Katrina.

Hurricane Katrina impacted a higher proportion of older persons than the population as a whole. Almost one quarter of persons over 85 lived in the most affected areas. This compares with one person out of ten in the overall population that was over 85.

Looking at the race statistics, the Asian population was hit proportionally harder than the population as a whole. Almost one-quarter of all Asian persons on the coast lived in the damage zones. Black persons were less likely to be in the most heavily damaged areas.

The housing data reveals that persons either on the low-end or the upper-end of the income spectrum were more likely to have been severely impacted by the storm. More rental housing, as opposed to owner occupied housing, was wiped out by the storm. One in five renter-occupied housing units was in the most significantly damaged areas, compared to about 13% of owner-occupied units.

Lower income households were more likely to be in the seriously damaged areas. This is in line with other data mentioned above. Both elderly persons and renters tend to have lower annual incomes than the overall population.

Not surprisingly, because of the damage along the beachfront, expensive homes were hammered by the storm. Over one-quarter of all owner occupied homes valued over $500,000 in the three county area were in the catastrophic damage zone. This is also reflected in the income data which shows that households with annual incomes over $150,000 were more likely to be in the catastrophic zone.

**Business Impacts**

Two out of every five businesses on the Gulf Coast were located in one of the serious damage zones. Table 2 shows a sectoral breakdown of employment in those businesses. Almost one-half of

Table 1. **SELECTED CHARACTERISTICS OF POPULATION IN THE THREE FEMA SERIOUS DAMAGE AREAS***

| | Three Coastal Counties Total | Serious Damage Zone Total | Percent in Damage Zone |
|---|---|---|---|
| **2005 Estimated Total Population by Age** | | | |
| Total Population | 370,396 | 49,471 | 13.4% |
| Age 65 and over | 44,441 | 7,898 | 17.8% |
| Age 85 and over | 4,254 | 1,003 | 23.6% |
| **2005 Estimated Population by Race** | | | |
| White Alone | 273,529 | 38,510 | 14.1% |
| Black or African American Alone | 76,590 | 7,049 | 9.2% |
| Asian Alone | 8,758 | 2,106 | 24.0% |
| **2005 Tenure of Occupied Housing Units** | | | |
| Owner Occupied | 97,830 | 12,376 | 12.7% |
| Renter Occupied | 42,273 | 8,879 | 21.0% |
| **Owner-Occupied Housing Value (2000 Census)** | | | |
| Less than $59,999 | 28,590 | 3,735 | 13.1% |
| $60,000 to $99,999 | 34,547 | 4,154 | 12.0% |
| $100,000 to $149,999 | 17,394 | 2,262 | 13.0% |
| $150,000 to $499,999 | 12,634 | 2,031 | 16.1% |
| $500,000 or more | 685 | 179 | 26.1% |
| **2005 Estimated Households by Household Income** | | | |
| Less than $24,999 | 39,409 | 6,891 | 17.5% |
| $25,000 to $49,999 | 44,134 | 6,897 | 15.6% |
| $50,000 to $149,999 | 52,243 | 6,718 | 12.9% |
| $150,000 or more | 4,317 | 747 | 17.3% |

*Percentages represent the portion of the total 3 county population that resided in the most severe damage categories (catastrophic, extensive and flood damage). For example, 17.8 of all persons over age 65 lived in one of these zones.

SOURCE: EDRC analysis of Claritas and FEMA data as explained in the appendix.

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all jobs in the retail, financial, and service industries were in the serious damage zones. Over 80% of the jobs in these zones were in those three sectors. Manufacturing was largely spared the destruction. Only about 10% of total manufacturing employment in the three coastal counties was in one of the serious damage zones.

It is important to note that some homes and businesses outside the FEMA damage zones sustained major damage. For example, FEMA's damage zones didn't quite cover all of the Northrop Grumman Shipyards in Pascagoula. News reports indicate that the company's facilities may have sustained up to $500 million in uninsured damages. Ship and boat building employment fell by over 20 from August to September 2005, but have now almost recovered to pre-Katrina

Table 2. **PERCENT OF TOTAL THREE COUNTY EMPLOYMENT IN FEMA DAMAGE AREAS**

| | |
|---|---|
| Manufacturing | 10.3% |
| Transportation, Utilities | 34.3% |
| Wholesale Trade | 21.0% |
| Retail Trade | 42.4% |
| Finance, Insurance, Real Estate | 47.5% |
| Services | 49.3% |
| Government | 42.7% |

Percentages represent the portion of each category that falls in the FEMA serious damage areas.
SOURCE: See appendix.

levels. Also, businesses that sustained no physical damage were impacted by disruptions caused by displacement of employees who lost their homes or by suppliers or customers that were damaged.

Mississippi Employment Security Commission data shows that while there has been some improvement in unemployment rates in the months since the storm, there are still significantly fewer jobs on the coast. Unemployment rates in Hancock, Harrison and Jackson Counties were all around 22% in the month after the storm. As of February 2006, those rates had lowered to about 15%. As of February, the three coastal counties had about 25,700 fewer employed persons, or over 15% fewer jobs than in the previous year.

Mississippi State Tax Commission data reflects the destruction in the retail sector. Table 3 shows growth in retail sales tax collections from cities in southern Mississippi. Five cities, Waveland, Pass Christian, Bay St. Louis, Biloxi, and Long Beach had lower retail sales in the 4th quarter of 2005 relative to 2004. These cities all had significant portions of their retail sectors located in the catastrophic damage zone, as displayed in Map 1.

Cities with more protected retail sectors, notably Gulfport, D'Iberville, and Pascagoula, saw very large increases in retail sales. Also, cities in the counties directly north of the coastal counties saw large increases in retail sales. Wiggins, 30 miles north of Gulfport on Highway 49 saw almost a 70% increase in retail sales over the previous year.

These large increases north of the coastal counties reflect both commuters and displaced households. Commuters still live on the coast must drive to other cities, due to the destruction of the retail stores in their area. Displaced households have lost their homes on the coast and have relocated, either permanently or temporarily, to locations farther north. Another factor is a general increase in retail sales due to people buying home repair goods and household goods lost in the storm.

Data from the first quarter of 2006 shows that retail conditions are improving in most of the coastal cities. The notable exception to this is Pass Christian, which continues to have retail sales over 70% less than last year. As the coastal cities' retail sectors improve, the growth in Wiggins retail sales has subsided somewhat. Interestingly, Picayune continues to see extremely high growth. This is possibly due to higher levels of displaced households in Picayune relative to Wiggins.

**Concluding Remarks**

This article describes some of the populations impacted by Hurricane Katrina. In many cases these populations differ significantly from the overall Mississippi Gulf Coast population.

Table 3. **GROWTH IN DIVERSION TO CITIES FROM SALES TAX COLLECTIONS**

| CITY | 2005 4th Quarter | 2006 1st Quarter |
|---|---|---|
| Picayune | 74.3% | 78.8% |
| Wiggins | 68.5% | 51.4% |
| D'Iberville | 66.4% | 62.8% |
| Pascagoula | 60.0% | 50.8% |
| Ocean Springs | 48.3% | 42.9% |
| Gulfport | 42.7% | 68.4% |
| Hattiesburg | 41.1% | 42.8% |
| Moss Point | 21.7% | 31.3% |
| **Mississippi** | 17.3% | 17.7% |
| Long Beach | -7.4% | 11.2% |
| Biloxi | -26.2% | -22.3% |
| Bay St. Louis | -45.2% | -33.6% |
| Waveland | -69.0% | -27.7% |

SOURCE: Mississippi State Tax Commission.

Groups more likely to live in the catastrophic damage zone include Asians, wealthy homeowners, and persons living in rental housing. In the business sector, retail, finance and services were damaged significantly.

One of the main focuses of recovery efforts should be on affordable housing. Policies focused both on both multi-family and individual homes will help the recovery proceed more smoothly. Without housing, businesses that are trying to reopen will struggle to find employees. Growth in housing will also bring back customers that retail and service businesses are looking for in the extreme southern parts of the coastal area.

Some areas of the recovery process are now being hampered by a lack of reliable data. Businesses that served coastal areas are reluctant to return because they are unsure of the local market for their goods or services. The data presented here were estimates based on 'remote sensing' techniques, that is, they were based on general assumptions about damage in wide geographic areas. Accurate data for planning and recovery purposes will have to be collected on the ground in the affected areas.

Going forward, this data, along with additional primary data, will be used as a basis for estimating the value of the destruction brought by Hurricane Katrina in Mississippi. The data can then be compared to the damage estimates in previous disasters. An estimate of the value of destruction from Katrina compared with the experiences from previous disasters will allow us to make predictions regarding economic activity during the recovery.

## Notes

1. The survey asked respondents about the extent of damage to their homes, insurance settlements, living arrangements of those displaced by the storm, and whether displaced households had yet returned 2 years after the storm.

2. Definition of FEMA damage categories:
   Catastrophic Damage: Most solid and all light or mobile structures are destroyed.

Extensive Damage: Some solid structures are destroyed; most sustain exterior and interior damage (e.g., roofs are missing, interior walls exposed), most mobile homes and light structures are destroyed.
Moderate Damage: Solid structures sustain exterior damage (e.g., missing roofs or roof segments); some mobile homes and light structures are destroyed, many are damaged or displaced.
Limited Damage: Generally superficial damage to solid structures (e.g., loss of tiles or roof shingles); some mobile homes and light structures are damaged or displaced.
Flood Damage: Indicates a separate severe damage category related to the specific effects of flooding.

3. This number is greater than that found in the 2/12/06 HUD study which was also based on FEMA data. The difference may be due to differences in methods used to reduce double-counting.

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## APPENDIX:

Methodology of damage estimates

One of the important sources of data for many of the previous studies described in the paper, the Federal Emergency Management Agency (FEMA), also provides important data for this study. In the days after the Katrina made landfall, FEMA provided a series of GIS map layers outlining areas on the Gulf Coast that were impacted at various levels. "Soon after the disaster event, FEMA managers and staff use GIS to visualize actual damages by analyzing collected aerial reconnaissance and ground truth data. Using GIS, MAC customers (i.e. Disaster Field Office (DFO), Emergency Support Team (EST) personnel, etc.) can see the spatial extent of damage, learn who was affected by the disaster and which resources were affected (FEMA, 2004)."

Based on the areas delineated by the FEMA maps, we estimated the number of households and businesses that were impacted by Katrina. Data estimates were obtained using a GIS based data analysis tool called PCensus. Census 2000 and Claritas 2005 demographic and business data at the Census block level were aggregated based on the areas outlined by each FEMA damage category. These aggregations were the source of the percentages presented in Tables 1 and 2.

## Katrina-Related Studies and Reports on the Web

*La Rhonda Odom*

Nine months after Hurricane Katrina hit New Orleans and the Mississippi Gulf Coast, interest in the impacts and outcomes of the storm continues to be strong. Many people, from scholars to reporters to political pundits, have analyzed the storm's impacts on the country's social, economic, political and psychological landscapes. The following summaries provide the interested reader with information on a variety of Katrina- and Rita-related reports.

**Numbers and Analysis**

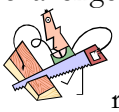
The Brookings Institute has published two reports related to Hurricane Katrina. One report briefly illustrates, with tables, the program categories behind the federal allocations to date for hurricane recovery activities. It also includes a chronology of legislative and executive decision-making responding to the needs of the Gulf Coast (Federal Allocations in Response to Katrina, March 2006).

In another report, the authors create an index of economic and social indicators that measure the impacts of rebuilding efforts in Orleans Parish, the New Orleans Metropolitan Area, Louisiana and Mississippi (Katrina Index: Tracking Variables of Post Katrina Reconstruction, April 2006).
www.brookings.edu, click Publications and then click Reports.

*Decision Economics, Inc. (9/16/2005)* has published a report, "Economic Impacts of Hurricane Katrina", which presents an analysis of the potential economic impacts on the Coastal region and the U.S. The report presents data which measure the storms affect on economic indicators, its impact on the GDP, and the possibility that the storm could stimulate growth.
www.nabe.com/publib/prospects0916decisionecon.pdf

The Federal Emergency Management Agency (FEMA) has several maps available for viewing at its website. FEMA's remote sensing data is used to map areas affected by Hurricane Katrina. Typical examples of analysis include flooded, saturated and damaged areas. The data are made available for various purposes including businesses with vested interests, such as insurance agencies.
www.gismaps.fema.gov/2005 pages/rsdrkatrina.shtm

The Bureau of Economic Analysis (BEA) with the U.S. Department of Commerce has an online Hurricane Katrina Frequently Asked Questions page. Here you can find answers to questions, such as: *How is state personal income affected by natural disasters such as Katrina?* Or, *How is Gross State Product (GSP) affected by natural disasters such as Katrina?* The website includes a table that identifies the impacts of the 2005 hurricanes and links to data additional information on BEA's regional income and product accounts. www.bea.gov/katrina/index2.htm



Researchers with the RAND Corporation have completed a few studies and reports on Hurricane Katrina and disaster-related issues. One report currently in progress deals with the challenges of creating housing in coastal Mississippi to replace the estimated 50,000 homes damaged or destroyed by Hurricane Katrina. Many of these homes were owned or rented by low-income families. RAND has helped create "a broad and comprehensive set of recommendations for pilot development programs, building code changes, zoning strategies, planning initiatives, finance initiatives and other actions." The following link provides access to both the completed projects and those currently in progress. http://www.rand.org/rgspi/projects/ Scroll to the bottom for complete list of projects.

