

## Labor and Employment in Mississippi

Mississippi ranks last among states across a variety of economic and social well-being measures. One important summary measure of well-being is per capita personal income, and Mississippi shows no exceptions here. Mississippi ranked 50<sup>th</sup> in per capita personal income in 2014 and would have needed an additional \$5.1 billion in income that year to pull its ranking up to 49<sup>th</sup>.<sup>1</sup>

Personal income is the sum of income from net earnings, personal transfer receipts, and dividends, interest, and rent, and per capita personal income is personal income divided by the total population. In 2014, Mississippi's per capita personal income was \$34,431. Sixty percent of this figure was comprised of earnings. For the nation, earnings made up 64 percent of per capita personal income in 2014.

Consistent with its ranking in per capita personal income, Mississippi also ranks last in per capita earnings and in average weekly earnings. These figures are displayed in Table 1 below. Per capita earnings are calculated in a manner similar to per capita personal income. They are total net earnings from wages and salaries *divided by the total population*. Average weekly earnings are calculated as average hourly wages times average weekly hours *per worker*. Mississippi ranks 50<sup>th</sup> in per capita earnings and its per capita earnings are less than one-half of the top ranked state of Connecticut. Mississippi also ranks 50<sup>th</sup> in average weekly earnings of \$714 per week, a figure roughly 44 percent lower than the top ranked state of New York. Clearly, if Mississippi wants to improve economically, it must improve earnings.

This paper provides insights as to why Mississippi performs poorly with respect to earnings by examining the characteristics of those individuals who are working or trying to work (the labor force), as well as the characteristics of the jobs available in Mississippi. More specifically,

- Section 1 examines Mississippi's population, labor force, employment, and unemployment rates,
- Section 2 examines the types of jobs available in Mississippi, including where people work and what their wages are,
- Section 3 provides a number of "what-if" analyses illustrating to what extent more and better jobs in Mississippi will improve the economic status of the state, and
- The Appendix provides information on labor force data sources.

When appropriate, Mississippi's situation is compared to the nation as well as to two comparison groups. The first comparison group includes Mississippi's neighboring states – Alabama, Arkansas, Louisiana, and Tennessee. These neighboring states provide a relevant comparison group because they are somewhat similar to Mississippi in terms of geography as well as cultural and racial make-up. However, these neighboring states have performed better economically than Mississippi has. For example, in 2014, Alabama ranked 44<sup>th</sup> in per capita income, Arkansas

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<sup>1</sup> See *Per Capita Personal Income in Mississippi* for more information about Mississippi's per capita income.

ranked 40<sup>th</sup>, Tennessee ranked 36<sup>th</sup>, and Louisiana ranked 30<sup>th</sup>. The second comparison group is comprised of the four states that claim the ranks of 46<sup>th</sup> to 49<sup>th</sup> in the per capita income rankings. This group includes Idaho (47<sup>th</sup>), New Mexico (46<sup>th</sup>), South Carolina (48<sup>th</sup>), and West Virginia (49<sup>th</sup>).

Table 1. State Rankings for Average Weekly Earnings and Per Capita Earnings in 2014					
Average Weekly Earnings			Per Capita Earnings		
1	New York	\$ 1,267	1	Connecticut	\$ 42,973
2	Massachusetts	1,233	2	New Jersey	39,227
3	Connecticut	1,229	3	Massachusetts	39,006
4	New Jersey	1,165	4	North Dakota	38,054
5	California	1,135	5	Maryland	36,394
6	Maryland	1,065	6	Alaska	36,234
7	Washington	1,058	7	New York	35,411
8	Illinois	1,040	8	New Hampshire	35,185
9	Alaska	1,027	9	Virginia	33,548
10	Delaware	1,023	10	Colorado	32,637
11	Texas	1,023	11	Minnesota	32,458
12	Virginia	1,018	12	California	32,386
13	Colorado	1,014	13	Nebraska	32,007
14	Minnesota	992	14	Wyoming	31,821
15	New Hampshire	984	15	Texas	31,786
16	North Dakota	978	16	Washington	31,543
17	Pennsylvania	972	17	Illinois	31,517
18	Rhode Island	948	18	Pennsylvania	30,427
19	Michigan	932	19	Rhode Island	30,114
20	Georgia	926	20	Delaware	29,618
21	Arizona	902	21	Iowa	29,523
22	Oregon	895	22	Kansas	29,280
23	Wyoming	894	23	Hawaii	29,107
24	Ohio	885	24	Wisconsin	28,705
25	Louisiana	872	25	South Dakota	28,626
26	Hawaii	869	26	Oklahoma	28,463
27	Tennessee	869	27	Vermont	27,999
28	North Carolina	865	28	Ohio	27,355
29	Florida	862	29	Louisiana	27,021
30	Nevada	860	30	Tennessee	26,350
31	Missouri	851	31	Missouri	25,986
32	Wisconsin	843	32	Utah	25,818
33	Oklahoma	842	33	Indiana	25,787
34	Alabama	832	34	Georgia	25,683
35	Vermont	827	35	Michigan	25,185
36	Utah	826	36	Nevada	25,070
37	Kansas	821	37	Oregon	24,867
38	Indiana	818	38	North Carolina	24,647
39	Iowa	818	39	Maine	24,450
40	Kentucky	807	40	Arizona	23,275
41	New Mexico	806	41	Montana	23,240
42	Nebraska	792	42	Florida	22,986
43	West Virginia	792	43	Alabama	22,761
44	South Carolina	785	44	Kentucky	22,535
45	Maine	778	45	Idaho	22,272
46	Arkansas	769	46	South Carolina	22,255
47	Montana	748	47	New Mexico	21,856
48	South Dakota	744	48	Arkansas	21,257
49	Idaho	730	49	West Virginia	21,073
50	Mississippi	714	50	Mississippi	20,544

Source: QCEW for average weekly earnings; BEA for per capita earnings.

## 1. Understanding Mississippi's Labor Force

### *Mississippi's Population*

An examination of Mississippi's population is a starting point for understanding the labor force in Mississippi. Table 2 provides selected demographic characteristics for the nation, Mississippi, neighboring states, and poorly performing states. The following comparisons are notable:

- Roughly 61 percent of Mississippi's population is 18 to 64 years of age. This is a full percentage point lower than the nation as a whole and this statistic is lower for Mississippi than for all of the comparison states except Arkansas, Idaho, and New Mexico.<sup>2</sup>
- As far as education is concerned, Mississippi trails the nation, neighboring states, and most poorly performing states. Of particular note, Mississippi is almost on par with Arkansas in terms of college graduates but Mississippi is a few percentage points behind Arkansas in terms of high school graduates. West Virginia has a higher percentage of high school graduates but a lower percentage of college graduates.
- The percentage of individuals who are disabled<sup>3</sup> is much higher in Mississippi and in the neighboring states than in the nation. Of the population under 65 years of age, 11.9 percent of Mississippians are disabled while only 8.5 percent of the nation is disabled. Arkansas experiences a slightly higher percentage at 12.2 percent. Among other poorly performing states, only West Virginia has a higher percentage of disabled individuals than Mississippi.
- More Mississippian's (16.8 percent) are without health insurance than are citizens in most neighboring states or in the nation (12.0 percent). Only Arkansas ranks higher in individuals without health insurance at 17.0 percent. New Mexico's percent without health insurance is on par with Mississippi at 16.8, but other poorly performing states have fewer uninsured individuals.

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<sup>2</sup> While Mississippi has a smaller percentage of individuals in the 18 to 64 years of age category, a 2012 report on Mississippi's labor force participation rate (LFPR) by the W.E. Upjohn Institute indicates that differences in Mississippi's age composition (relative to other states examined in the study) are not responsible for Mississippi's lower overall LFPR. By taking Mississippi's LFPR (by age and gender subgroup) and applying it the percentage of people (by age and gender subgroup) in comparison states, there is a "negligible effect on Mississippi's overall LFPR." Thus, the issue is not that Mississippi has fewer people in the prime working age category of 18 to 64. The issue is that Mississippians on the whole have lower LFPRs. More about LFPRs is discussed below. See Lachowska, Marta, and Stephen A. Woodbury with the assistance of Jing Cai, Francesca Fazio, Brian Pittelko. 2012. "Labor Force Participation in Mississippi and other Southern States: Final Report." Upjohn Institute Technical Report No. 12-027. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, p. 26.

<sup>3</sup> The American Community Survey defines a person as disabled if he or she experiences any of the following: hearing difficulty, vision difficulty, cognitive difficulty, ambulatory difficulty, self-care difficulty, and independent-living difficulty. See <https://www.census.gov/people/disability/methodology/acs.html>.

- Mississippi's racial composition is quite different from that of the nation and all comparison states. Nationally, 13.2 percent of the population is African American. Mississippi's population is 37.5 percent African American, the highest of any state in the nation. Louisiana ranks second in the nation, with 32.5 percent of its population comprised of African Americans.
- Less than one-half of Mississippi's population lives in urban areas. At 49.4 percent, the percentage of people living in an urban area in Mississippi is strikingly lower than the percentage for the nation as a whole (80.7 percent) and ranks last among the neighboring states. Among other poorly performing states, only West Virginia claims a lower percentage (48.7) of its population living in urban areas.
- Mississippi experiences higher rates of unemployment than the nation and all comparison states and Mississippi has the lowest per capita income in the nation.

Table 2. Selected Characteristics of the Population (1)											
			Neighboring States				Poorly Performing States				
	United States	Mississippi	Alabama	Arkansas	Louisiana	Tennessee	Idaho	New Mexico	South Carolina	West Virginia	
<i>Population:</i>											
Persons under 5 years	6.2	6.4	6.0	6.4	6.7	6.1	6.8	6.5	5.9	5.6	
Persons under 18 years	22.9	24.3	22.7	23.7	23.9	22.7	26.2	23.8	22.3	20.6	
Persons 65 years and over	14.9	14.7	15.7	16.0	14.0	15.4	14.7	15.8	16.2	18.2	
Percent 18 to 64 years (calculated)	62.2	61.0	61.6	60.3	62.1	61.9	59.1	60.4	61.5	61.2	
<i>Education:</i>											
High school graduate or higher, percent of persons age 25 years+, 2010-2014	86.3	81.9	83.7	84.3	82.8	84.9	89.1	84.0	85.0	84.4	
Bachelor's degree or higher, percent of persons age 25 years+, 2010-2014	29.3	20.4	23.1	20.6	22.1	24.4	25.4	26.1	25.3	18.7	
<i>Disability Status of the Civilian Noninstitutionalized Population:</i>											
With a disability, under age 65 years, percent, 2010-2014	8.5	11.9	11.7	12.2	11.1	11.2	8.8	9.9	10.2	14.4	
<i>Health Insurance:</i>											
Persons without health insurance, under age 65 years	12.0	16.8	14.2	13.9	17.0	14.1	15.7	16.8	16.0	10.4	
<i>Race:</i>											
Black or African American Alone	13.3	37.6	26.8	15.7	32.5	17.1	0.8	2.6	27.6	3.6	
White Alone	77.1	59.5	69.5	79.5	63.2	78.8	93.4	82.5	68.4	93.6	
Other *	9.6	2.9	3.7	4.8	4.3	4.1	5.8	14.9	4.0	2.8	
Hispanic or Latino**	17.6	3.1	4.2	7.2	5.0	5.2	12.2	48.0	5.5	1.5	
<i>Geography:</i>											
Percent living in urban areas (2)	80.7	49.4	59.0	56.2	73.2	66.4	70.6	77.4	66.3	48.7	
Population per square mile (2)	87.4	63.2	94.4	56.0	104.9	153.9	19.0	17.0	153.9	77.1	
<i>Marital Status:</i>											
Percent married couple households (3)	48.4	45.2	47.8	49.3	43.9	48.7	55.5	45.3	47.3	49.2	
<i>Economic Indicators:</i>											
Unemployment rate (4)	6.2	7.6	6.8	6.1	6.4	6.5	4.8	6.7	6.4	6.6	
Per Capita Income (5)	\$ 46,049	\$ 34,431	\$ 37,512	\$ 37,782	\$ 42,030	\$ 40,457	\$ 36,734	\$ 37,091	\$ 36,677	\$ 36,132	
<i>Union Status:</i>											
Percent union membership (6)	11.1	3.7	10.8	4.7	5.2	4.9	5.3	5.7	2.2	10.6	
* Includes American Indian and Alaska Native (alone), Asian (alone), Native Hawaiian and Other Pacific Islander (alone), and Two or More Races.											
** Hispanic or Latino may be of any race.											
(1) Source for all unless noted otherwise: U.S. Census Bureau, Quick, Facts, derived from 2015 ACS 5 year estimates.											
(2) 2010 Decennial Census, U.S. Census Bureau.											
(3) 2014 ACS 5 year estimates.											
(4) Bureau of Labor Statistics, Local Area Unemployment Statistics, 2014.											
(5) Bureau of Economic Analysis, 2014.											
(6) Bureau of Labor Statistics, 2014.											

## *Mississippi's Labor Force*

To understand Mississippi's labor force and its components, it is important to understand how the federal and state governments define measures related to the labor force. The following definitions are from the Bureau of Labor Statistics.<sup>4</sup>

Civilian non-institutional population - includes persons 16 years of age and older, who are not inmates of institutions (e.g., penal and mental facilities, homes for the aged), and who are not on active duty in the Armed Forces.

Labor force - all persons in the civilian non-institutional population classified as either employed or unemployed.

Unemployed – people are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. Actively looking for work may consist of any of the following activities:

- Contacting: an employer directly or having a job interview; a public or private employment agency; friends or relatives; a school or university employment center
- Submitting resumes or filling out applications
- Placing or answering job advertisements
- Checking union or professional registers
- Some other means of active job search

It is also important to note from these definitions that people who are capable of working will not be counted as part of the labor force if they are not working and are not actively seeking employment. These individuals are technically out of the labor force even if they would like to have a job.

Mississippi has a lower labor force participation rate (LFPR) than neighboring states. The labor force participation rate is calculated as the number of individuals in the labor force divided by the number of individuals in the civilian non-institutionalized population aged 16 and older. Thus, this rate indicates the proportion of the eligible population that is either working or attempting to work.

Graph 1 below portrays the LFPR for the nation, Mississippi, and neighboring states, and Graph 2 makes comparisons to poorly performing states. The figures in the legend reflect growth in LFPRs for each state from 1976 to 2015.