Oxfam America has several reports assessing recovery work in the Gulf Coast Region. One recently published report (March 6, 2006) entitled "Disaster and Recovery Along the U.S. Gulf Coast: Oxfam America's Response to the Hurricanes" is a progress report on the recovery efforts and Oxfam America's role in those efforts. In addition, typing "Hurricane Katrina" in the search field of the website would yield other reports including one entitled, "Recovering States? The Gulf Coast Six Months after the Storm." www.oxfamamerica.org/newsandpublications

The Children's Defense Fund (CDF) issued a report entitled "Katrina's Children:

A Call to Conscience and Action. The report suggests policy to address issues related to the youngest victims of Hurricane Katrina, the children of the Gulf Region. It includes stories from Katrina's children and statistics on the status of children prior to the storm from each affected state.
www.childrensdefense.org

The Institute for Women's Policy Research has published a briefing paper on "The Women of New Orleans and the Gulf". The paper, first in a two-part series, presents a detailed picture, supported by data, of the struggles the women of the region, both prior to and after Hurricanes Katrina and Rita.
www.iwpr.org Scroll down to item number six on the main webpage.

The Multidisciplinary Center for Earthquake Engineering Research, or MCEER, has a report entitled, "MCEER Response to Hurricane Katrina". The report is the last document on the bottom of MCEER's main page.

In the preliminary report, MCEER teams investigate aftermath of Hurricane Katrina, including reports on buildings, bridges, remote sensing, emergency response, health and environmental issues. MCEER "Related Links" include an internet map of Harrison County damage locations and links to federal reports. There is also a link to a November 2, 2005 seminar at the University of Buffalo examining Hurricane Katrina's impacts. www.mceer.buffalo.edu Scroll to bottom of main page, then click MCEER Response to Hurricane Katrina

<u>Policy Recommendations</u>

The Economic Policy Institute has published several reports on the economic policy implications of Hurricane Katrina particularly as they relate to labor issues in the region. Among other issues, the reports address joblessness, fair labor practices and affirmative action as they relate to rebuilding efforts. The EPI Policy Memo on this webpage provides guidelines intended to help structure the rebuilding process in a way that takes advantage of this opportunity to improve people's lives. Policy recommendations cover such issues as local hiring, prevailing wages, health care, training, and ensuring a voice in the process for residents of the affected areas. www.epi.org/content.cfm/katrina

The Heritage Foundation has a few "Web Memos" related to Hurricane Katrina and federal spending and policy. There are two related to the proposed redevelopment and restructuring of the CSX Railroad. One memo is a written response to the recently released report, *Hurricane Katrina: A Nation Still Unprepared.* Direct access to these reports can be gained through the following addresses:
www.heritage.org/Research/HomelandDefense/wm1051.cfm
www.heritage.org/Research/Budget/wm1048.cfm
www.heritage.org/Research/Budget/wm1059.cfm

The Center for Law and Social Policy makes recommendations regarding Katrina recovery and low-income families. There are also additional reports in the right margin that deal with child

support, disconnected youth, welfare policy and workforce issues as they relate to recovery efforts. www.clasp.org/Katrina

The American Enterprise Institute's Director of Economic Policy Studies has a series of commentaries on the Bloomberg.com website. He has written a commentary entitled "For Katrina II, Let's Pretend There Are No Feds." (February 27, 2006) based on the notion that the Federal response to Katrina was so bad that the next time disaster strikes, states and local governments may want to pretend that Federal support will not be forthcoming. www.bloomberg.com/news/commentary/hassett.html Click: The last item on the list.

Among the many reports produced by the AFL-CIO is one entitled, "America's Response to Gulf Coast Hurricanes". The report also includes an open letter to President Bush and other Congressional leaders, which makes recommendations for rebuilding, not just infrastructure, but lives, after Hurricane Katrina. The report discusses helping people return to their homes and jobs. It explains the issues people face as they try to rebuild their lives in the region.
www.aflcio.org. Click About Us and then click Executive Council Actions.

In December 2005, the National Fair Housing Alliance issued a report on the investigation the agency sponsored into whether or not victims of Hurricane Katrina would be treated unfairly based on race when seeking rental housing. Testing was conducted in five states where evacuees were reportedly relocated after the storm. Their findings are presented in the report.
http://newreconstruction.civilrights.org/NFHAKatrinaDiscriminationReport.pdf

A prominent professor of City and Regional Planning at the University of North Carolina at Chapel Hill, Raymond Burby, presented a paper at the International Symposium on Urban Disaster Reduction and Regeneration Planning, November 2005. The paper, entitled "Hurricane Katrina and the Paradoxes of Public Disaster Policy", supports the notion that federal policy initiatives that induce local governments to prepare comprehensive urban development plans that pay attention to hazard mitigation may prove beneficial in minimizing disaster losses. To find, go to
www.google.com and search on "Hurricane Katrina and the Paradoxes."

The Annals of the American Academy of Political and Social Science devoted its March 2006 issue (Vol. 604, No. 1) to research related to the political and social policy impacts of the hurricane. This volume, however, is only available to libraries and others with subscriptions.
http://ann.sagepub.com

**Resources**

The Mississippi Development Authority has information on the Hurricane Katrina Homeowner's Grant Program and the Gulf Opportunity Zone Act established to enable recovery post-Katrina.
Go to www.mississippi.org

The website of the United States Department of Housing and Urban Development (HUD) has information related to Hurricane recovery housing resources. The HUD website provides a links to HUD's Hurricane Recovery resources and programs which include waivers fro existing housing program requirements, the administration of $11.5 billion in Community Development Block Grant (CDBG) disaster funds, and a link to the federal register for additional funding sources.

In addition, there are resources for help with housing, reporting discrimination and common questions related to housing issues post-Katrina. Mississippi HUD:

www.hud.gov/local/index.cfm?state=ms . Choose Mississippi.
Hurricane Recovery Resources: www.hud.gov/katrina/index.cfm
Hurricane Resources for Citizens: www.hud.gov/katrina/citizens.cfm
HUD's Response to Gulf Coast Hurricane: www.hud.gov/news/katrina05response.cfm
Mississippi Development Authority: www.mississippi.org

**Mississippi Universities**

Mississippi's universities have several research centers and institutes that may have Hurricane Katrina-related reports and studies. All public universities in the state can be accessed at www.ihl.state.ms.us. The Centers listed below have research currently available via their websites.

Mississippi State University: www.ssrc.msstate.edu Click on Katrina information at right.
University of Mississippi: www.olemiss.edu/depts/population_studies/
Click on State Data Center and you will find results of research done for FEMA.
University of Southern Mississippi: www.usm.edu--a google search of this website for "Hurricane Katrina" provides access to several reports of interest.
Jackson State University: www.jsums.edu/research/urban.htm Phone or email for access to papers presented at their fall conference on the effects of Katrina.

**More Reports and Studies**

East Carolina University has been awarded grants through the National Science Foundation to study the effects of Hurricane Katrina on the Gulf region and to investigate reconstruction efforts in New Orleans. Among other issues, the research will look at whether there is perceived, or actual, "crowding out" when it comes to federal assistance. "Crowding out" refers to whether funds sent to New Orleans preclude projects on other parts of the Coast.
www.ecu.edu/cs-admin/news/releases

The American Association of Museums has a running list of the historic sites in the Gulf Coast and detailed information on whether they received any damage, the extent of any damage sustained, and type. Several of the sites have links to additional information.
www.aam-us.org/aamlatest/news/HurricaneFirstReports.cfm

*Dollars and Sense* magazine devotes its March/April 2006 issue to the impacts of Katrina on the communities of the Gulf Coast. The issue, entitled "Voices from the Gulf Coast", features several interviews with community leaders. The online version allows you to read the in-depth interview of community activist Derrick Evans entitled "Ground Zero of Someone Else's Future". In the interview, Evans discusses the future of the historic Turkey Creek Community of Gulfport, post-Hurricane Katrina.
www.dollarsandsense.org

An article available at the American Psychological Association website summarizes the impacts of Katrina on the mental health of residents as presented at a congressional briefing in Washington, DC. The presentation was based on visits to Gulfport, Mississippi and other parts of the region.
www.apa.org search Hurricane Katrina. Scroll down to Monitor on Psychology-Psychologist describes mental health response to Katrina at Hill Briefing.

# RAISE THE MINIMUM WAGE? A PERENNIAL ISSUE

*Marianne Hill*

**The purchasing power of the minimum wage today at $5.15 is 19% lower than it was in 1998, when it first went into effect. It is also the lowest it has been since before 1960. Legislation proposed in Congress this year would have increased the minimum to $7.25 per hour. Several questions arise: How many workers would be affected? What would be the cost? Would there be an adverse impact on employment? Which businesses would be affected? What are the exceptions to the minimum wage laws? What are the characteristics of minimum wage workers? What is the rationale behind having a minimum wage? These and other questions are addressed below.**

**How many workers would be affected?**

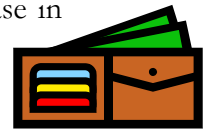
Nationwide, only about 2.7% of hourly workers were paid at or below the minimum wage in 2004, and for Mississippi, the figure was 2.6%, or 17,000 workers (out of a total of 658,000 hourly workers), according to the Bureau of Labor Statistics (BLS) website. Workers earning up to $7.24 an hour (another 3.1% of hourly workers) would also be affected, for a total of 7.3 million workers nationwide, while another 1 million could benefit from "spillover" effects, according to estimates of the Economic Policy Institute (EPI 1/06).

In Mississippi, the BLS reports that there were more workers paid less than the minimum wage (11,000) than were paid the minimum wage (6,000). To the extent that these workers were exempted from minimum wage coverage, they would not be covered by the proposed new minimum either. About 57% of the U.S. workforce (58.6% in Mississippi) is paid at hourly rates. Most of the rest of the workforce are salaried workers who earn at least $455 a week – these workers are generally exempt from minimum wage and overtime regulations.

**What would be the cost?**

Increasing the minimum wage to $7.25 an hour would increase total wages paid in Mississippi by about 0.7% per year for two years.[1] The increase is low because minimum wage hourly workers take up such a small percentage of total employment and even less of the total wage bill. [To see this, consider that total wages paid in 2004 were $34,288 million. The 17,000 hourly workers paid at or below the minimum wage would have earned at most $182 million ($5.15 x 40 x 52 x 17,000) or 0.5% of the total wage bill. Doubling their wages would only increase the wage bill by that amount, or 0.5%.]

Workers earning up to $8 per hour are likely to benefit from the increase in the minimum wage. In fact, in 2003, the average wage of the bottom 20% of Mississippi workers was $7.76. If half of these 223 thousand workers received an increase of $2.10 per hour, the total increase in the wage bill in 2003 would have been about 1.4% in one year, or, divided over two years, 0.7% per year. By 2007, however, these low wage workers will account for a smaller percentage of both employment and wages paid, which will reduce the 0.7% estimate.



**Will there be an adverse impact on employment?**

It is difficult to isolate the effect of changes in the minimum wage on aggregate employment. In Mississippi, there was strong employment growth immediately following the last minimum wage increase (1997-1998). The minimum wage rose 21% over that two-year period. Nationally, studies of that period show little effect on employment; EPI reviewed several studies to come to that conclusion (see "Minimum Wage: A Select Bibliography" and "Frequently Asked Questions" 1/06).[2]

However, a higher minimum wage does tend to reduce the number of hours of labor demanded by employers, while increasing the willingness of labor to work those hours.

Low-profit firms with a high percentage of minimum wage workers are particularly affected. In Mississippi, after the last increase in the minimum wage, there was a net increase in employment from 1996 to 1998 of 32,600 jobs. Hill estimated 400 more jobs would have been added if the minimum wage had remained the same. At the same time, over 100,000 workers benefited from the higher wages.

According to the study by Hill, the industry breakdown of workers earning the minimum wage or less at that time shows that 30% were in retail trade, 19% in professional and related services, 17% in manufacturing, 6% in personal services, 6% in agriculture/forestry/fisheries, and 4.5% in construction. The remaining industries each accounted for 3% or less of these workers.[3] In retail trade, eating and drinking places were the single largest category. Many of these workers, however, may not have been covered by the Fair Labor Standards Act (FLSA) which regulates the minimum wage.