Participation rates for all states generally increased from 1976 through the early 2000s and then began declining.<sup>5</sup> At the national level, economists have studied trends in LFPRs. The upward

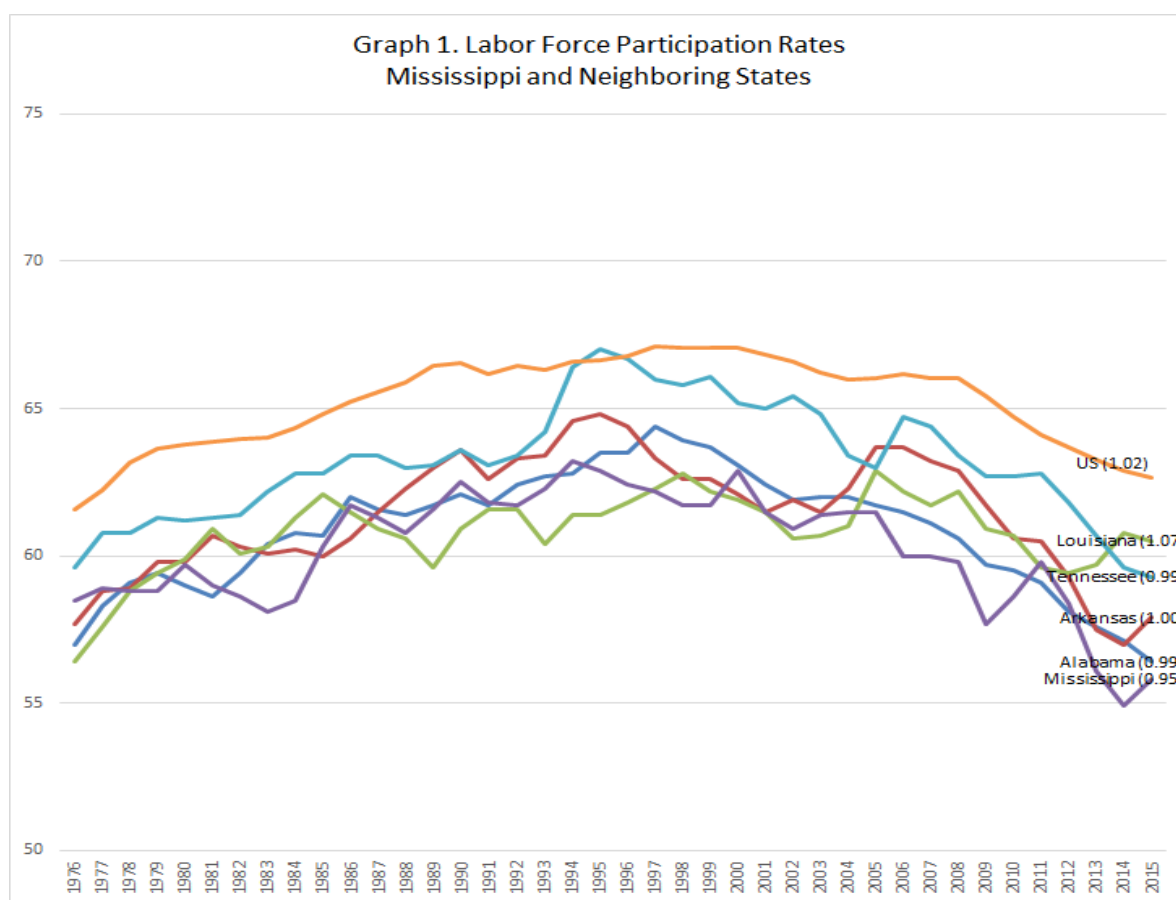
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<sup>4</sup> [www.bls.gov](http://www.bls.gov).

<sup>5</sup> The upward trend in the LFPR began in the sixties but only information from 1976 to the present is displayed here and in many of the following graphs. 1976 was chosen as the starting point simply because this is the first year of

trend in LFPRs through the nineties was driven by rapidly rising female LFPRs which dominated declining male LFPRs. Explanations for rising female LFPRs include rising real wages for women (which encouraged women to work more), changing preferences and attitudes toward women in the work place, improved household technology that decreased the amount of time necessary for household work, declining birth rates, and rising divorce rates.<sup>6</sup> Fujita attributes the decline in LFPRs from 2000 to 2013 to increased retirement and disability and a significant increase in the number of discouraged workers, or workers who would like to have a job but who do not actively seek one and, as such, are not counted among labor force participants.<sup>7</sup>

The graph below also illustrates that Mississippi's LFPR has remained below the nation's LFPR over this entire time period. In fact, Mississippi's LFPR has diverged from the nation's LFPR in recent years. Since 2005, Mississippi has persistently trailed neighboring states with the exception of pulling ahead of Alabama in 2011 and 2012. Moreover, Mississippi's LFPR is lower today than it was in 1976.



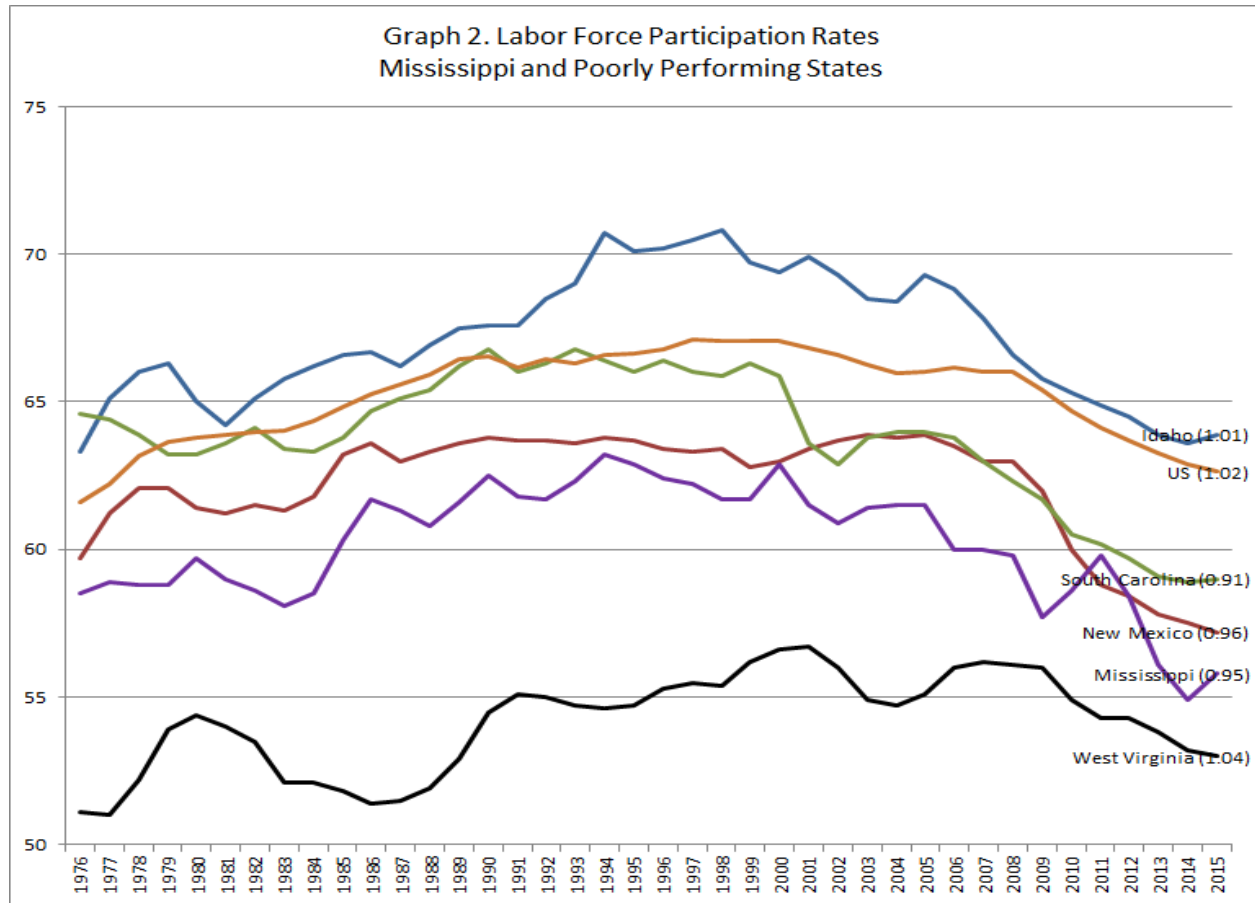
data that is reported on the BLS website in their readily available data under the “Data Tools” section of their website. Employment statistics are often readily available on the same website from 1990 to the present.

<sup>6</sup> See Campbell R. McConnell, Stanley L. Brue, and David A Macpherson, *Contemporary Labor Economics*, Tenth Edition, 2013.

<sup>7</sup> Shigeru Fujita, “On the Causes of Declines in the Labor Force Participation Rate,” Federal Reserve Bank of Philadelphia, February 6, 2014.



Among poorly performing states, West Virginia has claimed the lowest LFPR since 1976 by a sizable margin. Mississippi has not performed well either, however, lagging Idaho, New Mexico, and South Carolina in all but two years examined.



Source: LAUS for states, CPS for nation.

In 2012, the W.E. Upjohn Institute provided the Mississippi Governor's Office a report examining Mississippi's labor force participation relative to neighboring states and blueprint states.<sup>8</sup> Blueprint states are neighboring states plus Texas, Oklahoma, North Carolina, South Carolina, Kentucky, Georgia, and Florida. The study examines labor force participations rates across several key demographic characteristics and provides a number of points relevant to the present study.

The key descriptive points of the report are summarized below.

<sup>8</sup> Lachowska, Marta, and Stephen A. Woodbury with the assistance of Jing Cai, Francesca Fazio, Brian Pittelko. 2012. "Labor Force Participation in Mississippi and other Southern States: Final Report." Upjohn Institute Technical Report No. 12-027. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

- In 2010, Mississippi's LFPR was the third lowest in the nation.
- Except in the case of married women ages 25 to 54, the LFPRs of Mississippians are lower than those in the blueprint states. Married women between 25 and 54 have LFPRs that are similar to the same demographic in blueprint states.
- Relative to the blueprint states, a higher percentage of Mississippians live in non-metropolitan areas. This difference is important because residents of non-metropolitan areas have lower LFPRs than do residents of metropolitan areas.
- Mississippians are less educated relative to citizens in blueprint states. This difference is important because LFPRs tend to increase as education levels rise.
- Mississippi has a higher percentage of African American residents than blueprint states. This difference matters because some age/gender groups of African Americans have lower LFPRs than their Caucasian counterparts.
- A higher percentage of individuals younger than 54 receives Social Security Income in Mississippi relative to blueprint states. The authors indicate:

About 4.5 percent of Men 25-54 in Mississippi receive income from Social Security (presumably mainly in the form of Disability Income), compared with 3.8 in Neighboring States and 2.8 in the Blueprint States. These differences are substantial and suggest that the incidence of Social Security Disability receipt among prime-age males in Mississippi is 36 percent higher than in the Neighboring States, and 60 percent higher than in the Blueprint States. The differences are significant in view of the importance of Men 25-54 to the labor force.<sup>9</sup>

- A higher percentage of Mississippians receive Supplemental Security Income.<sup>10</sup> This holds for males and females and across all age categories examined.

The primary emphasis of the Upjohn Study is to provide an analysis of reasons for the gap between Mississippi's LFPR and the blueprint states' LFPR. The authors summarize their findings for the subgroups they examine as follows:

- The relatively high concentration of Mississippi residents in Non-Metropolitan areas is the most consistent reason for Mississippi's lower LFPR, reducing the LFPR of Mississippi's Men, Single Women, Older Persons, and Younger Persons.

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<sup>9</sup> Ibid, p. 39.

<sup>10</sup> The Social Security Disability Insurance program and the Supplemental Security Insurance program are both federally funded and run by the Social Security Administration. Social Security Disability is paid to disabled individuals who are insured, meaning that they worked for some period of time and paid Social Security taxes. The Supplemental Security Insurance program pays benefits based on financial need. In addition Supplemental Security Insurance benefits are available for disabled children and adults who have limited income and resources. See [www.ssa.disabilityssi/ssi](http://www.ssa.disabilityssi/ssi).

- Mississippi's relatively high percentage of Black residents has a mixed impact on its LFPR. For Men and Younger Persons, it tends to reduce the LFPR. For Married Women, it raises the LFPR because the LFPR of Black Married Women exceeds that of White Married Women.
- Higher incidence of health problems helps explain the lower LFPR of Mississippi's Men, Married Women, Single Women, and Older Persons.
- Higher incidence of government transfer receipt helps explain the lower LFPR of Mississippi's Men and Single Women.
- Lower educational attainment reduces the LFPR of Mississippi's Single Women, Older Persons, and (to a lesser extent) Younger Persons.<sup>11</sup>

According to the authors, these five measureable differences (percent in a Non-Metropolitan area, percent Black, percent with health problems, percent with government transfers, and lower educational levels) are capable of explaining "most" of the gap in LFPRs between Mississippians and individuals living in blueprint states for all but Younger Persons that are ages 16 to 24.

The Upjohn study is quite useful in identifying these key measurable factors influential to labor force participation. It is important to note, however, that the Upjohn Study did not quantify the reasons for the entire LFPR gap between Mississippi and the blueprint states. The Upjohn study indicates that the unexplained portion of the gap is due to "cultural, historical, and institutional factors that are difficult to measure and quantify."<sup>12</sup> This characterization of the unexplained portion of the LFPR gap seems somewhat mysterious but it shouldn't. This unexplained portion of the gap might be explained if the American Community Survey (ACS), the data set used in the Upjohn study, contained additional information about other factors important to labor force participation – such as access to health care, transportation, or child care. Since the ACS does not capture this information, the impact of such factors on the LFPR gap cannot be measured. What is important to recognize, though, is that the Upjohn study does identify four factors which have an impact on labor force participation that might be influenced by policy – non-metropolitan residence, health problems, educational attainment, and the receipt of government transfer payments.

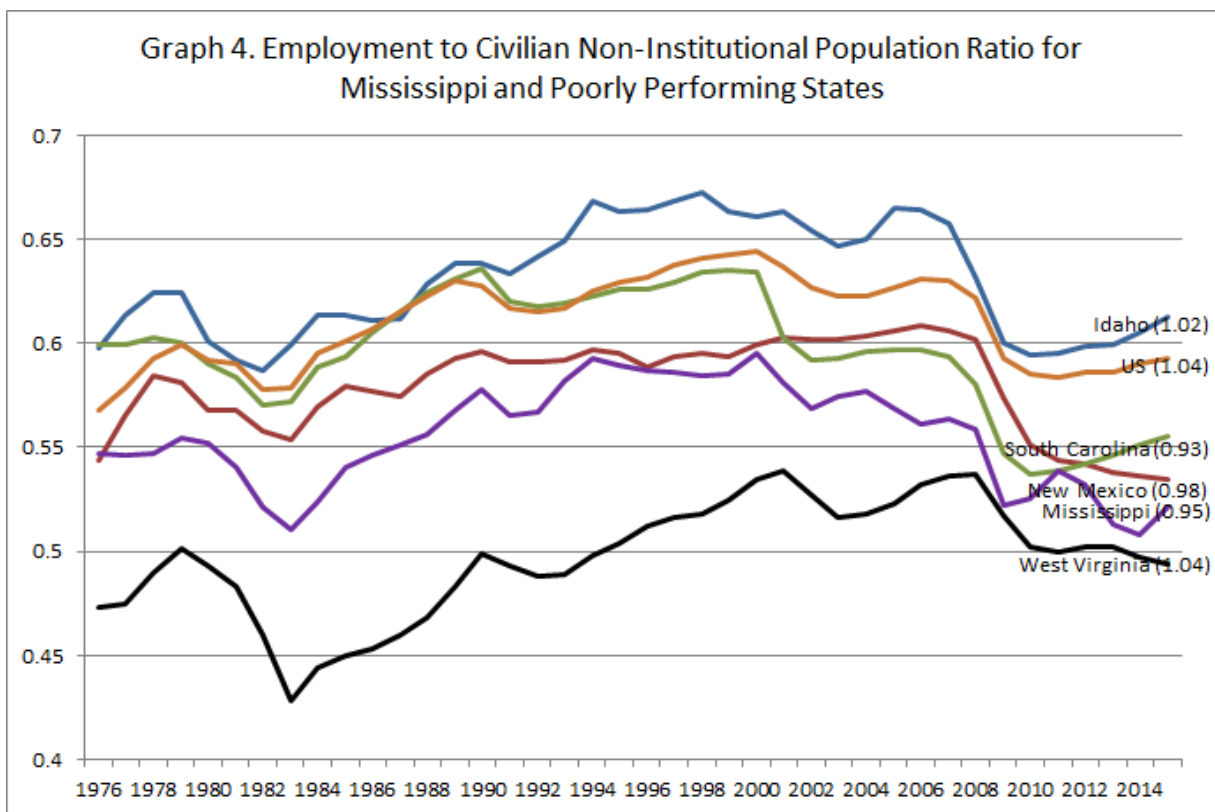
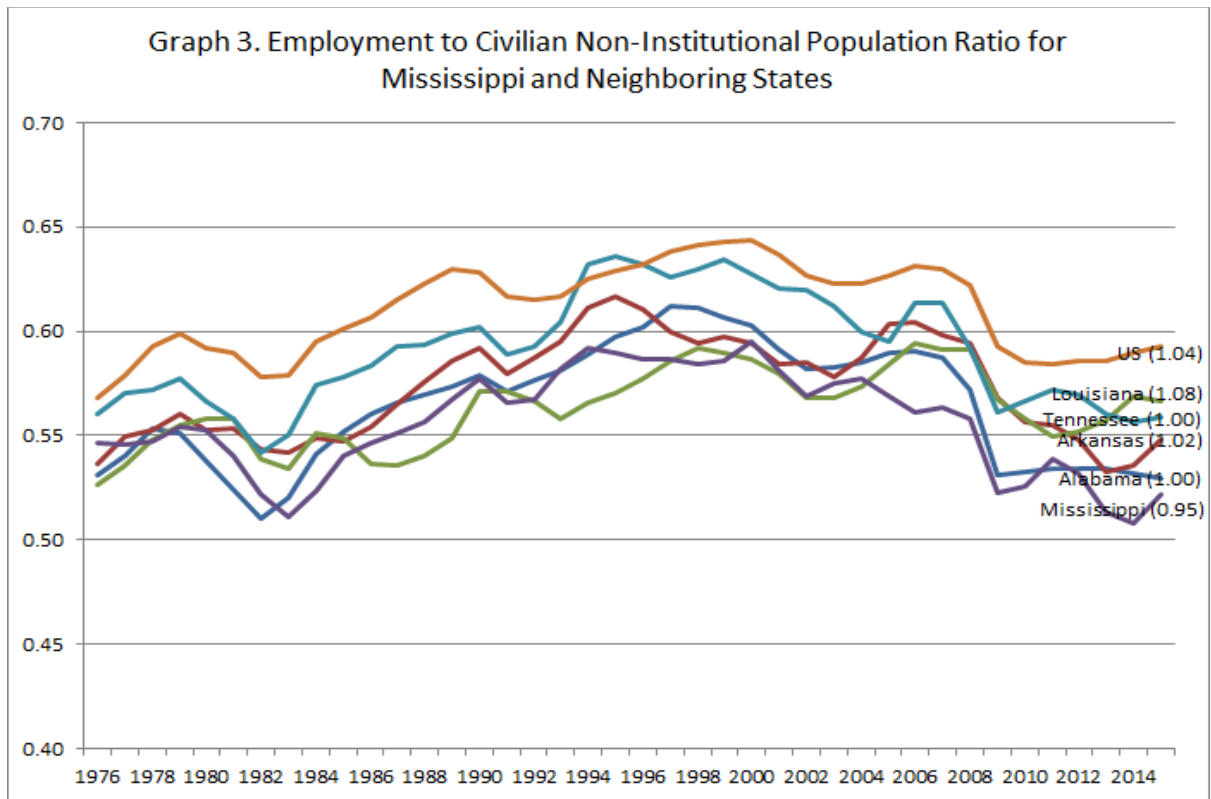
### *The Employed in Mississippi*

Graphs 3 and 4 show the employment to population ratio for Mississippi and comparison states. This ratio provides the proportion of the civilian non-institutionalized population employed. Since the early 2000s, Mississippi has claimed the lowest ratio among neighbors in all but one year. Relative to poorly performing states, Mississippi's employment to population ratio has been higher than only West Virginia's for many years. Note however that West Virginia's employment to population ratio has converged on Mississippi's since 1976.

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<sup>11</sup> Ibid, pp. 68-9.

<sup>12</sup> Ibid, p. 69.



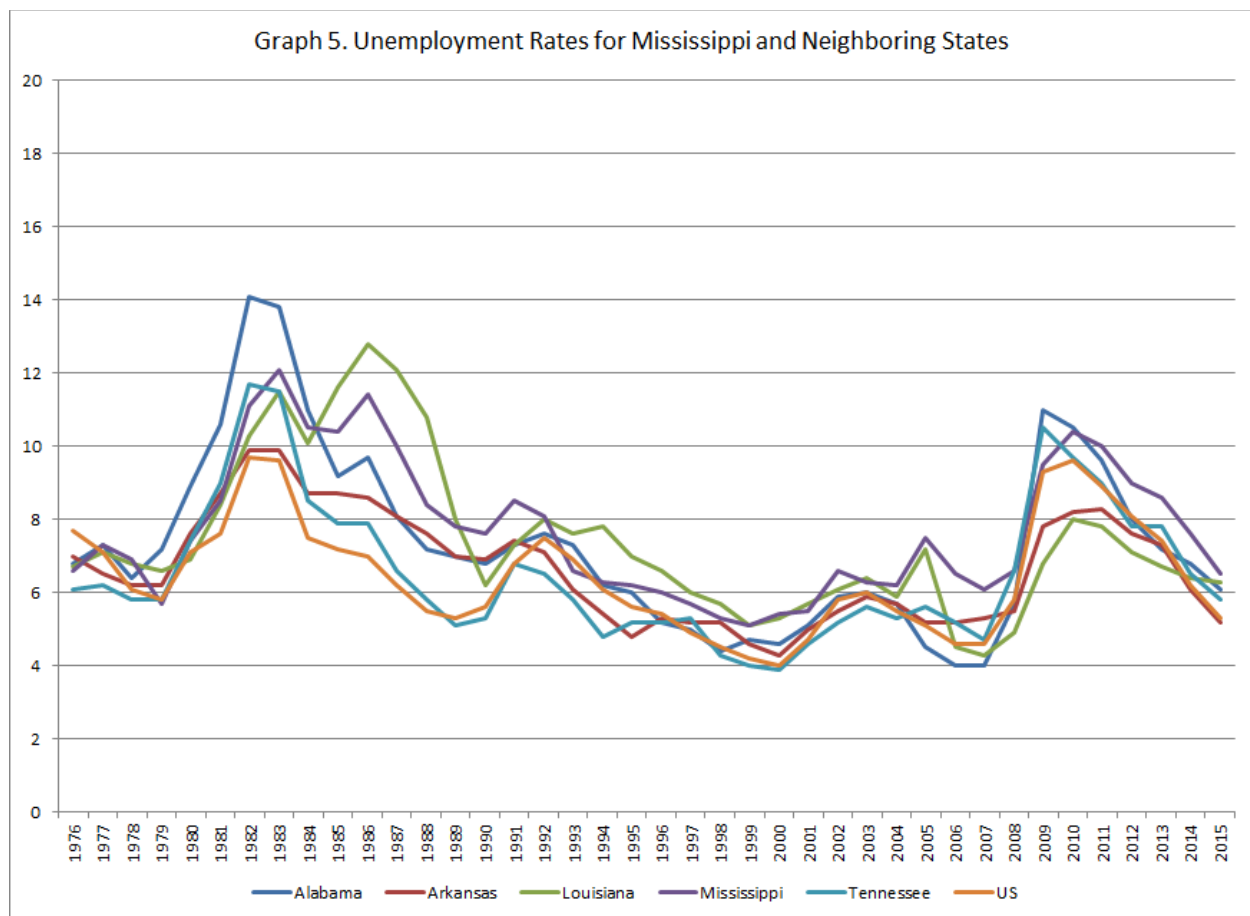
Source: LAUS for states, CPS for nation.

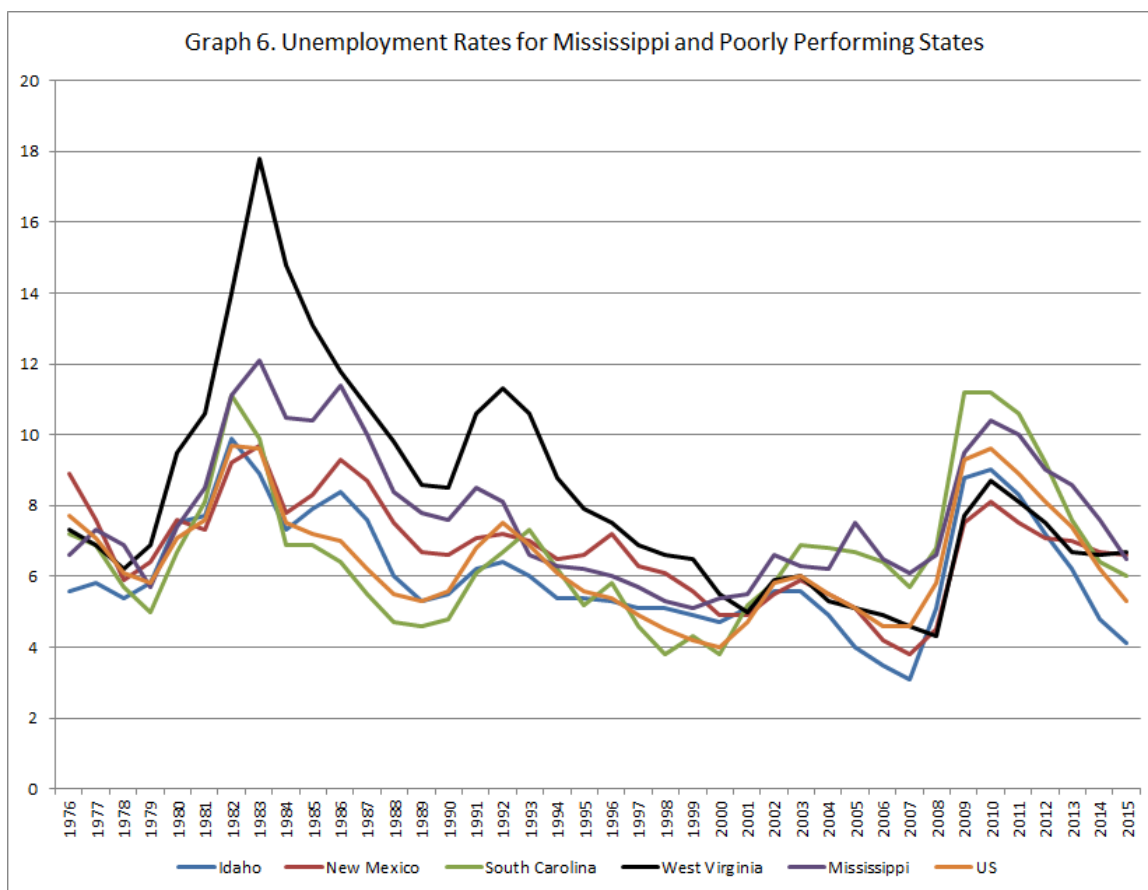
## *The Unemployed in Mississippi*

Graphs 5 and 6 display Mississippi's unemployment rate over time relative to the two comparison groups. The BLS defines the unemployment rate as the percentage of the labor force that is unemployed. The most often cited measure of unemployment and the "official" unemployment rate – the U3 unemployment rate – is portrayed below.

Over the time period portrayed, several trends are noticeable.

- Mississippi experiences unemployment rates that are higher than the nation.
- Unemployment rates are generally higher for all states and the nation during and after recessions.
- Since 2010, Mississippi's unemployment rate has been declining and converging on the unemployment rates of the neighboring states. Mississippi's unemployment rate is still higher than all neighboring states, however.
- Currently, Mississippi's unemployment rate is higher than Idaho's and South Carolina's. It is currently similar to the unemployment rate in New Mexico and West Virginia.





Source: LAUS for states, CPS for nation.