**What are the characteristics of U.S. minimum wage workers?**

Most minimum wage workers are adults, and most (66%) are women.[3]

Only 22% of hourly workers earning the minimum wage or less in 2004 were aged 16 to 19, according to the Department of Labor (DOL). The average minimum wage worker in the U.S. is providing more than half (54%) of his or her family's weekly earnings, with 36% of these workers contributing 100% of family earnings (EPI 1/06). Although single mothers make up only 5.3% of the workforce, they account for 10.4% of those who would benefit from an increase in the minimum wage.

Close to half (44%) of workers earning less than $7.25 per hour work fulltime, and another third (35%) work between 20 and 34 hours per week. African-Americans, who make up 11% of the U.S. workforce, are 15% of workers affected by an increase, and Hispanics, who make up 13% of the workforce, are 20% of these workers. Households in the bottom 20% of the income scale would receive 38% of the benefits of a minimum wage increase, and another 21% of the benefit would go to households in the next 20% of the income scale (EPI 1/06).

**What are the exceptions to the minimum wage laws? Should there be more?**

The Department of Labor (DOL) permits the payment of sub-minimum wages to several categories of workers, including vocational education students, fulltime students employed by retail or service establishments, agriculture or institutions of higher education. Also included are individuals "whose earning or productive capacity is impaired by a physical or mental disability, including those related to age or injury, for the work to be performed," says the DOL website. A certificate is required.

In addition, there is a youth minimum wage rate, currently $4.26 per hour, which may be paid employees under 20 years of age for 90 calendar days after they are first employed. Employees of small businesses, with sales of less than $500,000, may be exempted as well, if those employees do not engage in covered activities, such as interstate commercial activities, including authorizing the use of a credit card or making long distance telephone calls. Domestic service employees, such as housekeepers, are covered as well.

Whether or not exemptions should be expanded is a political question. In general, the benefits go to low-wage workers and to taxpayers, whose expenditures on food stamps and other anti-poverty programs are reduced, while the costs are shouldered by employers and customers. The job creation effect of a low minimum wage is typically cited as its main benefit, along with lower labor costs which boost profitability.

**What is the rationale behind minimum wage laws?**

The market does not guarantee anyone "a fair wage," contrary to popular belief – rather competitive markets result in competitive wages, that is, wage rates at which demand matches supply. These rates may or may not be "fair" when judged by other standards. For example, highly productive workers can find themselves facing low wages precisely because of their productivity – farmers are only too aware that high output levels can flood the market and result in low prices and low incomes. The same is true for other industries when supply outpaces demand; consider the layoffs common in automobile firms. Layoffs are a form of downward pressure on wages.

There are other situations in which the forces of supply and demand drive down wages. The seemingly unlimited supply of undocumented immigrant workers willing to work at sub-minimum wages puts downward pressure on wages. Regardless of the productivity levels of these workers, or the profit levels of the firms that employ them, this "unlimited" supply of low-cost labor will keep wages down in that market.

The minimum wage is an intervention in the labor market that mandates the minimum hourly wage rate that employers covered by the Fair Labor Standards Act can pay. Its aim is to ensure greater fairness. What constitutes a fair wage, however, is subject to debate. Is it a wage level such that a worker working fulltime year-round will be able to keep a household of one to three persons at or above the poverty level? Currently, the poverty level for one person under the age of 65 is $10,160; however, a person working 35 hours a week year-round at minimum wage is paid only $9,373. By this standard, then, the current minimum wage is too low. The poverty line for a family of three is $15,277. For others, what is fair depends on the size of the firm and on its profitability.

Whatever standard is used to determine fairness, the benefits versus the cost of a higher minimum wage must be considered. Increasing the minimum wage has beneficial effects for those receiving higher incomes: improving their health, education and well-being – not to mention their purchasing power – and in these ways contributing positively to the economy. For many, these positive effects provide the justification for increasing the minimum wage. For others, the adverse effects of higher labor costs on firms and the loss of low-wage jobs are costs that are unacceptable. In any case, knowledge of basic data relating to costs versus benefits, including the statistics provided here, enables a more informed debate.

## Notes

1. Nationally, 5.8% of workers earned less than $7.25 per hour in 2004, as noted in the second paragraph of this article. If 6% of the 1.123 million Mississippi workers in the state in 2004 and received an hourly wage increase of $2.10, the increase in the total wages and salaries paid in the state, which was $34.2 billion, would have been 0.9% (assuming that these workers worked fulltime, year-round and that all received a full $2.10 additional per hour). If 10% of Mississippi workers received this increase, the percentage increase would have been 1.2% in 2004. Since the average wage rate for the bottom 20% of Mississippi workers was $7.76 in 2003, according to U.S. Census data analyzed by the Economic Policy Institute, and about half of the this 20% earned less than $7.76, the case can be made for using the 10% figure as an upper limit estimate.

2. In a study estimating the effects of the 1997 wage increase, the WEFA Group, a national consulting firm, estimated that nationwide about 20,000 workers would lose their jobs as a result of the 21% increase in the minimum to $5.15. They also found little impact on inflation, since only about 4% of all employed persons or 5 million workers earned hourly wages at or below the minimum. Those workers earned 1.5% of the total U.S. wage bill, and the 21% rise in their wages resulted

in an additional increase in compensation rates of only about 0.24%. A possible increase in consumer prices of about 0.1% was estimated.

3. In Mississippi, in 1996, almost 14% of the workforce was paid the proposed new minimum wage or less. The occupational breakdown of low-wage workers in the state, based on the 1990 Census, showed a great deal of diversity, with only a few individual occupations accounting for more than 1% of total minimum wage employment. Those making up 1.7% or more of the total were elementary teachers (1.7%), sales workers (2.2%), cashiers (8l4%), secretaries (2.2%), waiters (2.4%), cooks (5.6%), nursing aides (3%), janitors (3.3%), farm workers (3.1%), textile sewing machine operators (3.9%), assemblers (2.1%), truck drivers (2.6%), stock handlers and baggers (2.3%), and private household cleaners (1.7%). While there are fewer sewing machine operators today, the other occupational categories still likely have a concentration of minimum wage workers (the elementary teachers category includes teaching aides, tutors and assistants).

Data from the 1990 census also show that 59% of minimum wage workers then were women and 41% men. The median age for women was 29 years and for men 25 years. Forty-four percent were living in poverty. The breakdown by race and sex was: 33% white females, 26% black females, 23% while males and 17% black males. Most (61%) had a high school diploma and, of these, 52% had at least some college.

The minimum wage today equals about a third of average hourly earnings nationwide. In Mississippi, the average hourly wage in manufacturing was $13.61 in February 2006, which makes the minimum wage equal to about 38% of the manufacturing average, and somewhat over 40% of the overall average.

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**Appendix A**
**MISSISSIPPI ECONOMETRIC MODEL**
**TABLE OF FORECAST VALUES**
**2006 THROUGH 2011**

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The forecast numbers in these tables represent the mathematical solution of the state econometric model in which future values of variables are predicted on the basis of past and current trends in the U.S. and Mississippi economies. The U.S. forecasts (Tables 8 and 9) are from Global Insight, Inc., which changes its forecasts monthly. The state model is re-solved as new data becomes available.

Table 1-A

Mississippi Econometric Model
Selected Indicators

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross State Product(Mill $) | $83940 | $88283 | $92502 | $96920 | $101226 | $105680 |
| Gross State Product(Mill Constant$) | $72266 | $74592 | $76637 | $78661 | $80628 | $82616 |
| Gross State Product Deflator | 1.16 | 1.18 | 1.21 | 1.23 | 1.26 | 1.28 |
| Total Employment, Residents(Thous) | 1242.6 | 1259.3 | 1269.2 | 1281.9 | 1292.2 | 1303.8 |
| Civilian Labor Force(Thous) | 1334.7 | 1338.2 | 1345.9 | 1358.0 | 1365.9 | 1380.1 |
| Unemployment Rate(Percent) | 6.9 | 5.9 | 5.7 | 5.6 | 5.4 | 5.5 |
| Total Personal Income(Mill $) | $77980 | $82276 | $86430 | $90559 | $94676 | $98862 |
| Total Personal Income.(Mill Constant$) | $67212 | $69545 | $71863 | $73980 | $75878 | $77832 |
| Per Capita Income ($) | $26526 | $27827 | $29083 | $30369 | $31617 | $32853 |
| Per Capita Income(Constant$) | $22863 | $23521 | $24181 | $24809 | $25340 | $25865 |
| Consumer Price Deflator(South) | 1.16 | 1.18 | 1.20 | 1.22 | 1.25 | 1.27 |
| Population (Mill) | 2.94 | 2.96 | 2.97 | 2.98 | 2.99 | 3.01 |

Table 1-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross State Product(Nominal) | 5.5 | 5.2 | 4.8 | 4.8 | 4.4 | 4.4 |
| Gross State Product(Real) | 3.1 | 3.2 | 2.7 | 2.6 | 2.5 | 2.5 |
| Gross State Product Deflator | 2.4 | 1.9 | 2.0 | 2.1 | 1.9 | 1.9 |
| Total Employment, Residents | 1.4 | 1.3 | 0.8 | 1.0 | 0.8 | 0.9 |
| Civilian Labor Force | 0.4 | 0.3 | 0.6 | 0.9 | 0.6 | 1.0 |
| Unemployment Rate | -11.5 | -14.5 | -3.4 | -1.8 | -3.6 | 2.4 |
| Total Personal Income(Nominal) | 5.4 | 5.5 | 5.0 | 4.8 | 4.5 | 4.4 |
| Total Personal Income(Real) | 2.4 | 3.5 | 3.3 | 2.9 | 2.6 | 2.6 |
| Per Capita Income(Nominal) | 4.8 | 4.9 | 4.5 | 4.4 | 4.1 | 3.9 |
| Per Capita Income(Real) | 1.8 | 2.9 | 2.8 | 2.6 | 2.1 | 2.1 |
| Consumer Price Deflator(South) | 3.0 | 2.0 | 1.7 | 1.8 | 1.9 | 1.8 |
| Population | 0.6 | 0.6 | 0.5 | 0.3 | 0.4 | 0.5 |

Table 2-A

Mississippi Econometric Model
Output (Millions of Current$)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | $83940 | $88283 | $92502 | $96920 | $101226 | $105680 |
| **Goods-Producing Sectors** | | | | | | |
| Manufacturing | $13362 | $13966 | $14605 | $15325 | $16043 | $16782 |
| Durable Goods | 7700 | 8051 | 8414 | 8828 | 9238 | 9670 |
| Nondurable Goods | 5662 | 5915 | 6191 | 6498 | 6805 | 7112 |
| Contract Construction | $3644 | $3943 | $4219 | $4429 | $4654 | $4837 |
| Natural Resources, Mining | $1211 | $1274 | $1341 | $1387 | $1456 | $1531 |
| Agric, Forestry & Fishing | 2176 | 2226 | 2274 | 2332 | 2385 | 2434 |
| **Services-Producing Sectors** | | | | | | |
| Transportation,Utilities | $5405 | $5660 | $5915 | $6174 | $6423 | $6692 |
| Wholesale,Retail Trade | $11663 | $12251 | $12797 | $13389 | $13895 | $14400 |
| Finance, Insurance, Real Estate | $11853 | $12491 | $13049 | $13612 | $14206 | $14823 |
| Health Care & Social Assitance | $6162 | $6472 | $6794 | $7155 | $7506 | $7873 |
| Leisure & Hospitality | $3821 | $4170 | $4481 | $4750 | $4994 | $5253 |
| Business & Other Services | $9961 | $10518 | $11068 | $11646 | $12215 | $12851 |
| Government | $14683 | $15312 | $15959 | $16721 | $17451 | $18203 |

Table 2-B

Mississippi Econometric Model
Output
Growth Rates (Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | 5.5 | 5.2 | 4.8 | 4.8 | 4.4 | 4.4 |
| **Goods-producing Sectors** | | | | | | |
| Manufacturing | 5.2 | 4.5 | 4.6 | 4.9 | 4.7 | 4.6 |
| Durable Goods | 5.2 | 4.6 | 4.5 | 4.9 | 4.7 | 4.7 |
| Nondurable Goods | 5.1 | 4.5 | 4.7 | 5.0 | 4.7 | 4.5 |
| Contract Construction | 10.2 | 8.2 | 7.0 | 5.0 | 5.1 | 4.0 |
| Natural Resources, Mining | 6.3 | 5.2 | 5.2 | 3.4 | 5.0 | 5.2 |
| Agric, Forestry & Fishing | 4.3 | 2.3 | 2.2 | 2.5 | 2.3 | 2.1 |
| **Services-producing Sectors** | | | | | | |
| Transportation,,Utilities | 5.6 | 4.7 | 4.5 | 4.4 | 4.0 | 4.2 |
| Wholesale, Retail Trade | 5.9 | 5.0 | 4.5 | 4.6 | 3.8 | 3.6 |
| Finance, Insurance, Real Estate | 6.1 | 5.4 | 4.5 | 4.3 | 4.4 | 4.3 |
| Health Care & Social Assistance | 5.5 | 5.0 | 5.0 | 5.3 | 4.9 | 4.9 |
| Leisure & Hospitality | -1.0 | 9.1 | 7.5 | 6.0 | 5.1 | 5.2 |
| Business & Other Services | 6.8 | 5.6 | 5.2 | 5.2 | 4.9 | 5.2 |
| Government | 5.1 | 4.3 | 4.2 | 4.8 | 4.4 | 4.3 |

Table 3-A

Mississippi Econometric Model
Real Output (Millions of Constant$)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | $72266 | $74592 | $76637 | $78661 | $80628 | $82616 |
| **Goods-Producing Sectors** | | | | | | |
| Manufacturing | $11802 | $12123 | $12451 | $12826 | $13192 | $13554 |
| Durable Goods | $6872 | $7069 | $7263 | $7490 | $7710 | $7935 |
| Nondurable Goods | $4930 | $5054 | $5187 | $5336 | $5482 | $5619 |
| Contract Construction | $2715 | $2867 | $2990 | $3059 | $3135 | $3178 |
| Natural Resources, Mining | $780 | $803 | $826 | $835 | $858 | $883 |
| Agric, Forestry & Fishing | $1777 | $1801 | $1822 | $1849 | $1874 | $1894 |
| **Services-Producing Sectors** | | | | | | |
| Transportation,Utilities | $4595 | $4733 | $4861 | $4986 | $5100 | $5224 |
| Wholesale,Retail Trade | $11338 | $11723 | $12047 | $12336 | $12624 | $12939 |
| Finance, Insurance, Real Estate | $10107 | $10457 | $10716 | $10962 | $11230 | $11496 |
| Health Care & Social Assitance | $5063 | $5217 | $5369 | $5541 | $5701 | $5863 |
| Leisure & Hospitality | $3326 | $3551 | $3730 | $3863 | $3973 | $4085 |
| Business & Other Services | $8747 | $9031 | $9282 | $9534 | $9774 | $10045 |
| Government | $12016 | $12285 | $12543 | $12870 | $13166 | $13455 |

Table3-B

Mississippi Econometric Model
Real Output
Growth Rates (Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | 3.1 | 3.2 | 2.7 | 2.6 | 2.5 | 2.5 |
| **Goods-producing Sectors** | | | | | | |
| Manufacturing | 2.9 | 2.7 | 2.7 | 3.0 | 2.9 | 2.7 |
| Durable Goods | 3.1 | 2.9 | 2.7 | 3.1 | 2.9 | 2.9 |
| Nondurable Goods | 2.7 | 2.5 | 2.6 | 2.9 | 2.7 | 2.5 |
| Contract Construction | 6.9 | 5.6 | 4.3 | 2.3 | 2.5 | 1.3 |
| Natural Resources, Mining | 3.4 | 3.0 | 2.9 | 1.1 | 2.7 | 2.9 |
| Agric, Forestry & Fishing | 3.1 | 1.3 | 1.2 | 1.5 | 1.3 | 1.1 |
| **Services-producing Sectors** | | | | | | |
| Transportation,,Utilities | 3.5 | 3.0 | 2.7 | 2.6 | 2.3 | 2.4 |
| Wholesale, Retail Trade | 3.9 | 3.4 | 2.8 | 2.4 | 2.3 | 2.5 |
| Finance, Insurance, Real Estate | 3.7 | 3.5 | 2.5 | 2.3 | 2.4 | 2.4 |
| Health Care & Social Assistance | 3.0 | 3.0 | 2.9 | 3.2 | 2.9 | 2.8 |
| Leisure & Hospitality | -3.6 | 6.8 | 5.0 | 3.6 | 2.8 | 2.8 |
| Business & Other Services | 3.8 | 3.2 | 2.8 | 2.7 | 2.5 | 2.8 |
| Government | 2.5 | 2.2 | 2.1 | 2.6 | 2.3 | 2.2 |

Table 4-A

Mississippi Econometric Model
Employment

(Thousands)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Nonfarm Employment, Wage and Salary | 1135.7 | 1153.9 | 1168.5 | 1181.2 | 1190.1 | 1196.5 |
| Manufacturing | 178.0 | 177.3 | 177.2 | 177.1 | 178.0 | 176.8 |
| Durable Goods | 115.9 | 115.4 | 115.0 | 115.2 | 115.5 | 115.2 |
| Nondurable Goods | 62.1 | 61.8 | 62.2 | 62.0 | 62.5 | 61.6 |
| Contract Construction | 53.6 | 56.9 | 59.0 | 60.0 | 60.2 | 59.2 |
| Natural Resources, Mining | 8.7 | 8.8 | 8.8 | 8.7 | 8.7 | 8.7 |
| Transportation,Utilities | 48.6 | 49.4 | 49.9 | 50.5 | 51.2 | 51.7 |
| Wholesale,Retail Trade | 176.4 | 178.7 | 180.0 | 181.4 | 182.2 | 183.3 |
| Finance, Insurance, Real Estate | 46.7 | 47.2 | 47.4 | 47.7 | 48.0 | 48.3 |
| Health Care & Social Assistance | 107.4 | 109.6 | 111.5 | 113.4 | 114.7 | 115.9 |
| Leisure & Hospitality | 115.1 | 119.4 | 122.9 | 125.0 | 125.9 | 127.3 |
| Business & Other Services | 155.1 | 158.5 | 161.3 | 164.4 | 166.7 | 168.9 |
| Government | 246.2 | 248.2 | 250.4 | 252.9 | 254.4 | 256.4 |

Table 4-B

Mississippi Econometric Model
Employment
Growth Rates

(Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Nonfarm Employment, Wage and Salary | 1.2 | 1.6 | 1.3 | 1.1 | 0.7 | 0.5 |
| Manufacturing | 0.3 | -0.4 | -0.0 | -0.0 | 0.5 | -0.7 |
| Durable Goods | 0.7 | -0.4 | -0.3 | 0.1 | 0.3 | -0.3 |
| Nondurable Goods | -0.4 | -0.4 | 0.5 | -0.3 | 0.8 | -1.4 |
| Contract Construction | 7.8 | 6.2 | 3.6 | 1.6 | 0.4 | -1.6 |
| Natural Resources, Mining | 1.3 | 0.7 | -0.3 | -0.4 | -0.1 | -0.3 |
| Transportation,Utilities | 2.8 | 1.6 | 1.1 | 1.2 | 1.3 | 1.1 |
| Wholesale, Retail Trade | 2.2 | 1.3 | 0.7 | 0.8 | 0.5 | 0.6 |
| Finance, Insurance, Real Estate | 1.7 | 1.0 | 0.5 | 0.6 | 0.7 | 0.5 |
| Health Care & Social Assistance | 2.1 | 2.1 | 1.7 | 1.7 | 1.1 | 1.0 |
| Leisure & Hospitality | -5.0 | 3.7 | 3.0 | 1.7 | 0.7 | 1.1 |
| Business & Other Services | 2.7 | 2.2 | 1.8 | 1.9 | 1.3 | 1.3 |
| Government | 0.9 | 0.8 | 0.9 | 1.0 | 0.6 | 0.8 |

Table 5-A

Mississippi Econometric Model
Personal Income

(Millions of Current$ )

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Total Personal Income | $77980 | $82276 | $86430 | $90559 | $94676 | $98862 |
| Wages & Salaries | $37556 | $39550 | $41575 | $43458 | $45357 | $47244 |
| Other Labor Income | $10458 | $11062 | $11627 | $12092 | $12600 | $13135 |
| Proprietors' Income | $6276 | $6546 | $6837 | $7181 | $7553 | $7918 |
| Farm Proprietors | $886 | $916 | $900 | $939 | $970 | $982 |
| Nonfarm Proprietors | $5390 | $5630 | $5937 | $6241 | $6583 | $6935 |
| Property Income | $9438 | $9983 | $10423 | $10954 | $11443 | $11969 |
| Transfer Payments | $17941 | $18990 | $19978 | $21037 | $22067 | $23104 |
| Less: Social Security Payments | $5933 | $6197 | $6463 | $6723 | $7006 | $7282 |
| Plus: Residence Adjustment | $2244 | $2341 | $2454 | $2561 | $2662 | $2774 |
| Less: Individual IRS Collections | $5026 | $5348 | $5615 | $5885 | $6143 | $6419 |
| Less: Ind. State & Local Taxes | $1480 | $1557 | $1632 | $1701 | $1781 | $1862 |
| Equals: Disposable Personal Inc. | $71474 | $75372 | $79183 | $82974 | $86752 | $90581 |

Table 5-B

Mississippi Econometric Model
Personal Income
Growth Rates

(Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Total Personal Income | 5.4 | 5.5 | 5.0 | 4.8 | 4.5 | 4.4 |
| Wages & Salaries | 4.8 | 5.3 | 5.1 | 4.5 | 4.4 | 4.2 |
| Other Labor Income | 5.6 | 5.8 | 5.1 | 4.0 | 4.2 | 4.2 |
| Proprietors' Income | 12.6 | 4.3 | 4.4 | 5.0 | 5.2 | 4.8 |
| Farm Proprietors | 9.1 | 3.4 | -1.8 | 4.4 | 3.2 | 1.3 |
| Nonfarm Proprietors | 13.2 | 4.5 | 5.5 | 5.1 | 5.5 | 5.4 |
| Property Income | 38.1 | 5.8 | 4.4 | 5.1 | 4.5 | 4.6 |
| Transfer Payments | -7.4 | 5.8 | 5.2 | 5.3 | 4.9 | 4.7 |
| Less: Social Security Payments | 4.3 | 4.5 | 4.3 | 4.0 | 4.2 | 3.9 |
| Plus: Residence Adjustment | 5.2 | 4.3 | 4.8 | 4.4 | 3.9 | 4.2 |
| Less: Individual IRS Collections | 7.1 | 6.4 | 5.0 | 4.8 | 4.4 | 4.5 |
| Less: Ind. State & Local Taxes | 9.5 | 5.2 | 4.8 | 4.2 | 4.7 | 4.6 |
| Equals: Disposable Personal Inc. | 5.2 | 5.5 | 5.1 | 4.8 | 4.6 | 4.4 |

Table 6-A

Mississippi Econometric Model
Real Personal Income

(Millions of Constant$)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Total Personal Income | $67212 | $69545 | $71863 | $73980 | $75878 | $77832 |
| Wages & Salaries | $32370 | $33430 | $34568 | $35502 | $36352 | $37194 |
| Other Labor Income | $9014 | $9351 | $9667 | $9878 | $10098 | $10341 |
| Proprietors' Income | $5409 | $5533 | $5685 | $5866 | $6053 | $6233 |
| Farm Proprietors | $764 | $775 | $748 | $767 | $777 | $773 |
| Nonfarm Proprietors | $4645 | $4759 | $4937 | $5099 | $5276 | $5460 |
| Property Income | $8135 | $8438 | $8666 | $8949 | $9171 | $9423 |
| Transfer Payments | $15464 | $16052 | $16611 | $17185 | $17686 | $18190 |
| Less: Social Security Payments | $5113 | $5238 | $5374 | $5493 | $5615 | $5733 |
| Plus: Residence Adjustment | $1934 | $1979 | $2040 | $2092 | $2134 | $2184 |
| Less: Individual IRS Collections | $4332 | $4520 | $4669 | $4807 | $4924 | $5053 |
| Less: Ind. State & Local Taxes | $1275 | $1316 | $1357 | $1390 | $1427 | $1466 |
| Equals: Disposable Personal Inc. | $61604 | $63709 | $65838 | $67783 | $69527 | $71313 |

Table 6-B

Mississippi Econometric Model
Real Personal Income
Growth Rates

(Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Total Personal Income | 2.4 | 3.5 | 3.3 | 2.9 | 2.6 | 2.6 |
| Wages & Salaries | 1.8 | 3.3 | 3.4 | 2.7 | 2.4 | 2.3 |
| Other Labor Income | 2.5 | 3.7 | 3.4 | 2.2 | 2.2 | 2.4 |
| Proprietors' Income | 9.3 | 2.3 | 2.7 | 3.2 | 3.2 | 3.0 |
| Farm Proprietors | 5.9 | 1.4 | -3.4 | 2.6 | 1.2 | -0.5 |
| Nonfarm Proprietors | 9.8 | 2.4 | 3.7 | 3.3 | 3.5 | 3.5 |
| Property Income | 34.1 | 3.7 | 2.7 | 3.3 | 2.5 | 2.7 |
| Transfer Payments | -10.1 | 3.8 | 3.5 | 3.5 | 2.9 | 2.8 |
| Less: Social Security Payments | 1.3 | 2.4 | 2.6 | 2.2 | 2.2 | 2.1 |
| Plus: Residence Adjustment | 2.1 | 2.3 | 3.1 | 2.5 | 2.0 | 2.4 |
| Less: Individual IRS Collections | 4.0 | 4.3 | 3.3 | 3.0 | 2.4 | 2.6 |
| Less: Ind. State & Local Taxes | 6.3 | 3.2 | 3.1 | 2.4 | 2.7 | 2.7 |
| Equals: Disposable Personal Inc. | 2.2 | 3.4 | 3.3 | 3.0 | 2.6 | 2.6 |