Graph 7 shows alternate measures of the unemployment rate in 2015 for Mississippi, neighboring states, poorly performing states, and the nation. The official unemployment rate – the U3 rate – is displayed in blue. Again, this unemployment rate is the total unemployed, as a percent of the civilian labor force. Mississippi’s rate is the highest among neighboring states at 6.5 percent in 2015. However, New Mexico and West Virginia experienced a higher U3 rate that year.

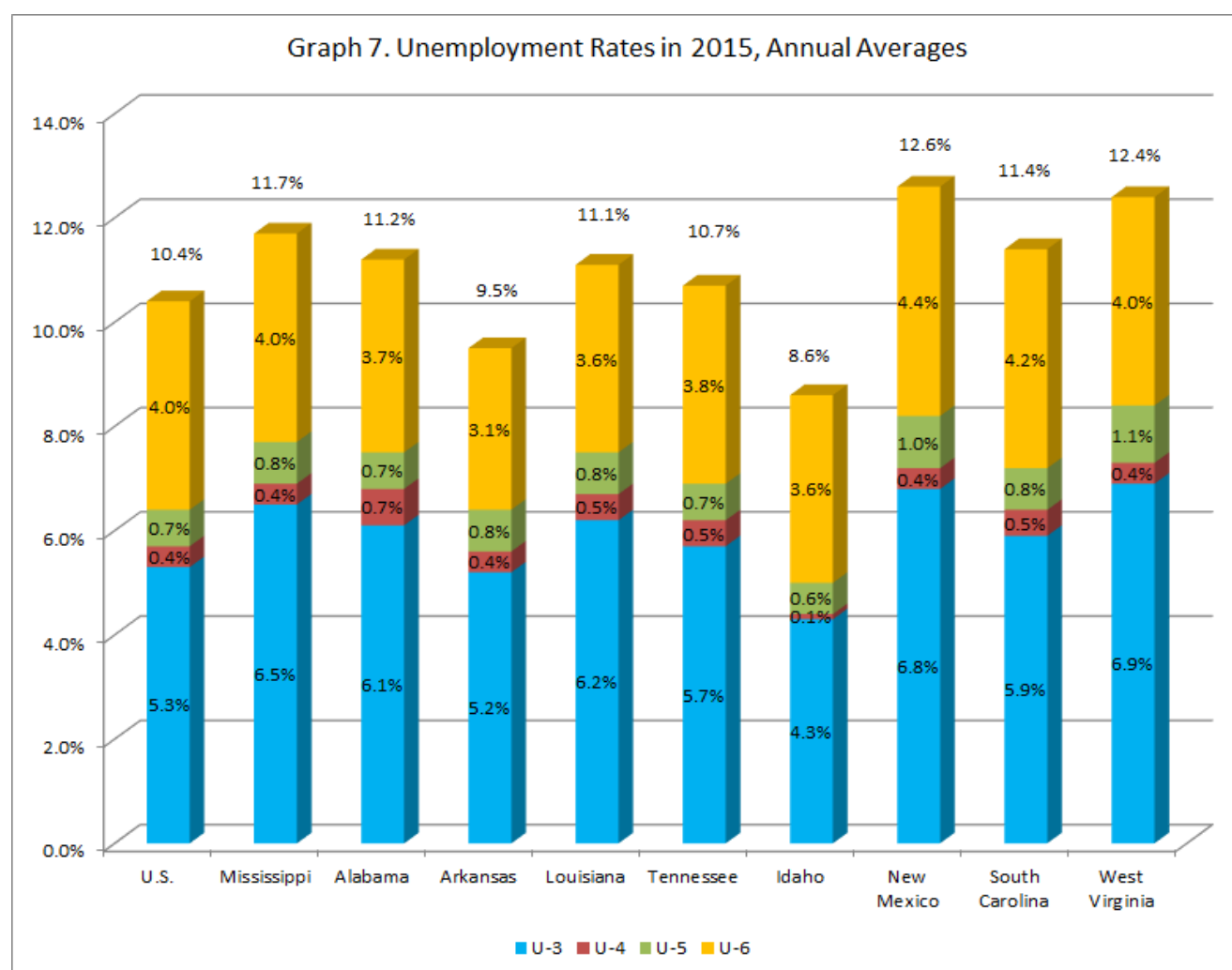
The U4 rate, which includes discouraged workers in both the numerator and denominator of the unemployment rate, adds 0.4 percentage points to Mississippi’s unemployment rate.<sup>13</sup> Examining the red portion of each bar in the graph indicates that Mississippi is on par with the nation as a whole in terms of the percentage of its workforce that is classified as discouraged and

<sup>13</sup> According to BLS website at [www.bls.gov/cps/lfcharacteristics.htm](http://www.bls.gov/cps/lfcharacteristics.htm), “Discouraged workers are a subset of persons marginally attached to the labor force. The marginally attached are those persons not in the labor force who want and are available for work, and who have looked for a job sometime in the prior 12 months, but were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey [which measures unemployment]. Among the marginally attached, discouraged workers were not currently looking for work specifically because they believed no jobs were available for them or there were none for which they would qualify.”

Mississippi has a lower percentage of discouraged workers than Alabama, Louisiana, and Tennessee.

The U-5 rate adds marginally attached workers to the numerator and the denominator of the unemployment rate. The green portion of each bar shows the effect of the addition of marginally attached workers. Here, Mississippi appears similar to the nation as well as to neighboring states. Among the poor performers, New Mexico and West Virginia claims the highest share of marginally attached workers.

The U-6 rate adds workers who are employed part time for economic reasons to the U-5 rate. As an example, workers may be employed part time for economic reasons when a full time job is not available to the worker due to a recession. The yellow portion of each bar below captures the portion of the U-6 rate due to these part time workers. Four percentage points of Mississippi's total U-6 rate is the result of such part time workers. Mississippi has a higher proportion than neighboring states of such workers but is similar to the nation in this respect. New Mexico and South Carolina have a greater share of these part time workers.



Source: CPS.<sup>14</sup>

The overall U-6 rate is printed above each column in the graph above. Mississippi's U-6 rate is 11.7%, higher than all neighboring states and the nation but lower than New Mexico and West Virginia.

Table 3 provides the official unemployment rate (the U-3 rate) by selected demographic groups for 2014. Note that these measures are not available for the alternative measures of unemployment provided by the CPS.

Overall, women have higher unemployment rates than men. However, this trend is driven by higher unemployment rates for white women. Black women have lower unemployment rates than black men.

Younger people generally have higher unemployment rates than older individuals and this trend is evident across all states.

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<sup>14</sup> The source for the alternative measures of labor utilization is the CPS. CPS estimates are based on a sample of the national population. "Therefore, [the estimates] may differ from the figures that would have been obtained if it had been possible to take a complete census using the same questionnaire and procedures. This is particularly true for estimates of small groups or in states or areas with small sub-samples. (The national sample consists of about 60,000 eligible households, but state sub-samples, the sizes of which depend on a number of factors, including state population, range from approximately 500 to 4,600 households.)" [www.bls.gov/gps/notescps.htm](http://www.bls.gov/gps/notescps.htm).



Table 3. Unemployment Rates by Selected Demographics, 2014 Annual Averages											
	United States	Mississippi	Neighboring States				Poorly Performing State				
			Alabama	Arkansas	Louisiana	Tennessee	Idaho	New Mexico	South Carolina	West Virginia	
Men	6.3	7.2	6.9	5.4	6.5	6.2	5.0	6.1	6.0	7.8	
Women	6.1	8.2	7.2	6.6	6.2	7.0	4.4	8.0	6.9	5.2	
White:											
Men	5.4	4.7	4.7	4.9	4.6	5.2	4.8	5.1	5.4	7.7	
Women	5.2	6.1	5.9	6.1	4.5	6.0	4.3	6.5	5.2	5.0	
Black:											
Men	12.2	13.4	14.6	9.9	11.4	11.9	n/a	n/a	8.7	7.3	
Women	10.5	11.8	10.3	9.9	9.3	11.2	n/a	n/a	10.9	12.3	
16 to 19 Years	19.6	16.9	29.7	13.1	21.2	19.3	14.7	23.7	27.4	23.3	
20 to 24 Years	11.2	19.3	12.4	10.9	11.3	12.6	9.7	13.2	11.1	11.0	
25 to 34 Years	6.5	10.2	10.1	5.3	7.7	7.7	4.4	9.2	7.5	9.0	
35 to 44 Years	4.7	5.2	4.0	4.4	5.1	4.8	3.5	4.8	4.4	5.9	
45 to 54 Years	4.4	4.6	4.8	5.5	3.3	4.7	3.0	4.3	4.5	4.9	
55 to 64 Years	4.3	3.1	4.0	4.9	4.5	4.5	2.5	4.3	3.7	2.3	
65+	4.6	4.8	3.3	5.0	1.9	2.1	4.8	4.1	3.5	2.6	
Source: www.bls.gov. National data are from the CPS. State data are from Local Area Unemployment Statistics.											

### *Summary for Section 1*

- Mississippi's demographic composition is different from that of the neighboring states and other poorly performing states. In general, Mississippi is relatively poorly educated, has high percentages that are uninsured and disabled, has a low percentage of individuals living in urban areas, and has the highest percentage of African Americans.
- Mississippi has a lower labor force participation rate than all neighboring states and most poorly performing states. That is, among the population that is eligible to work, fewer are working or attempting to work in Mississippi than in all states examined except West Virginia.
- Mississippi's lower overall labor force participation rate is driven by Mississippi's demographic composition. Mississippi has a higher concentration of African Americans, disabled, and less educated individuals. Mississippi has more individuals living in non-urban areas as well. Each of these groups participates in the labor force at lower rates.
- Mississippi's employment to population ratio is lower than all comparison states except West Virginia. West Virginia's employment to population ratio has been converging on Mississippi's in recent years however.
- For those participating in the labor force, Mississippians are unemployed at higher rates than in all neighboring states and two poorly performing states. While still higher than neighboring states, Mississippi's unemployment rate has been converging on that of neighboring states.

## 2. Understanding Employment in Mississippi

### *Where do the Employed Work?*

The following graph shows employment by sector per 100,000 persons in the civilian non-institutional population in Mississippi and neighboring states over time.<sup>15</sup> The legend includes the growth rate for each state from 1990 to 2015.

In Mississippi, there has been a dramatic drop in manufacturing employment since the mid-nineties. Many of these jobs left the state after the passage of the North American Free Trade Agreement. This drop in manufacturing employment has been somewhat but not completely offset by an increase in jobs in the leisure and hospitality industry after casinos were legalized in the state. Since 1990, Mississippi has experienced its highest level of growth in the education and health services, leisure and hospitality, and professional and business services industries. Note that the government sector has been Mississippi's largest employer since early 2000.

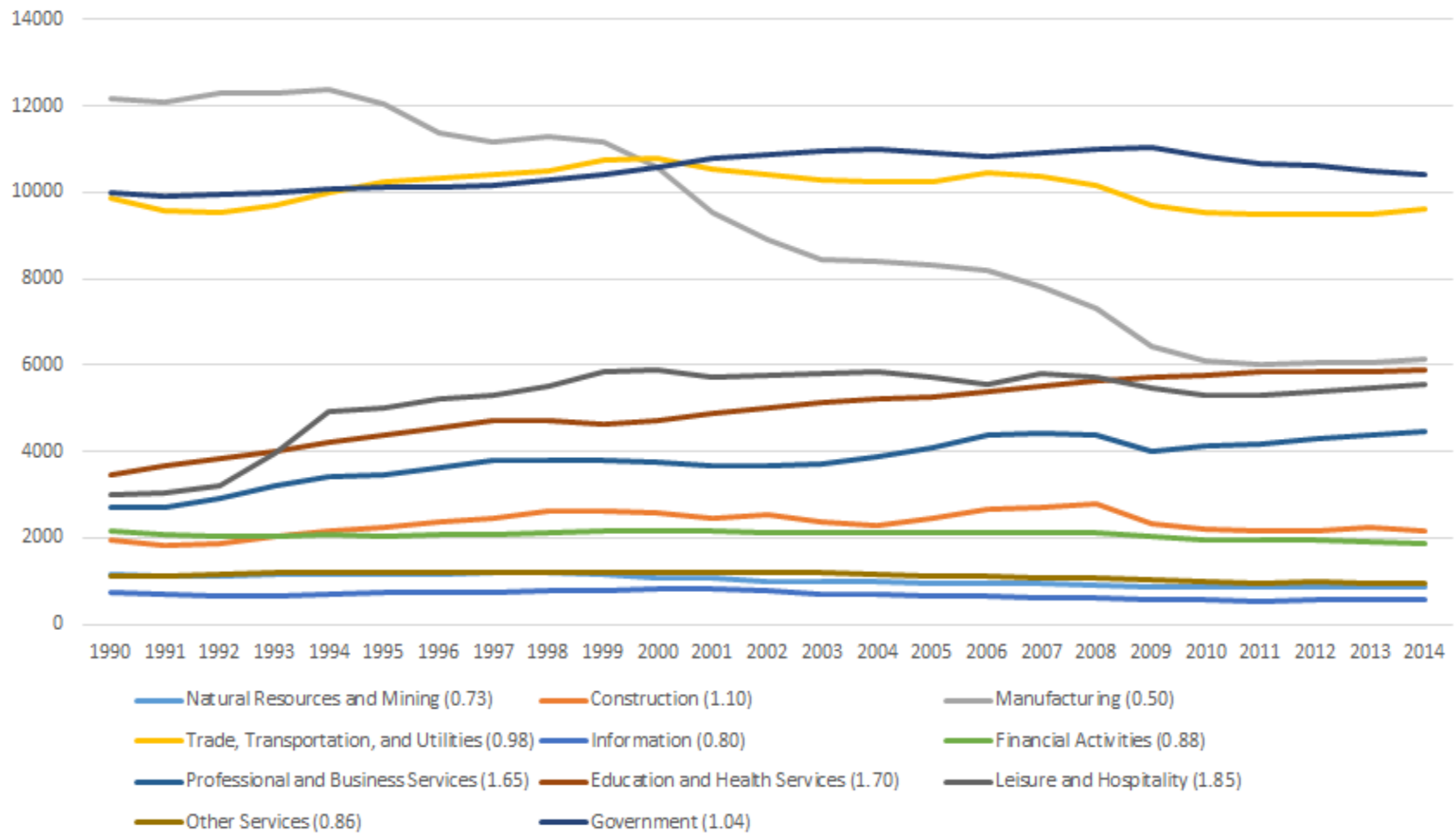
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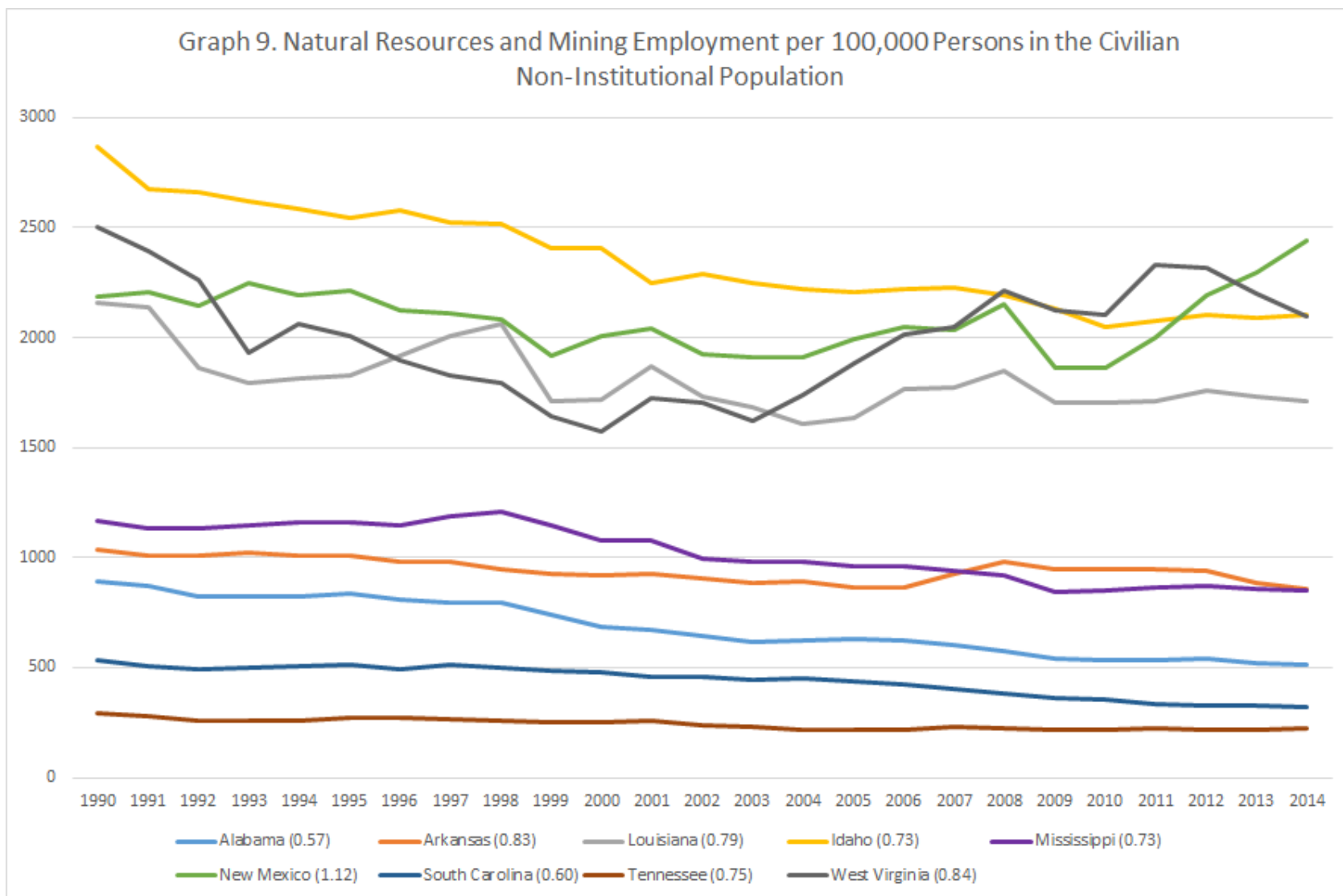
<sup>15</sup> The employment graphs below are from annual QCEW data.

Graphs 9 through 19 provide a comparison of Mississippi to other states by sector. Again, the figures in each graph show employment per 100,000 persons in the civilian non-institutional population. Some highlights of this analysis include.

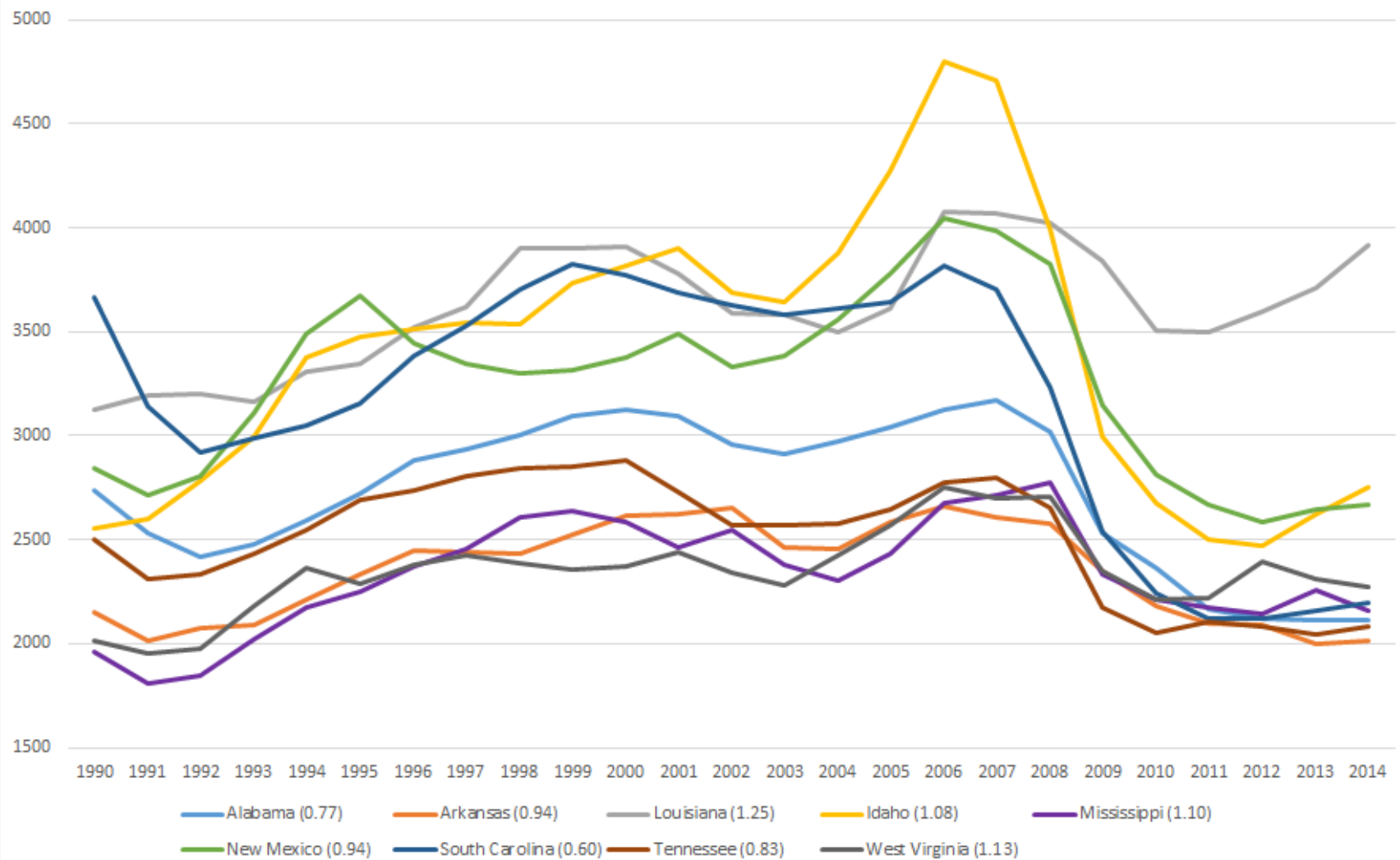
- Mississippi employs fewer in trade, transportation, and utilities than all comparison states except West Virginia and New Mexico.
- The decline in manufacturing jobs hit Mississippi worse since 1990 than any other state examined except Tennessee.
- Mississippi employs more individuals in the government sector than all comparison states except New Mexico.
- Since 1990, Mississippi has employed relatively few people in the information, financial activities, professional and business services, and leisure and hospitality services sectors.
- The education and health services sector has been a growth sector for all states examined. Since 1990, this sector has grown 70 percent in Mississippi.

Graph 8. Mississippi Employment per 100,000 Persons in the Civilian Non-Institutional Population

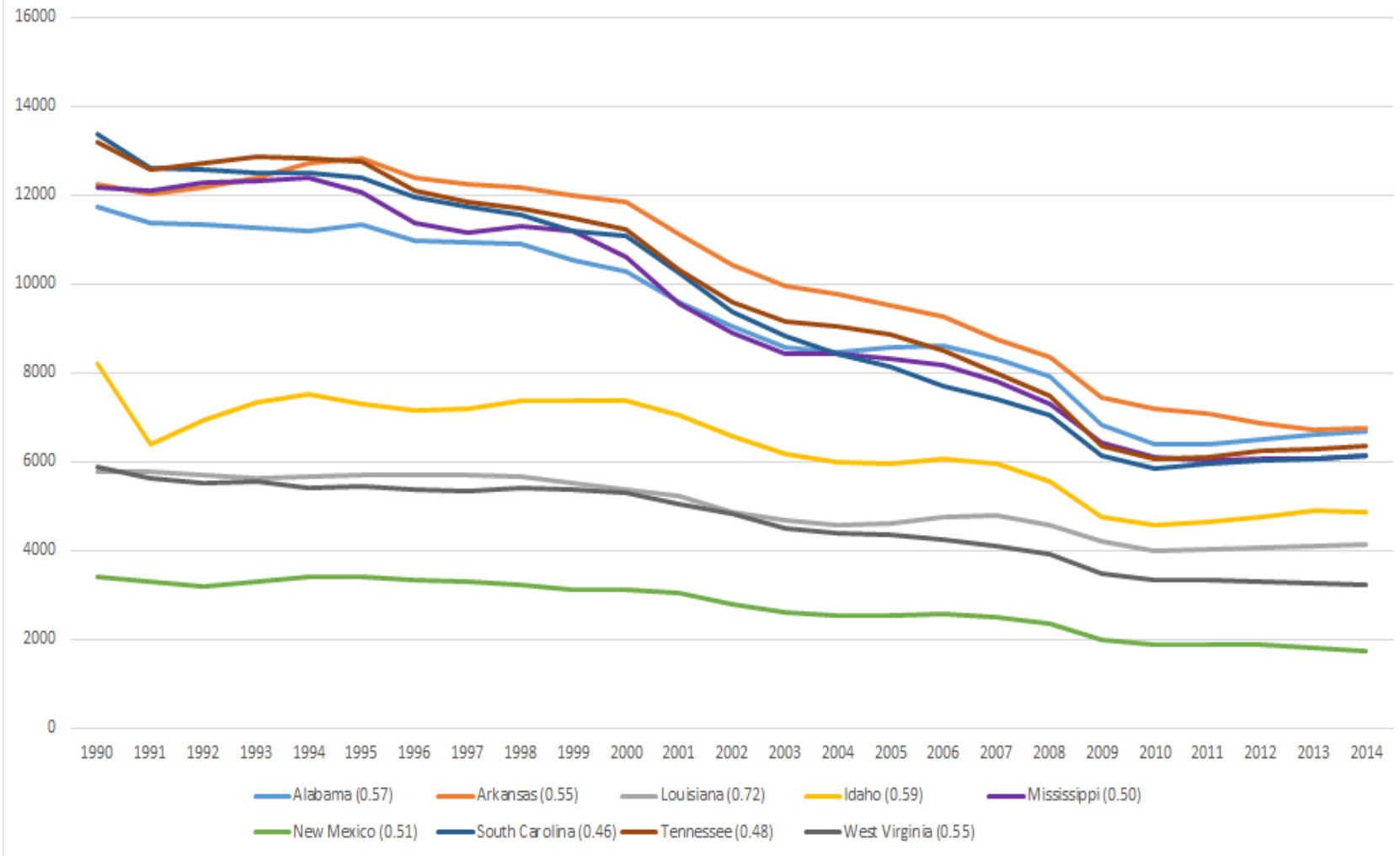




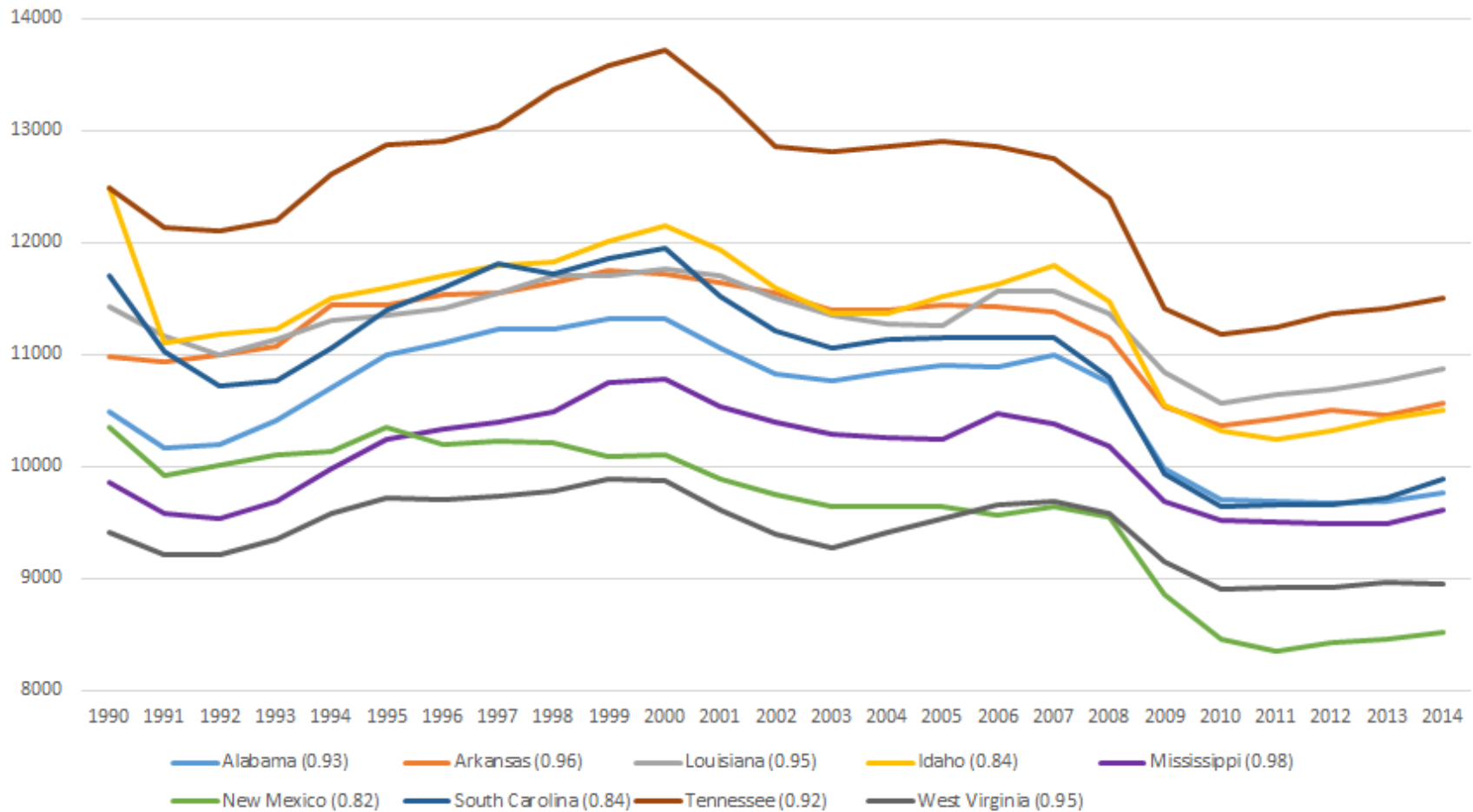
Graph 10. Construction Employment per 100,000 Persons in the Civilian Non-Institutional Population