Table 7-A

Mississippi Econometric Model
Selected Indicators--Fiscal Years

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross State Product(Mill $) | $81742 | $86111 | $90392 | $94711 | $99073 | $103453 |
| Gross State Product(Mill Constant$) | $71179 | $73429 | $75614 | $77649 | $79645 | $81622 |
| Gross State Product Deflator | 1.15 | 1.17 | 1.20 | 1.22 | 1.24 | 1.27 |
| Total Employment, Residents(Thous) | 1233.9 | 1250.9 | 1264.2 | 1275.6 | 1287.0 | 1298.0 |
| Civilian Labor Force(Thous) | 1331.7 | 1336.5 | 1342.1 | 1351.9 | 1361.9 | 1373.0 |
| Unemployment Rate(Percent) | 7.4 | 6.4 | 5.8 | 5.7 | 5.5 | 5.5 |
| Total Personal Income(Mill $) | $75967 | $80128 | $84353 | $88495 | $92618 | $96769 |
| Total Personal Inc.(Mill Constant$) | $66440 | $68379 | $70704 | $72921 | $74929 | $76855 |
| Per Capita Income ($) | $25915 | $27176 | $28455 | $29726 | $30993 | $32235 |
| Per Capita Income(Constant$) | $22666 | $23192 | $23851 | $24495 | $25074 | $25602 |
| Consumer Price Deflator(South) | 1.14 | 1.17 | 1.19 | 1.21 | 1.24 | 1.26 |
| Population (Mill) | 2.93 | 2.95 | 2.96 | 2.98 | 2.99 | 3.00 |

Table 7-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross State Product(Nominal) | 5.0 | 5.3 | 5.0 | 4.8 | 4.6 | 4.4 |
| Gross State Product(Real) | 2.4 | 3.2 | 3.0 | 2.7 | 2.6 | 2.5 |
| Gross State Product Deflator | 2.5 | 2.1 | 1.9 | 2.0 | 2.0 | 1.9 |
| Total Employment, Residents | -0.2 | 1.4 | 1.1 | 0.9 | 0.9 | 0.9 |
| Civilian Labor Force | 0.2 | 0.4 | 0.4 | 0.7 | 0.7 | 0.8 |
| Unemployment Rate | 5.0 | -12.9 | -9.4 | -2.6 | -2.7 | -0.6 |
| Total Personal Income(Nominal) | 4.7 | 5.5 | 5.3 | 4.9 | 4.7 | 4.5 |
| Total Personal Income(Real) | 1.4 | 2.9 | 3.4 | 3.1 | 2.8 | 2.6 |
| Per Capita Income(Nominal) | 4.1 | 4.9 | 4.7 | 4.5 | 4.3 | 4.0 |
| Per Capita Income(Real) | 0.7 | 2.3 | 2.8 | 2.7 | 2.4 | 2.1 |
| Consumer Price Deflator(South) | 3.3 | 2.5 | 1.8 | 1.7 | 1.9 | 1.9 |
| Population | 0.6 | 0.6 | 0.5 | 0.4 | 0.4 | 0.5 |

Table 8-A

U.S. Economic Indicators
Global Insight, Inc.-- June 2006

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross Domestic Product(Bill $) | $13296 | $13912 | $14614 | $15382 | $16136 | $16913 |
| Gross Domestic Product(Bill Constant$) | $11511 | $11810 | $12191 | $12594 | $12968 | $13335 |
| GDP Price Deflator | 115.5 | 117.8 | 119.9 | 122.1 | 124.4 | 126.8 |
| Total Civilian Employment(Mill) | 144.1 | 145.5 | 146.9 | 148.7 | 150.1 | 151.3 |
| Unemployment Rate(Percent) | 4.7 | 4.9 | 4.8 | 4.6 | 4.6 | 4.7 |
| Personal Income(Bill $) | $10828 | $11459 | $12132 | $12850 | $13550 | $14248 |
| Prime Rate(Percent) | 8.0 | 8.0 | 7.8 | 7.9 | 8.0 | 8.0 |
| 30-Year Mortgage Rate (Percent) | 6.6 | 6.9 | 7.0 | 7.2 | 7.2 | 7.2 |
| State and Local Total Receipts(Bill $) | $1219 | $1265 | $1320 | $1378 | $1440 | $1503 |
| Consumer Price Index (1982=100) | 201.6 | 205.1 | 208.6 | 211.8 | 215.8 | 220.1 |
| Per Capita Income ($) | $36139 | $37908 | $39785 | $41775 | $43671 | $45530 |

Table 8-B

U.S. Economic Indicators
Growth Rates (Percent)

| Description | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gross Domestic Product(Nominal) | 6.5 | 4.6 | 5.0 | 5.3 | 4.9 | 4.8 |
| Gross Domestic Product(Real) | 3.4 | 2.6 | 3.2 | 3.3 | 3.0 | 2.8 |
| GDP Price Deflator | 3.0 | 2.0 | 1.8 | 1.9 | 1.9 | 1.9 |
| Total Civilian Employment | 1.7 | 1.0 | 1.0 | 1.2 | 1.0 | 0.8 |
| Unemployment Rate | -7.0 | 3.7 | -0.7 | -4.0 | -0.1 | 1.6 |
| Personal Income | 5.8 | 5.8 | 5.9 | 5.9 | 5.4 | 5.2 |
| Prime Rate | 28.6 | 0.3 | -2.9 | 2.4 | 0.8 | -0.0 |
| 30-Year Mortgage Rate | 13.4 | 3.9 | 0.7 | 3.0 | 0.6 | 0.0 |
| State and Local Total Receipts | 7.0 | 3.8 | 4.3 | 4.4 | 4.5 | 4.4 |
| Consumer Price Index | 3.2 | 1.7 | 1.7 | 1.5 | 1.9 | 2.0 |
| Per Capita Income | 4.8 | 4.9 | 5.0 | 5.0 | 4.5 | 4.3 |

**Appendix B**
**MISSISSIPPI ECONOMETRIC MODEL**
**TABLE OF HISTORICAL VALUES**
**1995 THROUGH 2005**

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The historical data in these tables, which are subject to revision, are from the U.S. Bureau of Economic Analysis, the U.S. Bureau of the Census, and the U.S. Bureau of Labor Statistics or are constructed from these sources by the Center for Policy Research and Planning. Global Insight, Inc. also uses official sources for its U.S. data, and updates this data monthly.

Table 1-A

Mississippi Econometric Model
Selected Indicators

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross State Product(Mill $) | $53812 | $55900 | $57954 | $60349 | $62935 | $64136 | $65721 | $68552 | $71869 | $76168 | $79544 |
| Gross State Product(Mill Constant$) | $59687 | $60631 | $61709 | $63192 | $64605 | $64133 | $63762 | $65244 | $66706 | $68899 | $70091 |
| Gross State Product Deflator | 0.90 | 0.92 | 0.94 | 0.96 | 0.97 | 1.00 | 1.03 | 1.05 | 1.08 | 1.11 | 1.13 |
| Total Employment,Residents(Thous) | 1175.3 | 1187.0 | 1200.8 | 1211.5 | 1223.7 | 1244.0 | 1230.0 | 1219.1 | 1237.2 | 1248.1 | 1225.1 |
| Civilian Labor Force(Thous) | 1257.6 | 1266.6 | 1278.0 | 1281.4 | 1291.7 | 1318.1 | 1303.3 | 1306.8 | 1321.8 | 1330.6 | 1328.7 |
| Unemployment Rate (Percent) | 6.5 | 6.3 | 6.0 | 5.4 | 5.3 | 5.6 | 5.6 | 6.7 | 6.4 | 6.2 | 7.8 |
| Total Personal Income(Mill $) | $45974 | $48645 | $51514 | $54820 | $56719 | $59838 | $62739 | $63923 | $66664 | $71123 | $73955 |
| Total Personal Inc.(Mill Constant$) | $51576 | $52946 | $54888 | $57651 | $58540 | $59838 | $61309 | $61672 | $62866 | $65411 | $65668 |
| Per Capita Income ($) | $16869 | $17677 | $18527 | $19526 | $20037 | $21002 | $21947 | $22284 | $23118 | $24497 | $25303 |
| Per Capita Income(Constant$) | $18925 | $19240 | $19741 | $20535 | $20680 | $21002 | $21447 | $21500 | $21801 | $22530 | $22468 |
| Consumer Price Deflator(South) | 0.89 | 0.92 | 0.94 | 0.95 | 0.97 | 1.00 | 1.02 | 1.04 | 1.06 | 1.09 | 1.13 |
| Population (Mill) | 2.73 | 2.75 | 2.78 | 2.81 | 2.83 | 2.85 | 2.86 | 2.87 | 2.88 | 2.90 | 2.92 |

Table 1-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross State Product(Nominal) | 5.6 | 3.9 | 3.7 | 4.1 | 4.3 | 1.9 | 2.5 | 4.3 | 4.8 | 6.0 | 4.4 |
| Gross State Product(Real) | 2.8 | 1.6 | 1.8 | 2.4 | 2.2 | -0.7 | -0.6 | 2.3 | 2.2 | 3.3 | 1.7 |
| Gross State Product Deflator | 2.7 | 2.3 | 1.9 | 1.7 | 2.0 | 2.7 | 3.1 | 1.9 | 2.5 | 2.6 | 2.7 |
| Total Employment, Residents | 1.3 | 1.0 | 1.2 | 0.9 | 1.0 | 1.7 | -1.1 | -0.9 | 1.5 | 0.9 | -1.8 |
| Civilian Labor Force | 1.2 | 0.7 | 0.9 | 0.3 | 0.8 | 2.0 | -1.1 | 0.3 | 1.1 | 0.7 | -0.1 |
| Unemployment Rate | -1.6 | -3.9 | -3.9 | -9.7 | -3.5 | 6.9 | 0.1 | 19.3 | -4.7 | -3.1 | 25.8 |
| Total Personal Income(Nominal) | 5.0 | 5.8 | 5.9 | 6.4 | 3.5 | 5.5 | 4.8 | 1.9 | 4.3 | 6.7 | 4.0 |
| Total Personal Income(Real) | 1.9 | 2.7 | 3.7 | 5.0 | 1.5 | 2.2 | 2.5 | 0.6 | 1.9 | 4.0 | 0.4 |
| Per Capita Income(Nominal) | 3.7 | 4.8 | 4.8 | 5.4 | 2.6 | 4.8 | 4.5 | 1.5 | 3.7 | 6.0 | 3.3 |
| Per Capita Income(Real) | 0.7 | 1.7 | 2.6 | 4.0 | 0.7 | 1.6 | 2.1 | 0.2 | 1.4 | 3.3 | -0.3 |
| Consumer Price Deflator(South) | 3.0 | 3.1 | 2.1 | 1.3 | 1.9 | 3.2 | 2.3 | 1.3 | 2.3 | 2.5 | 3.6 |
| Population | 1.2 | 1.0 | 1.0 | 1.0 | 0.8 | 0.6 | 0.3 | 0.3 | 0.5 | 0.7 | 0.7 |

Table 2-A

Mississippi Econometric Model
Output

(Millions of $)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | $53812 | $55900 | $57954 | $60349 | $62935 | $64136 | $65721 | $68552 | $71869 | $76168 | $79544 |
| **Goods-Producing Sectors** | | | | | | | | | | | |
| Manufacturing | $11625 | $11298 | $11511 | $11565 | $12025 | $11445 | $11073 | $11034 | $11340 | $12161 | $12706 |
| Durable Goods | $6566 | $6476 | $6668 | $6886 | $6979 | $6628 | $6243 | $6236 | $6362 | $7013 | $7319 |
| Nondurable Goods | $5059 | $4822 | $4843 | $4679 | $5046 | $4817 | $4830 | $4798 | $4978 | $5148 | $5386 |
| Contract Construction | $2033 | $2267 | $2465 | $2870 | $2900 | $2865 | $2862 | $3091 | $3043 | $3082 | $3307 |
| Natural Resources, Mining | $381 | $471 | $516 | $367 | $430 | $636 | $673 | $720 | $972 | $1074 | $1139 |
| Agric, Forestry & Fishing | $1667 | $2141 | $2052 | $1793 | $1709 | $1584 | $1765 | $1414 | $1963 | $2121 | $2087 |
| **Services-Producing Sectors** | | | | | | | | | | | |
| Transportation,Utilities | $3567 | $3608 | $3632 | $3815 | $3929 | $4013 | $4114 | $4234 | $4488 | $4896 | $5116 |
| Wholesale,Retail Trade | $7315 | $7727 | $8067 | $8793 | $9167 | $9113 | $9227 | $9803 | $10122 | $10559 | $11009 |
| Finance, Insurance, Real Estate | $6756 | $6900 | $7157 | $7444 | $7922 | $8474 | $8960 | $9823 | $10029 | $10625 | $11173 |
| Health Care & Social Assitance | $3523 | $3637 | $3763 | $3805 | $3885 | $4111 | $4441 | $4818 | $5165 | $5497 | $5842 |
| Leisure & Hospitality | $2487 | $2713 | $2993 | $3193 | $3540 | $3594 | $3596 | $3769 | $3832 | $3963 | $3858 |
| Business & Other Services | $5981 | $6351 | $6676 | $7086 | $7195 | $7476 | $7801 | $8060 | $8436 | $8929 | $9330 |
| Government | $8477 | $8787 | $9122 | $9618 | $10233 | $10825 | $11209 | $11786 | $12479 | $13261 | $13977 |

Table2-B

Mississippi Econometric Model
Output
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | 5.6 | 3.9 | 3.7 | 4.1 | 4.3 | 1.9 | 2.5 | 4.3 | 4.8 | 6.0 | 4.4 |
| **Goods-producing Sectors** | | | | | | | | | | | |
| Manufacturing | 3.5 | -2.8 | 1.9 | 0.5 | 4.0 | -4.8 | -3.3 | -0.4 | 2.8 | 7.2 | 4.5 |
| Durable Goods | 2.7 | -1.4 | 3.0 | 3.3 | 1.4 | -5.0 | -5.8 | -0.1 | 2.0 | 10.2 | 4.4 |
| Nondurable Goods | 4.7 | -4.7 | 0.4 | -3.4 | 7.8 | -4.5 | 0.3 | -0.7 | 3.8 | 3.4 | 4.6 |
| Contract Construction | 5.5 | 11.5 | 8.7 | 16.4 | 1.0 | -1.2 | -0.1 | 8.0 | -1.6 | 1.3 | 7.3 |
| Natural Resources, Mining | 1.1 | 23.7 | 9.5 | -28.9 | 17.2 | 47.9 | 5.8 | 7.0 | 35.0 | 10.5 | 6.1 |
| Agric, Forestry & Fishing | -17.7 | 28.5 | -4.2 | -12.6 | -4.7 | -7.3 | 11.4 | -19.9 | 38.8 | 8.0 | -1.6 |
| **Services-producing Sectors** | | | | | | | | | | | |
| Transportation,,Utilities | 8.9 | 1.1 | 0.7 | 5.0 | 3.0 | 2.1 | 2.5 | 2.9 | 6.0 | 9.1 | 4.5 |
| Wholesale, Retail Trade | 7.3 | 5.6 | 4.4 | 9.0 | 4.3 | -0.6 | 1.3 | 6.2 | 3.3 | 4.3 | 4.3 |
| Finance, Insurance, Real Estate | 8.2 | 2.1 | 3.7 | 4.0 | 6.4 | 7.0 | 5.7 | 9.6 | 2.1 | 5.9 | 5.2 |
| Health Care & Social Assistance | 9.6 | 3.3 | 3.5 | 1.1 | 2.1 | 5.8 | 8.0 | 8.5 | 7.2 | 6.4 | 6.3 |
| Leisure & Hospitality | 9.6 | 9.1 | 10.3 | 6.7 | 10.9 | 1.5 | 0.1 | 4.8 | 1.7 | 3.4 | -2.6 |
| Business & Other Services | 7.0 | 6.2 | 5.1 | 6.1 | 1.5 | 3.9 | 4.3 | 3.3 | 4.7 | 5.8 | 4.5 |
| Government | 5.9 | 3.7 | 3.8 | 5.4 | 6.4 | 5.8 | 3.5 | 5.1 | 5.9 | 6.3 | 5.4 |

Table 3-A

Mississippi Econometric Model
Real Output

(Millions of Constant$)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | $59687 | $60631 | $61709 | $63192 | $64605 | $64133 | $63762 | $65244 | $66706 | $68899 | $70091 |
| **Goods-Producing Sectors** | | | | | | | | | | | |
| Manufacturing | $12612 | $12136 | $12115 | $11891 | $12177 | $11445 | $10736 | $10806 | $10947 | $11296 | $11466 |
| Durable Goods | $7181 | $6866 | $6896 | $6981 | $6937 | $6628 | $6147 | $6131 | $6252 | $6583 | $6665 |
| Nondurable Goods | $5432 | $5273 | $5220 | $4903 | $5242 | $4817 | $4587 | $4672 | $4693 | $4713 | $4801 |
| Contract Construction | $2666 | $2875 | $2969 | $3245 | $3091 | $2865 | $2661 | $2743 | $2574 | $2467 | $2539 |
| Natural Resources, Mining | $785 | $730 | $749 | $621 | $652 | $636 | $610 | $732 | $744 | $748 | $754 |
| Agric, Forestry & Fishing | $1311 | $1527 | $1641 | $1511 | $1605 | $1583 | $1682 | $1442 | $1823 | $1818 | $1724 |
| **Services-Producing Sectors** | | | | | | | | | | | |
| Transportation,Utilities | $3717 | $3776 | $3708 | $3782 | $3890 | $4012 | $3811 | $3902 | $4124 | $4358 | $4440 |
| Wholesale,Retail Trade | $6805 | $7377 | $7945 | $8928 | $9250 | $9113 | $9516 | $9922 | $10189 | $10615 | $10912 |
| Finance, Insurance, Real Estate | $8045 | $7893 | $7807 | $7900 | $8208 | $8474 | $8666 | $9158 | $9152 | $9490 | $9746 |
| Health Care & Social Assitance | $4123 | $4153 | $4177 | $4069 | $4023 | $4111 | $4224 | $4432 | $4602 | $4753 | $4915 |
| Leisure & Hospitality | $2936 | $3128 | $3278 | $3407 | $3658 | $3594 | $3472 | $3534 | $3538 | $3624 | $3450 |
| Business & Other Services | $6948 | $7194 | $7329 | $7537 | $7442 | $7476 | $7574 | $7711 | $7947 | $8270 | $8424 |
| Government | $9739 | $9842 | $9992 | $10301 | $10609 | $10824 | $10810 | $10861 | $11066 | $11458 | $11722 |

Table3-B

Mississippi Econometric Model
Real Output
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| GROSS STATE PRODUCT | 2.8 | 1.6 | 1.8 | 2.4 | 2.2 | -0.7 | -0.6 | 2.3 | 2.2 | 3.3 | 1.7 |
| **Goods-producing Sectors** | | | | | | | | | | | |
| Manufacturing | -0.6 | -3.8 | -0.2 | -1.8 | 2.4 | -6.0 | -6.2 | 0.7 | 1.3 | 3.2 | 1.5 |
| Durable Goods | 2.6 | -4.4 | 0.4 | 1.2 | -0.6 | -4.5 | -7.3 | -0.3 | 2.0 | 5.3 | 1.2 |
| Nondurable Goods | -4.4 | -2.9 | -1.0 | -6.1 | 6.9 | -8.1 | -4.8 | 1.9 | 0.4 | 0.4 | 1.9 |
| Contract Construction | 0.6 | 7.9 | 3.3 | 9.3 | -4.7 | -7.3 | -7.1 | 3.1 | -6.2 | -4.1 | 2.9 |
| Natural Resources, Mining | -0.4 | -7.0 | 2.5 | -17.1 | 5.0 | -2.5 | -4.1 | 20.0 | 1.6 | 0.6 | 0.8 |
| Agric, Forestry & Fishing | -19.2 | 16.5 | 7.5 | -7.9 | 6.2 | -1.4 | 6.3 | -14.3 | 26.4 | -0.3 | -5.2 |
| **Services-producing Sectors** | | | | | | | | | | | |
| Transportation,,Utilities | 9.2 | 1.6 | -1.8 | 2.0 | 2.9 | 3.1 | -5.0 | 2.4 | 5.7 | 5.7 | 1.9 |
| Wholesale, Retail Trade | 5.8 | 8.4 | 7.7 | 12.4 | 3.6 | -1.5 | 4.4 | 4.3 | 2.7 | 4.2 | 2.8 |
| Finance, Insurance, Real Estate | 4.1 | -1.9 | -1.1 | 1.2 | 3.9 | 3.2 | 2.3 | 5.7 | -0.1 | 3.7 | 2.7 |
| Health Care & Social Assistance | 6.2 | 0.7 | 0.6 | -2.6 | -1.1 | 2.2 | 2.7 | 4.9 | 3.8 | 3.3 | 3.4 |
| Leisure & Hospitality | 7.5 | 6.5 | 4.8 | 3.9 | 7.4 | -1.7 | -3.4 | 1.8 | 0.1 | 2.4 | -4.8 |
| Business & Other Services | 4.2 | 3.5 | 1.9 | 2.8 | -1.3 | 0.5 | 1.3 | 1.8 | 3.1 | 4.1 | 1.9 |
| Government | 2.7 | 1.1 | 1.5 | 3.1 | 3.0 | 2.0 | -0.1 | 0.5 | 1.9 | 3.5 | 2.3 |

Table 4-A

Mississippi Econometric Model
Employment

(Thousands)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Nonfarm Employment, Wage and Salary | 1074.6 | 1088.9 | 1107.2 | 1133.7 | 1153.3 | 1153.7 | 1130.1 | 1123.7 | 1114.9 | 1124.5 | 1122.7 |
| Manufacturing | 241.2 | 230.7 | 228.4 | 233.8 | 232.9 | 222.5 | 200.8 | 187.9 | 179.0 | 179.4 | 177.4 |
| Durable Goods | 142.5 | 137.5 | 137.9 | 144.8 | 147.1 | 140.6 | 125.0 | 118.2 | 113.1 | 116.3 | 115.1 |
| Nondurable Goods | 98.8 | 93.2 | 90.5 | 89.0 | 85.9 | 81.9 | 75.8 | 69.8 | 65.8 | 63.1 | 62.4 |
| Contract Construction | 45.2 | 48.4 | 50.6 | 54.3 | 55.2 | 54.5 | 51.9 | 53.9 | 50.6 | 49.2 | 49.7 |
| Natural Resources, Mining | 10.3 | 10.8 | 11.4 | 12.0 | 10.4 | 9.4 | 9.6 | 8.9 | 8.8 | 8.8 | 8.6 |
| Transportation, Utilities | 41.1 | 42.1 | 42.5 | 43.2 | 44.5 | 45.1 | 45.8 | 45.7 | 45.8 | 46.6 | 47.3 |
| Wholesale,Retail Trade | 165.2 | 168.8 | 171.6 | 175.4 | 180.7 | 182.1 | 177.4 | 175.4 | 173.5 | 173.6 | 172.6 |
| Finance, Insurance, Real Estate | 41.5 | 42.9 | 43.5 | 44.8 | 45.7 | 45.9 | 45.8 | 45.7 | 45.9 | 45.9 | 46.0 |
| Health Care & Social Assistance | 83.8 | 86.9 | 90.2 | 91.3 | 90.7 | 92.3 | 95.8 | 98.4 | 101.3 | 103.4 | 105.2 |
| Leisure & Hospitality | 100.6 | 105.6 | 108.2 | 113.5 | 122.8 | 122.9 | 120.6 | 122.0 | 123.3 | 124.8 | 121.1 |
| Business & Other Services | 131.0 | 136.1 | 141.7 | 142.0 | 143.3 | 145.2 | 144.7 | 145.6 | 146.1 | 150.5 | 151.0 |
| Government | 214.7 | 216.8 | 219.0 | 223.4 | 227.1 | 233.8 | 237.5 | 240.1 | 240.8 | 242.2 | 244.0 |

Table 4-B

Mississippi Econometric Model
Employment
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Nonfarm Employment, Wage and Salary | 1.8 | 1.3 | 1.7 | 2.4 | 1.7 | 0.0 | -2.0 | -0.6 | -0.8 | 0.9 | -0.2 |
| Manufacturing | -1.3 | -4.4 | -1.0 | 2.4 | -0.4 | -4.5 | -9.8 | -6.4 | -4.8 | 0.2 | -1.1 |
| Durable Goods | -0.4 | -3.5 | 0.3 | 5.0 | 1.5 | -4.4 | -11.1 | -5.5 | -4.2 | 2.8 | -1.0 |
| Nondurable Goods | -2.6 | -5.6 | -2.9 | -1.7 | -3.5 | -4.6 | -7.5 | -7.9 | -5.7 | -4.1 | -1.2 |
| Contract Construction | 5.1 | 7.0 | 4.6 | 7.3 | 1.7 | -1.3 | -4.7 | 3.8 | -6.2 | -2.7 | 1.0 |
| Natural Resources, Mining | 2.2 | 4.3 | 5.8 | 5.1 | -13.2 | -9.6 | 2.5 | -7.4 | -1.6 | 0.0 | -1.5 |
| Transportation, Utilities | 2.0 | 2.5 | 1.1 | 1.5 | 3.1 | 1.3 | 1.5 | -0.1 | 0.1 | 1.9 | 1.4 |
| Wholesale, Retail Trade | 3.9 | 2.2 | 1.7 | 2.2 | 3.0 | 0.8 | -2.6 | -1.1 | -1.1 | 0.1 | -0.6 |
| Finance, Insurance, Real Estate | 0.5 | 3.3 | 1.5 | 2.9 | 2.0 | 0.5 | -0.2 | -0.2 | 0.3 | -0.0 | 0.1 |
| Health Care & Social Assistance | 5.6 | 3.7 | 3.8 | 1.2 | -0.7 | 1.8 | 3.8 | 2.7 | 2.9 | 2.1 | 1.7 |
| Leisure & Hospitality | 3.7 | 4.9 | 2.5 | 5.0 | 8.2 | 0.1 | -1.9 | 1.1 | 1.0 | 1.2 | -3.0 |
| Business & Other Services | 2.9 | 3.9 | 4.2 | 0.2 | 0.9 | 1.3 | -0.3 | 0.6 | 0.4 | 3.1 | 0.3 |
| Government | 0.4 | 1.0 | 1.0 | 2.0 | 1.6 | 3.0 | 1.6 | 1.1 | 0.3 | 0.6 | 0.7 |