Graph 11. Manufacturing Employment per 100,000 Persons in the Civilian Non-Institutional Population

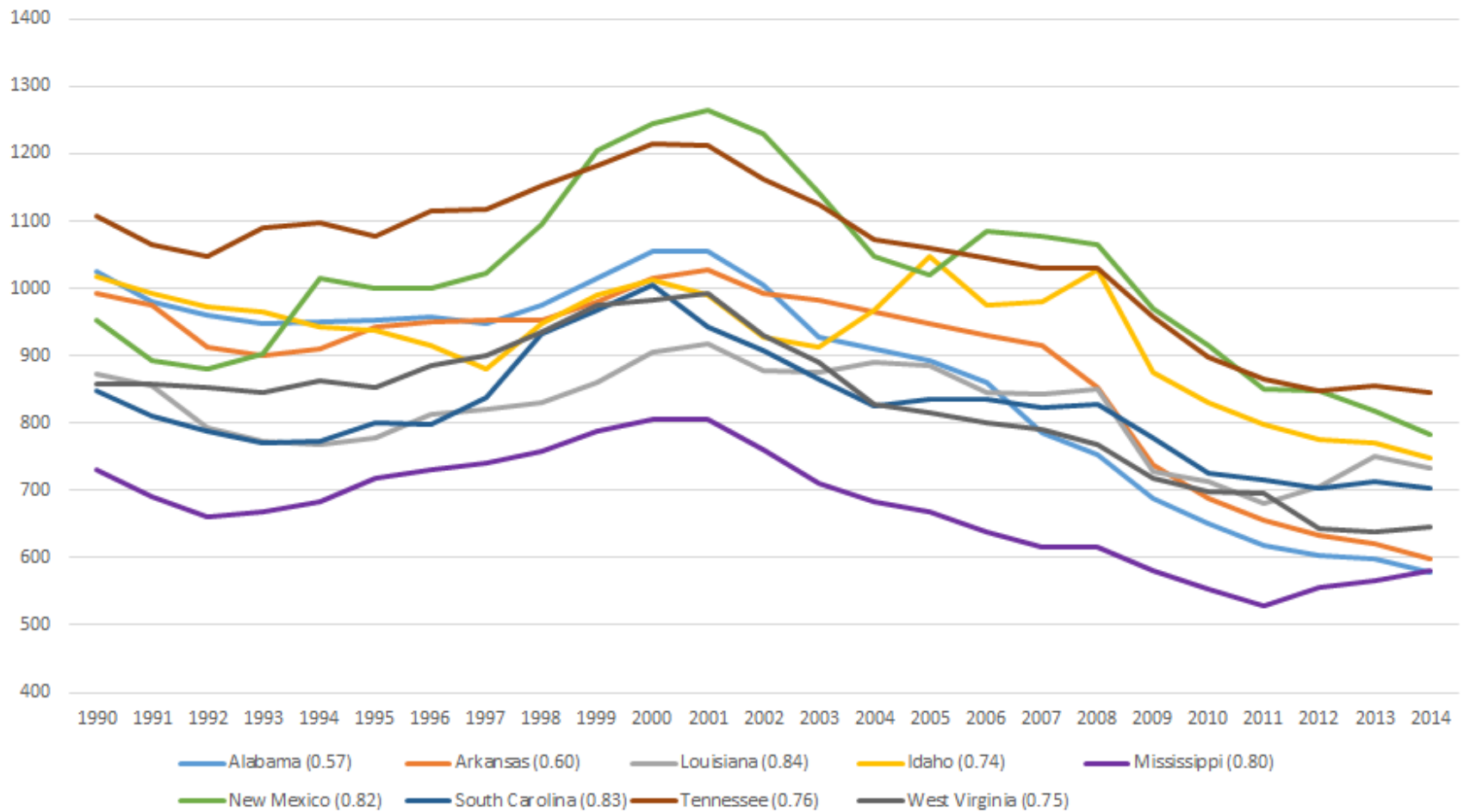


Graph 12. Trade, Transportation, and Utilities Employment per 100,000  
Persons in the Civilian Non-Institutional Population

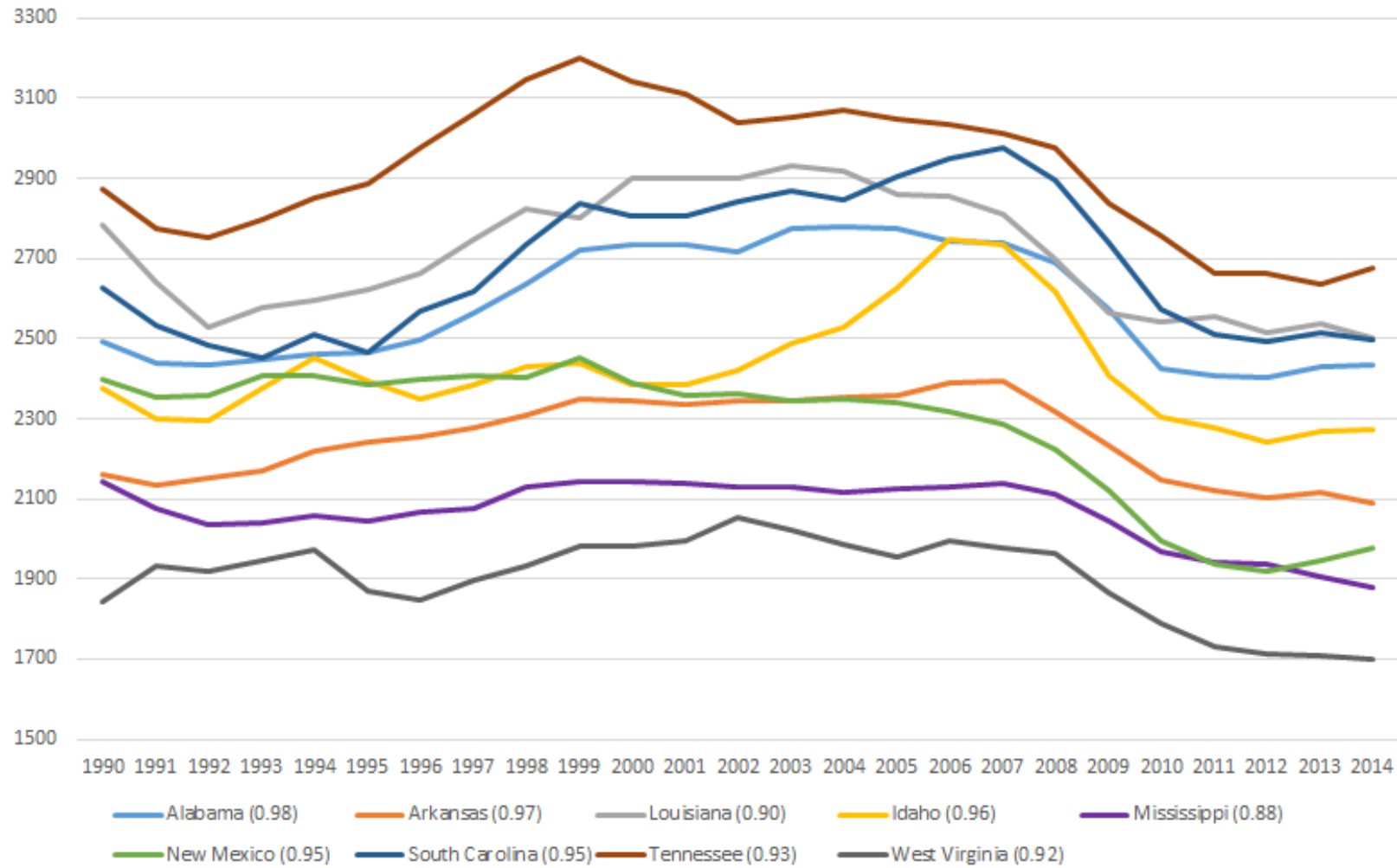




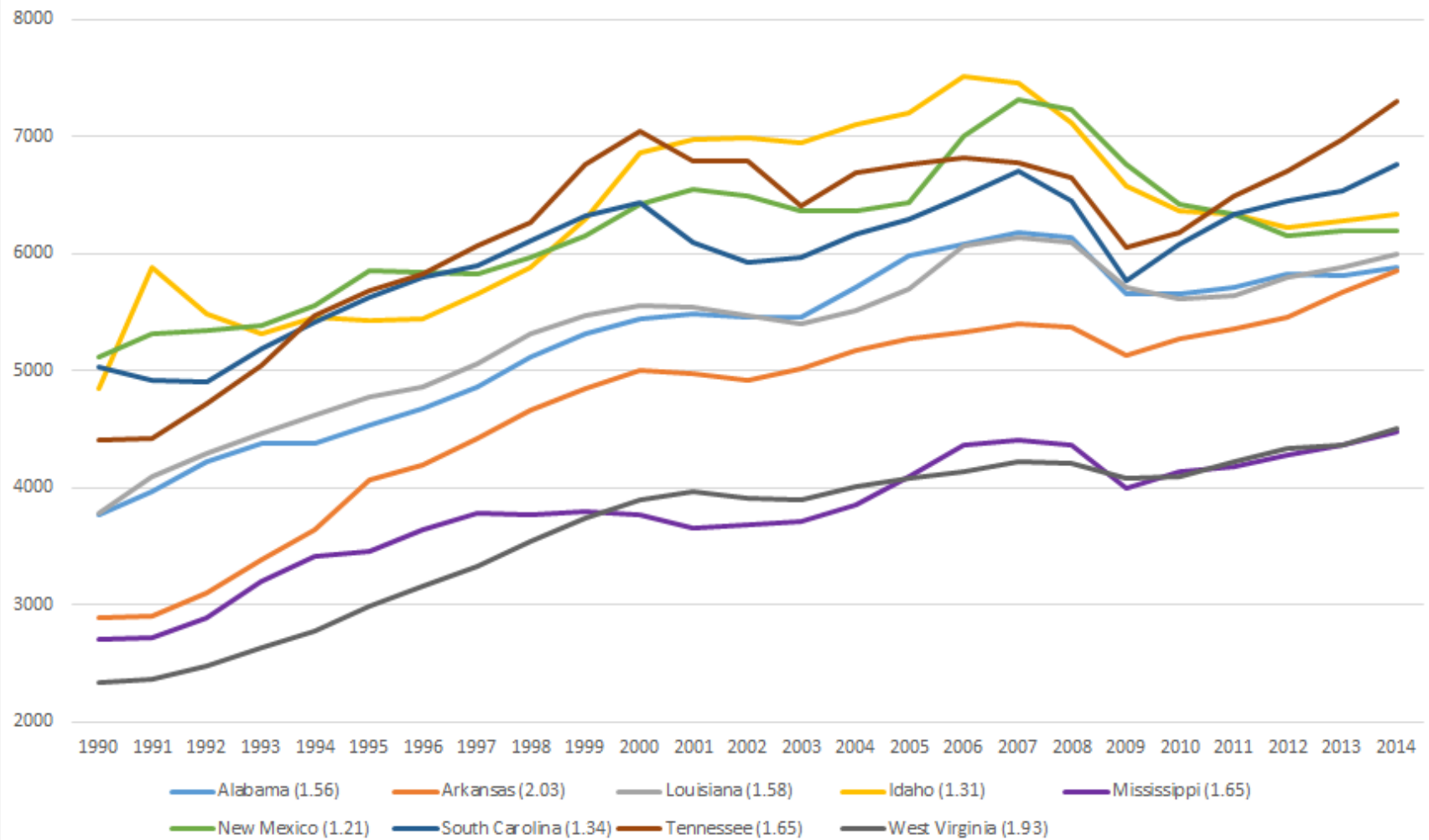
Graph 13. Information Employment per 100,000  
Persons in the Civilian Non-Institutionalized Population