Table 5-A

Mississippi Econometric Model
Personal Income

(Millions of Current$)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Personal Income | $45974 | $48645 | $51514 | $54820 | $56719 | $59838 | $62739 | $63923 | $66664 | $71123 | $73955 |
| Wages & Salaries | $23966 | $25085 | $26577 | $28522 | $29795 | $30748 | $31081 | $31900 | $32859 | $34288 | $35822 |
| Other Labor Income | $5591 | $5678 | $5835 | $6158 | $6466 | $6740 | $7012 | $7844 | $8605 | $9287 | $9903 |
| Proprietors' Income | $3335 | $3792 | $4078 | $4154 | $4329 | $4503 | $5145 | $4409 | $5262 | $6221 | $5575 |
| Farm Proprietors | $527 | $899 | $992 | $767 | $758 | $529 | $693 | $109 | $747 | $1309 | $812 |
| Nonfarm Proprietors | $2808 | $2893 | $3085 | $3387 | $3570 | $3974 | $4452 | $4300 | $4515 | $4912 | $4763 |
| Property Income | $6900 | $7416 | $8017 | $8889 | $8748 | $9547 | $9783 | $9207 | $8967 | $9240 | $6833 |
| Transfer Payments | $9088 | $9665 | $10058 | $10315 | $10685 | $11500 | $12880 | $13889 | $14435 | $15535 | $19375 |
| Less: Social Security Payments | $3850 | $3977 | $4175 | $4421 | $4615 | $4707 | $4819 | $5019 | $5202 | $5452 | $5686 |
| Plus: Residence Adjustment | $943 | $987 | $1124 | $1204 | $1311 | $1506 | $1658 | $1749 | $2112 | $2004 | $2133 |
| Less: Individual IRS Collections | $3429 | $3756 | $4090 | $4425 | $4550 | $4725 | $4863 | $4250 | $3921 | $4013 | $4693 |
| Less: Ind. State & Local Taxes | $819 | $866 | $922 | $1014 | $1107 | $1127 | $1135 | $1127 | $1156 | $1198 | $1352 |
| Equals: Disposable Personal Inc. | $41695 | $43980 | $46467 | $49346 | $51020 | $53940 | $56692 | $58486 | $61523 | $65911 | $67911 |

Table 5-B

Mississippi Econometric Model
Personal Income
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Personal Income | 5.0 | 5.8 | 5.9 | 6.4 | 3.5 | 5.5 | 4.8 | 1.9 | 4.3 | 6.7 | 4.0 |
| Wages & Salaries | 5.5 | 4.7 | 5.9 | 7.3 | 4.5 | 3.2 | 1.1 | 2.6 | 3.0 | 4.3 | 4.5 |
| Other Labor Income | 2.1 | 1.6 | 2.8 | 5.5 | 5.0 | 4.2 | 4.0 | 11.9 | 9.7 | 7.9 | 6.6 |
| Proprietors' Income | -2.5 | 13.7 | 7.5 | 1.9 | 4.2 | 4.0 | 14.3 | -14.3 | 19.3 | 18.2 | -10.4 |
| Farm Proprietors | -17.8 | 70.5 | 10.4 | -22.7 | -1.1 | -30.2 | 30.9 | -84.3 | 588.7 | 75.2 | -37.9 |
| Nonfarm Proprietors | 1.0 | 3.0 | 6.7 | 9.8 | 5.4 | 11.3 | 12.0 | -3.4 | 5.0 | 8.8 | -3.0 |
| Property Income | 4.6 | 7.5 | 8.1 | 10.9 | -1.6 | 9.1 | 2.5 | -5.9 | -2.6 | 3.0 | -26.0 |
| Transfer Payments | 8.2 | 6.4 | 4.1 | 2.6 | 3.6 | 7.6 | 12.0 | 7.8 | 3.9 | 7.6 | 24.7 |
| Less: Social Security Payments | 4.9 | 3.3 | 5.0 | 5.9 | 4.4 | 2.0 | 2.4 | 4.2 | 3.6 | 4.8 | 4.3 |
| Plus: Residence Adjustment | 10.5 | 4.6 | 14.0 | 7.1 | 8.9 | 14.9 | 10.1 | 5.5 | 20.7 | -5.1 | 6.4 |
| Less: Individual IRS Collections | 7.1 | 9.5 | 8.9 | 8.2 | 2.8 | 3.9 | 2.9 | -12.6 | -7.7 | 2.3 | 16.9 |
| Less: Ind. State & Local Taxes | 9.1 | 5.8 | 6.5 | 10.0 | 9.2 | 1.8 | 0.6 | -0.7 | 2.6 | 3.7 | 12.8 |
| Equals: Disposable Personal Inc. | 4.8 | 5.5 | 5.7 | 6.2 | 3.4 | 5.7 | 5.1 | 3.2 | 5.2 | 7.1 | 3.0 |

Table 6-B

Mississippi Econometric Model
Selected Indicators--Fiscal Years

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross State Product(Mill $) | $52388 | $54856 | $56927 | $59152 | $61642 | $63536 | $64929 | $67137 | $70211 | $74019 | $77856 |
| Gross State Product(Mill Constant$) | $58881 | $60159 | $61170 | $62451 | $63898 | $64369 | $63948 | $64503 | $65975 | $67803 | $69495 |
| Gross State Product Deflator | 0.89 | 0.91 | 0.93 | 0.95 | 0.96 | 0.99 | 1.02 | 1.04 | 1.06 | 1.09 | 1.12 |
| Total Employment,Residents(Thous) | 1167.6 | 1181.1 | 1193.9 | 1206.2 | 1217.6 | 1233.8 | 1237.0 | 1224.5 | 1228.1 | 1242.6 | 1236.6 |
| Civilian Labor Force(Thous) | 1250.1 | 1262.1 | 1272.3 | 1279.7 | 1286.5 | 1304.9 | 1310.7 | 1305.1 | 1314.3 | 1326.2 | 1329.6 |
| Unemployment Rate(Percent) | 6.6 | 6.4 | 6.2 | 5.7 | 5.4 | 5.4 | 5.6 | 6.2 | 6.6 | 6.3 | 7.0 |
| Total Personal Income(Mill $) | $44889 | $47310 | $50079 | $53167 | $55769 | $58278 | $61288 | $63331 | $65293 | $68893 | $72539 |
| Total Personal Inc.(Mill 1996$) | $51097 | $52261 | $53917 | $56269 | $58095 | $59189 | $60573 | $61491 | $62269 | $64139 | $65540 |
| Per Capita Income ($) | $16567 | $17273 | $18102 | $19027 | $19782 | $20519 | $21475 | $22116 | $22701 | $23808 | $24900 |
| Per Capita Income(1996$) | $18860 | $19082 | $19491 | $20138 | $20607 | $20841 | $21224 | $21473 | $21651 | $22165 | $22499 |
| Consumer Price Deflator (South) | 0.88 | 0.91 | 0.93 | 0.94 | 0.96 | 0.98 | 1.01 | 1.03 | 1.05 | 1.07 | 1.11 |
| Population (Mill) | 2.71 | 2.74 | 2.77 | 2.79 | 2.82 | 2.84 | 2.85 | 2.86 | 2.88 | 2.89 | 2.91 |

Table 6-B

Mississippi Econometric Model
Selected Indicators
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross State Product(Nominal) | 6.9 | 4.7 | 3.8 | 3.9 | 4.2 | 3.1 | 2.2 | 3.4 | 4.6 | 5.4 | 5.2 |
| Gross State Product(Real) | 4.3 | 2.2 | 1.7 | 2.1 | 2.3 | 0.7 | -0.7 | 0.9 | 2.3 | 2.8 | 2.5 |
| Gross State Product Deflator | 2.5 | 2.5 | 2.1 | 1.8 | 1.8 | 2.3 | 2.9 | 2.5 | 2.2 | 2.6 | 2.6 |
| Total Employment, Residents | 2.1 | 1.2 | 1.1 | 1.0 | 0.9 | 1.3 | 0.3 | -1.0 | 0.3 | 1.2 | -0.5 |
| Civilian Labor Force | 1.9 | 1.0 | 0.8 | 0.6 | 0.5 | 1.4 | 0.4 | -0.4 | 0.7 | 0.9 | 0.3 |
| Unemployment Rate | -3.1 | -2.8 | -3.9 | -6.8 | -6.8 | 1.6 | 3.4 | 9.7 | 6.3 | -3.9 | 11.1 |
| Total Personal Income(Nominal) | 6.4 | 5.4 | 5.9 | 6.2 | 4.9 | 4.5 | 5.2 | 3.3 | 3.1 | 5.5 | 5.3 |
| Total Personal Income(Real) | 3.4 | 2.3 | 3.2 | 4.4 | 3.2 | 1.9 | 2.3 | 1.5 | 1.3 | 3.0 | 2.2 |
| Per Capita Income(Nominal) | 5.1 | 4.3 | 4.8 | 5.1 | 4.0 | 3.7 | 4.7 | 3.0 | 2.6 | 4.9 | 4.6 |
| Per Capita Income(Real) | 2.2 | 1.2 | 2.1 | 3.3 | 2.3 | 1.1 | 1.8 | 1.2 | 0.8 | 2.4 | 1.5 |
| Consumer Price Deflator (South) | 2.9 | 3.0 | 2.6 | 1.7 | 1.6 | 2.6 | 2.8 | 1.8 | 1.8 | 2.4 | 3.1 |
| Population | 1.2 | 1.1 | 1.0 | 1.0 | 0.9 | 0.7 | 0.5 | 0.3 | 0.4 | 0.6 | 0.7 |

Table 7-A

U.S. Economic Indicators
Global Insight, Inc.--June 2006

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Domestic Product(Bill $) | $7398 | $7817 | $8304 | $8747 | $9268 | $9817 | $10128 | $10470 | $10971 | $11734 | $12487 |
| Gross Domestic Product(Bill Constant$) | $8032 | $8329 | $8704 | $9067 | $9470 | $9817 | $9891 | $10049 | $10321 | $10756 | $11135 |
| GDP Price Deflator | 92.1 | 93.9 | 95.4 | 96.5 | 97.9 | 100.0 | 102.4 | 104.2 | 106.3 | 109.1 | 112.2 |
| Total Civilian Employment(Mill) | 124.9 | 126.7 | 129.6 | 131.5 | 133.5 | 136.9 | 136.9 | 136.5 | 137.7 | 139.2 | 141.7 |
| Unemployment Rate(Percent) | 5.6 | 5.4 | 4.9 | 4.5 | 4.2 | 4.0 | 4.7 | 5.8 | 6.0 | 5.5 | 5.1 |
| Personal Income(Bill $) | $6152 | $6521 | $6915 | $7423 | $7802 | $8430 | $8724 | $8882 | $9169 | $9713 | $10238 |
| Prime Rate(Percent) | 8.8 | 8.3 | 8.4 | 8.4 | 8.0 | 9.2 | 6.9 | 4.7 | 4.1 | 4.3 | 6.2 |
| 30-Year Mortgage Rate(Percent) | 8.0 | 7.8 | 7.6 | 6.9 | 7.4 | 8.1 | 7.0 | 6.5 | 5.8 | 5.8 | 5.9 |
| State and Local Receipts(Bill $) | $672 | $710 | $750 | $795 | $840 | $893 | $916 | $929 | $973 | $1048 | $1139 |
| Consumer Price Index(1982=100) | 152.4 | 156.9 | 160.5 | 163.0 | 166.6 | 172.2 | 177.0 | 179.9 | 184.0 | 188.9 | 195.3 |
| Per Capita Income ($) | $23044 | $24140 | $25296 | $26841 | $27893 | $29808 | $30533 | $30779 | $31462 | $33012 | $34477 |