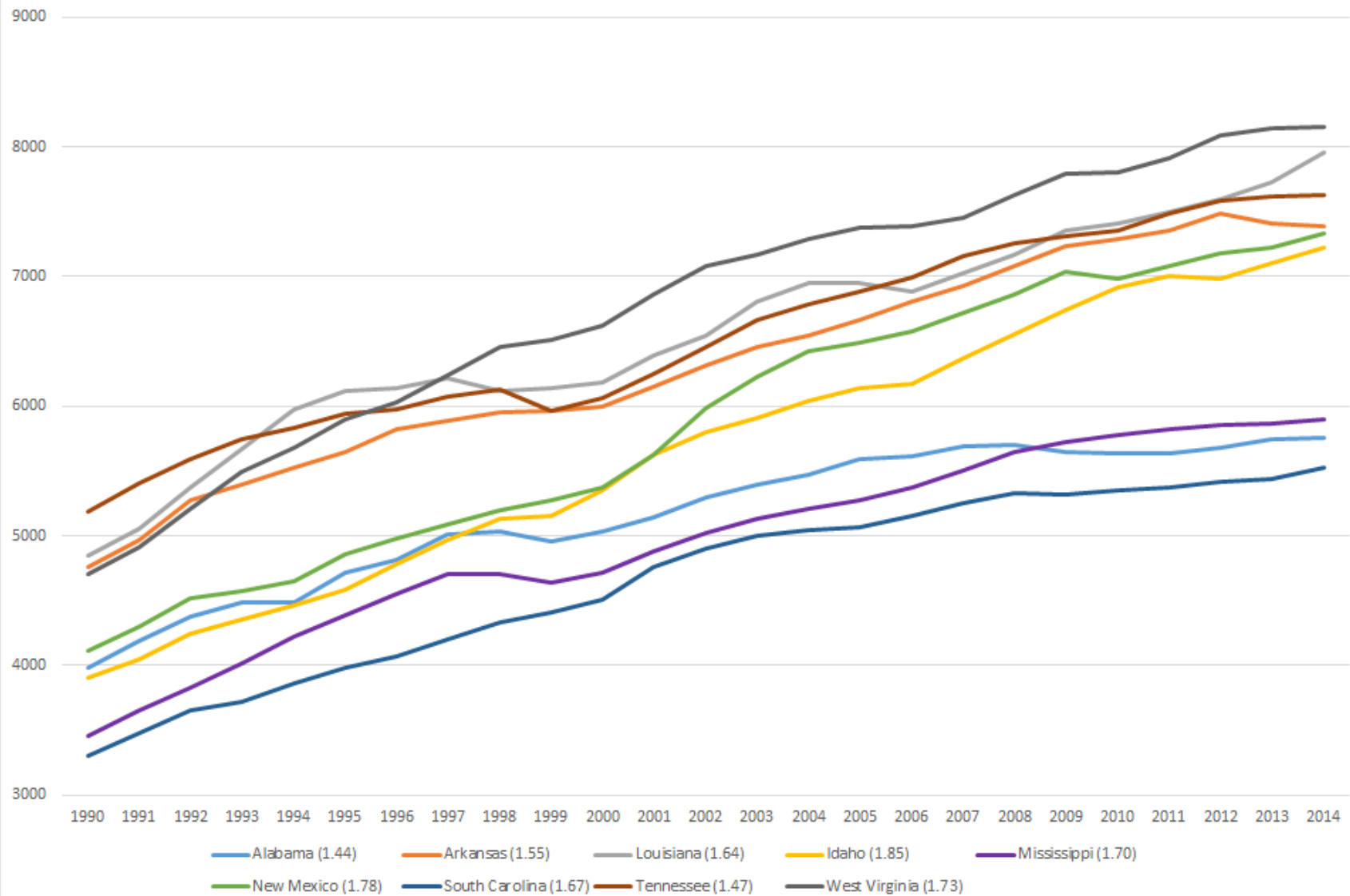
Graph 14. Financial Activities Employment per 100,000  
Persons in the Civilian Non-Institutional Population



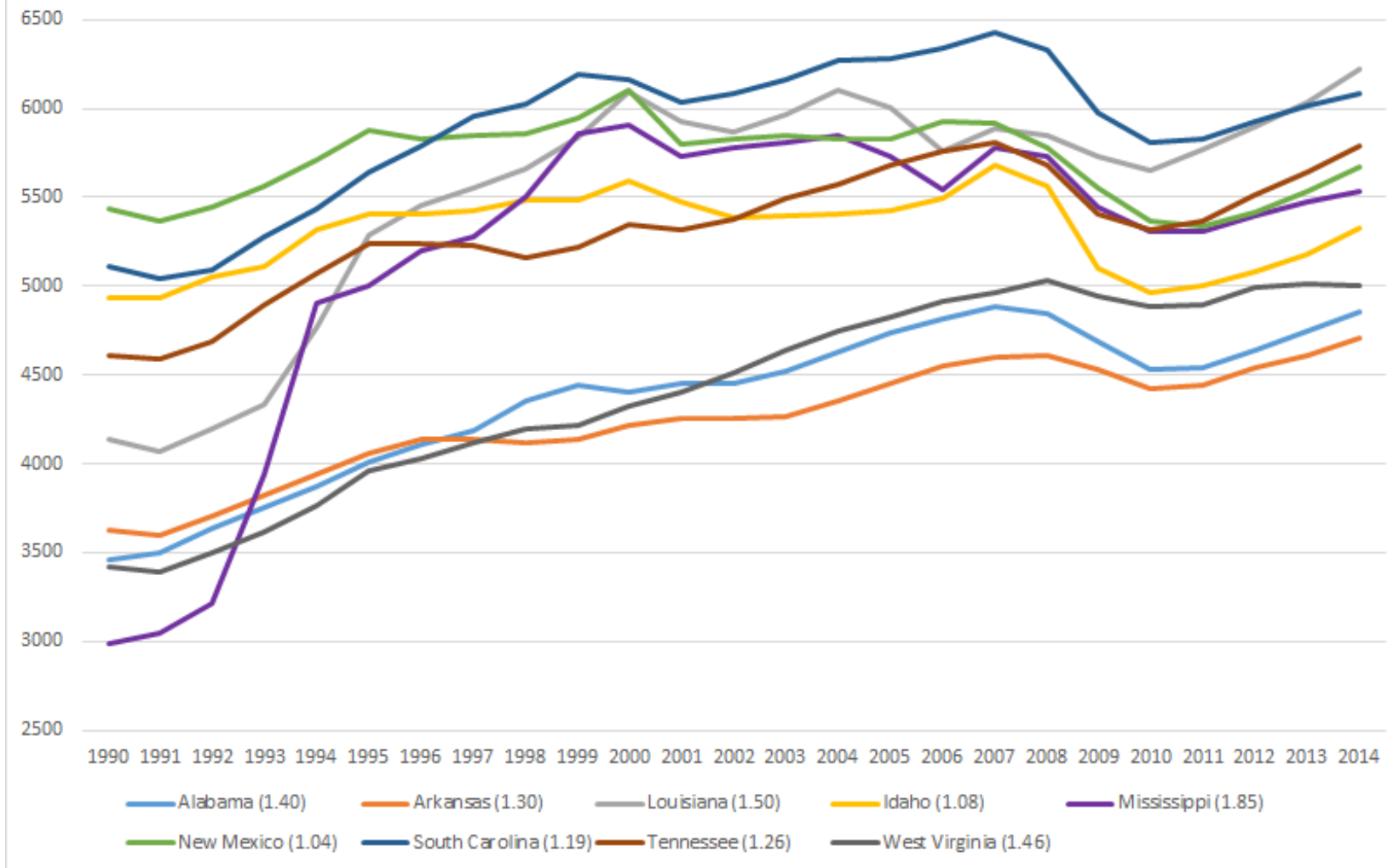
Graph 15. Professional and Business Services Employment per 100,000  
Persons in the Civilian Non-Institutional Population



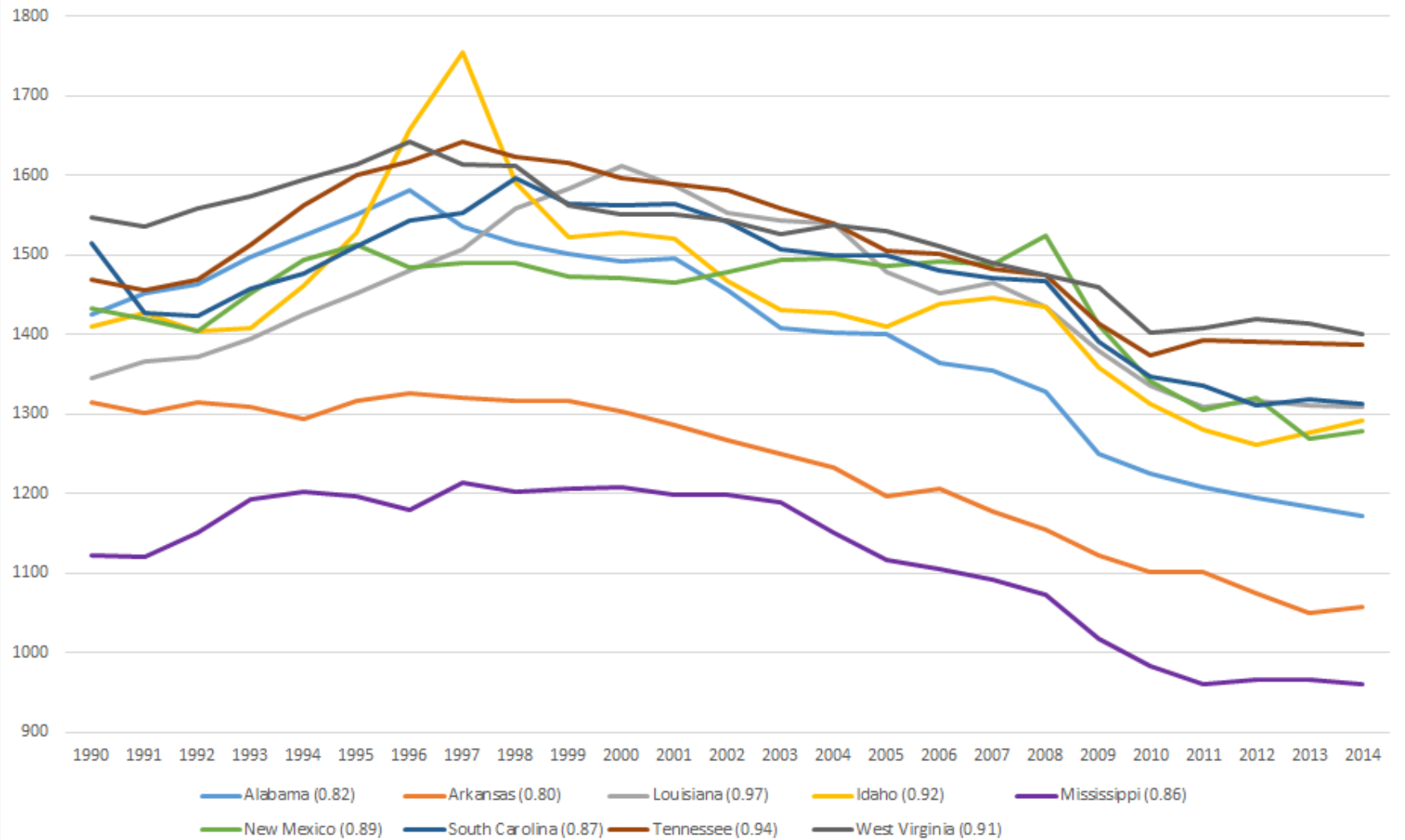
Graph 16. Education and Health Services Employment per 100,000  
Persons in the Civilian Non-Institutionalized Population



Graph 17. Leisure and Hospitality Employment per 100,000  
Persons in the Civilian Non-Institutional Population



Graph 18. Other Services Employment per 100,000  
Persons in the Civilian Non-Institutional Population



Graph 19. Government Employment per 100,000  
Persons in the Civilian Non-Institutional Population

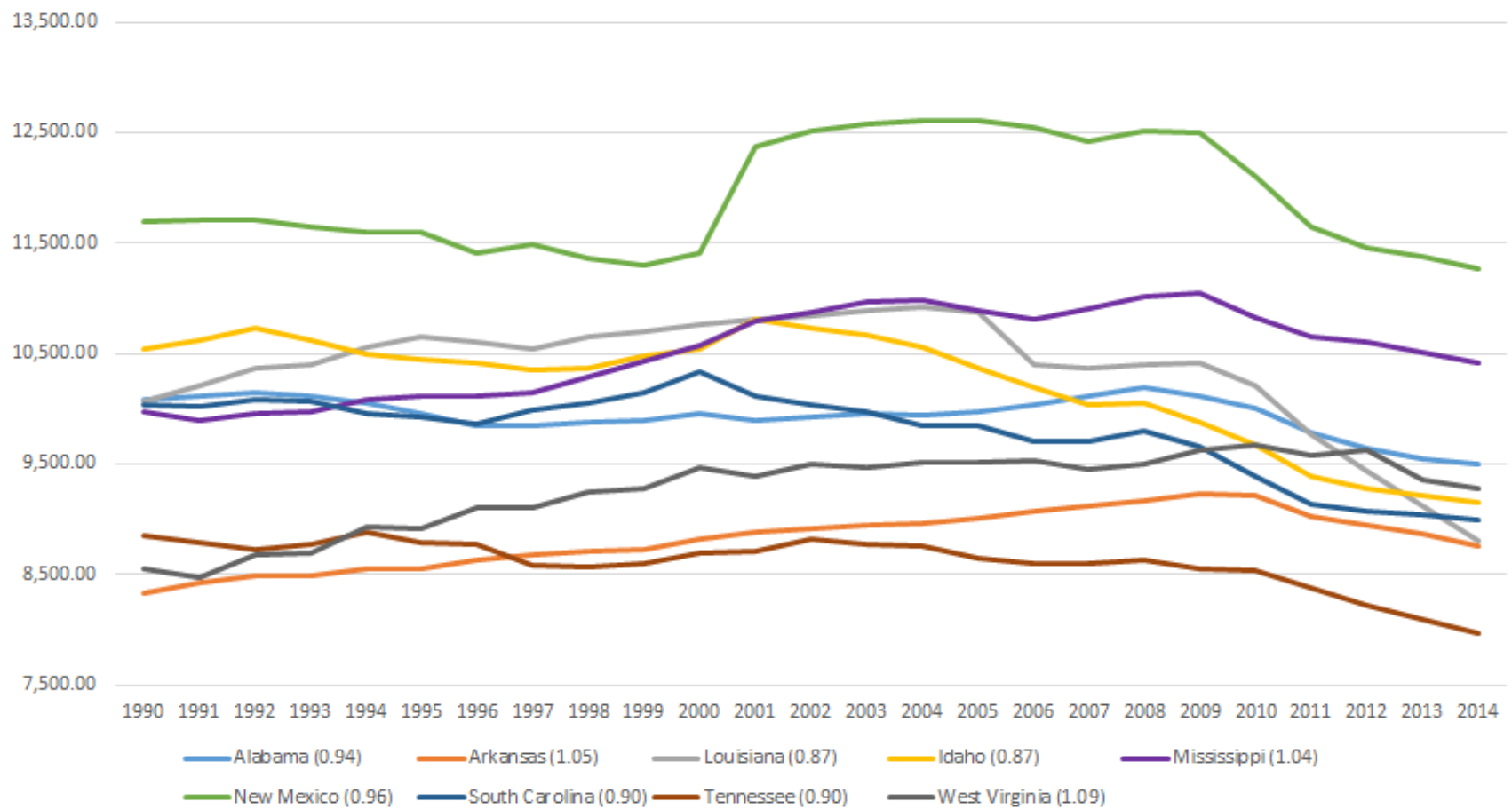


Table 4 provides information on employment per 100,000 persons in the civilian non-institutional population for 2014. Government employed more Mississippians than any other sector in that year. For every 100,000 persons employed in Mississippi, 10,408 worked in government. The information sector employed the fewest Mississippians at 582 per 100,000 per employees. Trade, transportation and utilities employed the largest number in all comparison states except New Mexico and West Virginia. New Mexico's and West Virginia's largest employer, like Mississippi's, is government.