Table 7-B

U.S. Economic Indicators
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Domestic Product(Nominal) | 4.6 | 5.7 | 6.2 | 5.3 | 6.0 | 5.9 | 3.2 | 3.4 | 4.8 | 7.0 | 6.4 |
| Gross Domestic Product(Real) | 2.5 | 3.7 | 4.5 | 4.2 | 4.4 | 3.7 | 0.8 | 1.6 | 2.7 | 4.2 | 3.5 |
| GDP Price Deflator | 2.0 | 1.9 | 1.7 | 1.1 | 1.4 | 2.2 | 2.4 | 1.7 | 2.0 | 2.6 | 2.8 |
| Total Civilian Employment | 1.5 | 1.5 | 2.3 | 1.5 | 1.5 | 2.5 | 0.0 | -0.3 | 0.9 | 1.1 | 1.8 |
| Unemployment Rate | -8.3 | -3.3 | -8.6 | -8.9 | -6.3 | -5.9 | 19.5 | 22.0 | 3.7 | -8.1 | -8.3 |
| Personal Income | 5.3 | 6.0 | 6.1 | 7.3 | 5.1 | 8.0 | 3.5 | 1.8 | 3.2 | 5.9 | 5.4 |
| Prime Rate | 23.7 | -6.3 | 2.1 | -1.0 | -4.3 | 15.5 | -25.0 | -32.5 | -11.8 | 5.3 | 42.5 |
| 30-Year Mortgage Rate, | -4.9 | -1.9 | -2.7 | -8.6 | 7.0 | 8.5 | -13.5 | -6.2 | -11.0 | 0.4 | 0.4 |
| State and Local Receipts | 4.3 | 5.6 | 5.7 | 6.0 | 5.7 | 6.3 | 2.5 | 1.4 | 4.7 | 7.7 | 8.8 |
| Consumer Price Index | 2.8 | 2.9 | 2.3 | 1.5 | 2.2 | 3.4 | 2.8 | 1.6 | 2.3 | 2.7 | 3.4 |
| Per Capita Income | 4.1 | 4.8 | 4.8 | 6.1 | 3.9 | 6.9 | 2.4 | 0.8 | 2.2 | 4.9 | 4.4 |

Table 8-A

General Fund Transfers, Other Revenues
Fiscal Years

(Millions of Current$)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax | $1063.8 | $1078.4 | $1141.6 | $1227.9 | $1310.6 | $1371.1 | $1383.5 | $1409.3 | $1432.6 | $1492.8 | $1583.5 |
| Use Tax | $152.6 | $138.6 | $146.9 | $151.7 | $170.0 | $158.9 | $159.5 | $158.3 | $149.9 | $154.3 | $157.4 |
| Individual Income Tax | $684.3 | $741.2 | $791.0 | $881.6 | $973.9 | $1005.0 | $1033.8 | $994.3 | $1020.0 | $1061.5 | $1165.9 |
| Corporate Tax | $264.5 | $262.0 | $291.8 | $286.3 | $298.1 | $295.7 | $273.7 | $254.3 | $288.8 | $315.5 | $361.3 |
| Tobacco Tax | $56.1 | $56.4 | $56.7 | $57.4 | $57.0 | $56.4 | $55.5 | $55.6 | $55.6 | $55.6 | $56.0 |
| Beer and Wine Tax | $28.2 | $28.2 | $28.6 | $28.8 | $31.0 | $30.8 | $30.3 | $30.6 | $30.2 | $30.4 | $30.2 |
| Auto Tag Fees | $9.1 | $9.4 | $9.7 | $10.8 | $11.1 | $10.3 | $10.1 | $10.4 | $11.5 | $12.5 | $12.6 |
| Total Severance Tax* | $17.5 | $17.0 | $20.4 | $18.3 | $10.2 | $15.0 | $10.0 | $0.0 | $0.0 | $0.0 | $10.0 |
| Insurance Department | $82.6 | $86.6 | $91.2 | $93.9 | $93.7 | $96.3 | $102.5 | $110.0 | $120.4 | $132.8 | $135.6 |
| Liquor Transfers | $36.3 | $37.1 | $38.1 | $39.6 | $41.1 | $42.4 | $43.2 | $44.8 | $46.3 | $47.6 | $50.5 |
| Other Tax Commission Transfers | $160.1 | $145.4 | $153.4 | $169.7 | $194.9 | $203.0 | $235.4 | $221.9 | $211.0 | $207.5 | $204.8 |
| (Gaming Fees, Taxes) | $128.7 | $110.5 | $119.6 | $126.9 | $141.8 | $158.2 | $161.6 | $164.8 | $166.1 | $167.3 | $168.5 |
| Total Tax Commission Transfers | $2555.2 | $2600.3 | $2769.5 | $2966.0 | $3191.4 | $3284.9 | $3337.5 | $3289.4 | $3366.3 | $3510.5 | $3767.8 |

Table 8-B

General Fund Transfers, Other Revenues
Growth Rates

(Percent)

| Description | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax | 5.0 | 1.4 | 5.9 | 7.6 | 6.7 | 4.6 | 0.9 | 1.9 | 1.7 | 4.2 | 6.1 |
| Use Tax | 8.8 | -9.1 | 6.0 | 3.3 | 12.1 | -6.5 | 0.3 | -0.8 | -5.3 | 2.9 | 2.0 |
| Individual Income Tax | 8.1 | 8.3 | 6.7 | 11.5 | 10.5 | 3.2 | 2.9 | -3.8 | 2.6 | 4.1 | 9.8 |
| Corporate Tax | 21.2 | -1.0 | 11.4 | -1.9 | 4.1 | -0.8 | -7.4 | -7.1 | 13.6 | 9.3 | 14.5 |
| Tobacco Tax | 3.6 | 0.5 | 0.6 | 1.2 | -0.7 | -1.0 | -1.6 | 0.2 | -0.1 | 0.0 | 0.8 |
| Beer and Wine | 1.2 | -0.2 | 1.3 | 0.8 | 7.6 | -0.6 | -1.8 | 1.2 | -1.3 | 0.5 | -0.6 |
| Auto Tag Fees | -8.1 | 3.5 | 3.3 | 10.9 | 2.6 | -7.3 | -1.9 | 3.3 | 10.8 | 8.7 | 0.7 |
| Total Severance Tax* | -18.3 | -3.0 | 20.4 | -10.4 | -44.5 | 47.6 | -33.3 | -100.0 | ... | ... | ... |
| Insurance Department | 37.7 | 4.8 | 5.3 | 3.0 | -0.3 | 2.8 | 6.4 | 7.3 | 9.5 | 10.3 | 2.1 |
| Liquor Transfers | 2.7 | 2.3 | 2.8 | 3.8 | 3.7 | 3.2 | 2.0 | 3.6 | 3.3 | 2.8 | 6.1 |
| Other Tax Commission Transfers | 30.8 | -9.2 | 5.5 | 10.6 | 14.8 | 4.2 | 16.0 | -5.8 | -4.9 | -1.6 | -1.3 |
| (Gaming Fees, Taxes) | 35.6 | -14.2 | 8.2 | 6.1 | 11.7 | 11.6 | 2.1 | 2.0 | 0.8 | 0.7 | 0.7 |
| Total Tax Commission Transfers | 9.4 | 1.8 | 6.5 | 7.1 | 7.6 | 2.9 | 1.6 | -1.4 | 2.3 | 4.3 | 7.3 |

*100% of severance taxes were diverted to special funds under SB2680 until 2005.

Table 9-A

Mississippi Econometric Model
Average Annual Wage Rates

(Thousands of Current$)

| Description | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | $20.6 | $21.4 | $22.1 | $23.1 | $24.2 | $24.9 | $25.7 | $26.3 | $27.1 | $28.1 | $29.0 |
| Manufacturing | $23.2 | $23.9 | $24.9 | $26.0 | $27.2 | $28.1 | $29.1 | $29.6 | $30.6 | $32.2 | $33.5 |
| Construction and Mining | $21.7 | $21.7 | $22.7 | $23.8 | $25.8 | $26.4 | $26.7 | $28.6 | $29.9 | $29.7 | $29.6 |
| Agric. Forestry & Fishing | $11.7 | $10.3 | $11.3 | $11.6 | $14.3 | $15.3 | $15.2 | $20.7 | $20.9 | $23.2 | $23.4 |
| Transportation. Utilities | $26.9 | $28.1 | $28.7 | $30.0 | $30.6 | $31.1 | $33.3 | $34.4 | $35.3 | $36.5 | $37.9 |
| Retail Trade | $14.9 | $15.2 | $15.8 | $16.4 | $17.2 | $17.8 | $18.1 | $18.6 | $19.0 | $19.8 | $20.2 |
| Wholesale Trade | $28.2 | $29.2 | $30.2 | $31.3 | $33.4 | $34.6 | $35.8 | $36.0 | $37.1 | $38.5 | $40.6 |
| Finance. Insurance. Real Estate | $23.9 | $24.8 | $25.5 | $26.6 | $28.6 | $28.9 | $30.6 | $31.9 | $33.2 | $34.2 | $36.0 |
| Health & Education Services | $21.3 | $22.3 | $23.4 | $24.6 | $26.0 | $26.7 | $27.7 | $28.4 | $29.6 | $30.7 | $31.7 |
| Leisure & Hospitality | $11.4 | $12.0 | $12.6 | $13.2 | $13.9 | $14.3 | $14.9 | $15.8 | $15.8 | $15.9 | $16.3 |
| Professional & Business Services | $21.4 | $22.4 | $23.5 | $24.7 | $26.1 | $26.8 | $27.8 | $29.8 | $31.0 | $32.0 | $32.5 |
| Info Services | $37.0 | $36.6 | $34.5 | $35.5 | $35.3 | $36.0 | $35.2 | $36.4 | $35.3 | $35.0 | $36.7 |
| Other Services | $19.6 | $20.6 | $21.6 | $22.6 | $23.9 | $24.6 | $25.5 | $25.8 | $27.4 | $28.6 | $28.7 |
| Government | $20.6 | $22.0 | $22.7 | $23.5 | $24.4 | $25.4 | $26.1 | $26.3 | $27.0 | $28.4 | $29.3 |

Table 9-B

Mississippi Econometric Model
Average Annual Wage Rates
Growth Rates

(Percent)

| Description | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 3.7 | 3.8 | 3.4 | 4.3 | 4.9 | 2.6 | 3.2 | 2.7 | 3.0 | 3.6 | 3.1 |
| Manufacturing | 3.9 | 2.9 | 4.2 | 4.8 | 4.3 | 3.6 | 3.2 | 1.8 | 3.4 | 5.2 | 4.2 |
| Construction & Mining | 3.7 | 0.0 | 4.5 | 5.1 | 8.3 | 2.1 | 1.2 | 7.2 | 4.6 | -0.5 | -0.6 |
| Agric. Forestry & Fishing | 12.6 | -12.1 | 9.7 | 2.5 | 23.1 | 7.1 | -0.2 | 35.9 | 0.8 | 11.0 | 1.1 |
| Transportation. Utilities | 3.0 | 4.6 | 2.1 | 4.5 | 2.1 | 1.6 | 7.0 | 3.2 | 2.7 | 3.2 | 3.9 |
| Retail Trade | 2.3 | 2.1 | 3.4 | 4.3 | 4.6 | 3.6 | 1.5 | 2.7 | 2.5 | 3.9 | 2.3 |
| Wholesale Trade | 4.4 | 3.7 | 3.2 | 3.7 | 6.9 | 3.6 | 3.4 | 0.4 | 3.0 | 4.0 | 5.4 |
| Finance. Insurance. Real Estate | 2.9 | 3.9 | 2.7 | 4.6 | 7.3 | 1.2 | 5.7 | 4.4 | 4.0 | 3.0 | 5.4 |
| Health & Education Services | 6.7 | 4.8 | 5.0 | 4.8 | 5.7 | 2.7 | 4.0 | 2.4 | 4.4 | 3.6 | 3.1 |
| Leisure & Hospitality | 6.7 | 4.8 | 5.0 | 4.8 | 5.7 | 2.7 | 4.0 | 5.9 | 0.2 | 0.9 | 2.1 |
| Professional & Business Services | 6.7 | 4.8 | 5.0 | 4.8 | 5.7 | 2.7 | 4.0 | 7.2 | 3.7 | 3.3 | 1.7 |
| Info Services | 3.6 | -1.2 | -5.7 | 2.9 | -0.6 | 2.1 | -2.3 | 3.5 | -3.2 | -0.8 | 5.0 |
| Other Services | 6.7 | 4.8 | 5.0 | 4.8 | 5.7 | 2.7 | 4.0 | 0.9 | 6.5 | 4.1 | 0.6 |
| Government | 5.2 | 6.9 | 3.0 | 3.4 | 4.2 | 3.9 | 2.8 | 0.6 | 2.6 | 5.5 | 3.1 |