Table 4. Employment per 100,000 Persons in the Civilian Non-Institutional Population, 2014											
	United States	Mississippi	Alabama	Arkansas	Louisiana	Tennessee	Idaho	New Mexico	South Carolina	West Virginia	
Goods Producing:											
Natural Resources and Mining	836.08	853.76	510.19	858.87	1,713.25	221.55	2,106.70	2,439.03	318.88	2,093.58	
Construction	2,463.70	2,158.70	2,109.77	2,017.69	3,918.88	2,082.36	2,754.47	2,669.16	2,197.83	2,274.99	
Manufacturing	4,902.88	6,137.17	6,679.46	6,742.10	4,144.18	6,350.73	4,871.99	1,746.57	6,119.05	3,220.60	
Service Providing:											
Trade, Transportation, and Utilities	10,526.43	9,610.76	9,766.10	10,561.61	10,864.91	11,501.64	10,499.98	8,510.19	9,879.90	8,946.80	
Information	1,101.93	582.25	579.65	598.90	733.34	845.81	749.16	783.15	703.22	645.35	
Financial Activities	3,095.03	1,878.84	2,432.78	2,088.38	2,500.26	2,678.36	2,274.91	1,975.83	2,497.52	1,698.68	
Professional and Business Services	7,692.88	4,470.60	5,885.39	5,855.40	6,000.30	7,297.73	6,341.10	6,198.56	6,763.99	4,511.15	
Education and Health Services	8,297.39	5,897.90	5,754.98	7,387.93	7,958.88	7,629.29	7,224.21	7,330.00	5,519.86	8,155.24	
Leisure and Hospitality	5,899.07	5,537.20	4,853.62	4,710.40	6,226.13	5,792.62	5,328.93	5,674.00	6,087.23	5,005.16	
Other Services	1,708.18	960.82	1,171.74	1,056.42	1,309.28	1,387.64	1,292.44	1,278.25	1,313.02	1,399.56	
Government	8,487.67	10,408.18	9,491.05	8,761.72	8,804.07	7,970.02	9,149.12	11,261.30	8,992.77	9,272.14	
Source: QCEW											

### *What are the Earnings of the Employed?*

Table 5 shows average weekly earnings by industry. An examination of each row indicates that average weekly earnings in Mississippi are the lowest or the next to lowest for each industry except leisure and hospitality. For example, Mississippians employed in professional and business services earned, on average, \$779 per week. That figure is much higher for workers in Alabama (\$961), Arkansas (\$1,040), Louisiana (\$1,023), and Tennessee (\$992). Mississippi also lags all of the poorly performing states.

Considering the information in Tables 4 and 5 together provides more insight into Mississippi's employment situation. Table 4 shows that fewer Mississippians work in the professional and business services industry and those Mississippians who do work in this industry are paid less than workers in the same industry in comparison states.

Table 5. Average Weekly Earnings by Industry, 2014											
	United States	Mississippi	Alabama	Arkansas	Louisiana	Tennessee	Idaho	New Mexico	South Carolina	West Virginia	
Total, All Ownerships	988	714	832	769	872	869	730	806	785	792	
Total, Private	986	702	815	764	881	872	730	784	772	779	
Goods-Producing:											
Natural Resource and Mining	1,147	903	1,043	929	1,655	800	691	1,199	677	1,502	
Construction	1,058	892	920	815	1,073	960	755	821	892	1,030	
Manufacturing	1,211	878	1,017	847	1,297	1,083	1,123	1,100	1,063	1,058	
Service-Providing											
Trade, Transportation, and Utilities	827	642	724	725	794	797	683	671	695	675	
Information	1,747	877	1,039	1,028	973	1,188	892	923	1,078	939	
Financial Activities	1,640	916	1,170	989	1,114	1,291	932	984	1,035	886	
Professional & Business Services	1,282	779	961	1,040	1,023	992	831	1,090	874	856	
Education & Health Services	884	751	832	743	765	911	735	752	817	779	
Leisure & Hospitality	404	318	289	278	374	381	283	323	314	308	
Other Services	653	596	636	579	649	605	512	580	575	538	
Government	995	757	907	792	827	855	732	884	841	848	
Source: QCEW											

### *Job Growth in Mississippi*

Graphs 20 and 21 below show job growth over the most recent year for which QCEW data is available. Graph 20 is presented in levels and graph 21 is presented in percentages. Over the time period examined, Mississippi experienced job growth in the following sectors: trade, transportation, and utilities, professional and business services, education and health services, manufacturing, leisure and hospitality, and information. Mississippi lost jobs in other services, financial activities, government, natural resources and mining, and construction.

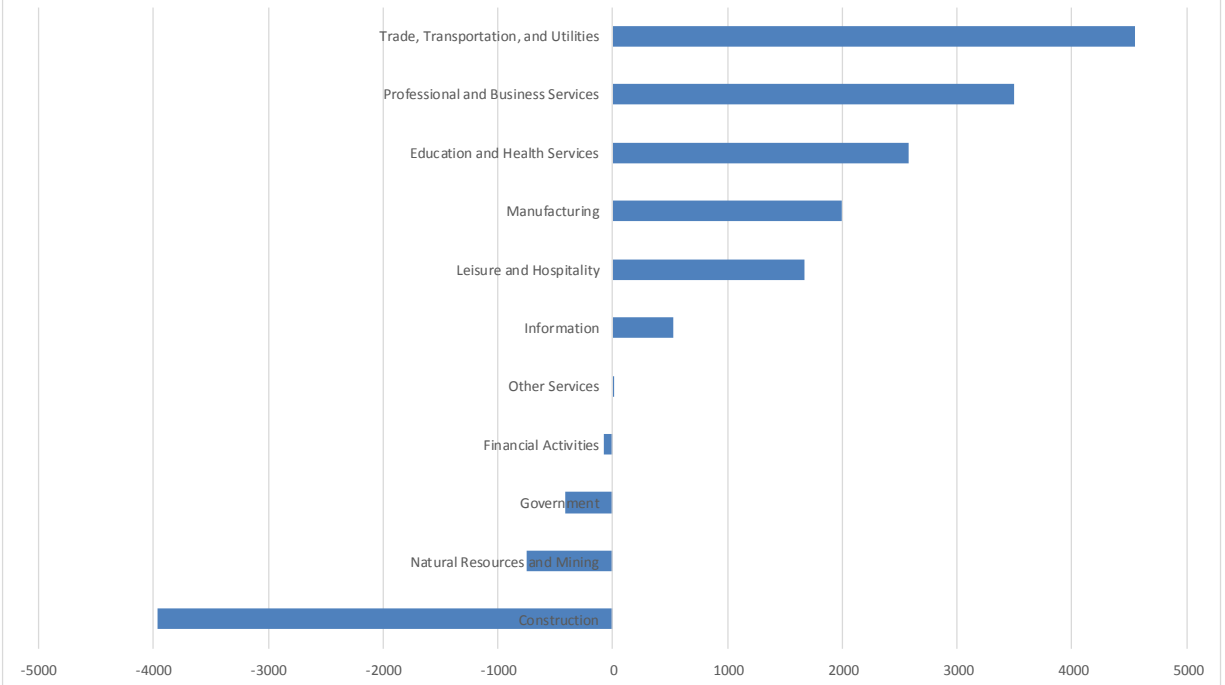
Graphs 22 to 32 show Mississippi relative to comparison states by sectors. These graphs are only reported in percentages.<sup>16</sup>

- It is noticeable that Mississippi has experienced less growth in absolute terms in its growth industries than all other states except Tennessee.
- Mississippi gained the most jobs in leisure and hospitality – an industry which pays relatively low wages.
- Mississippi is the only state that contracted in the construction industry.

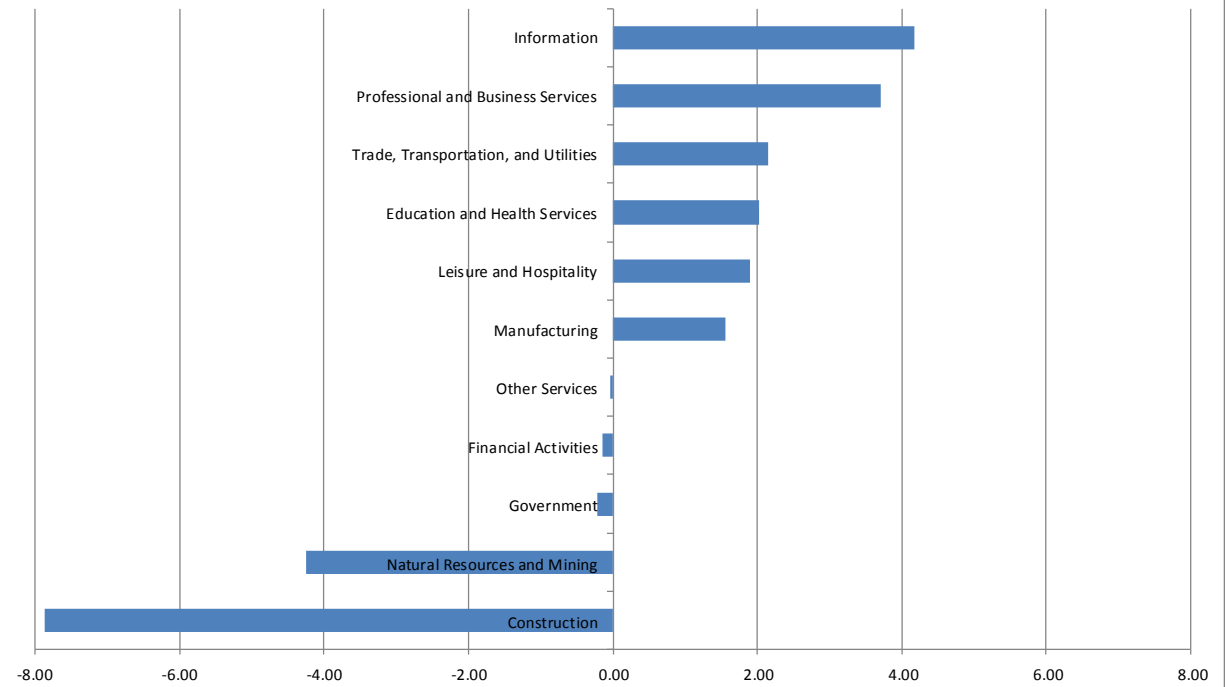
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<sup>16</sup> These graphs are from the most recently published quarterly QCEW data. Information for the fourth quarter of 2015 is not yet available on the BLS website.

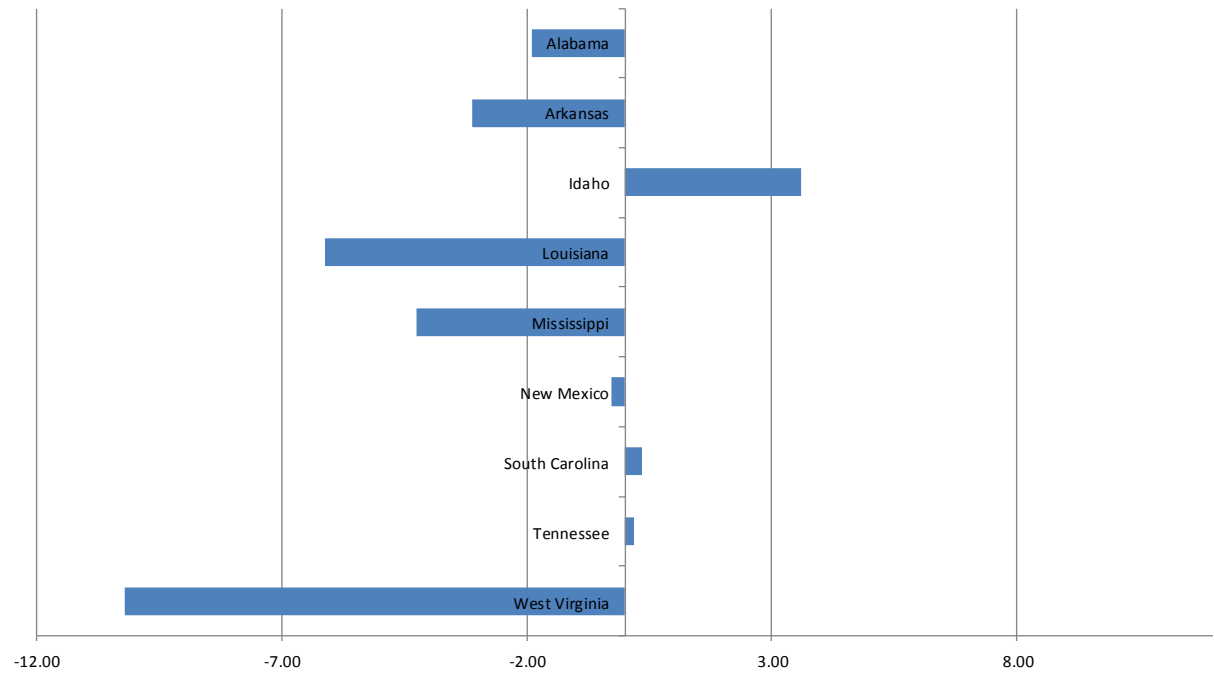
**Graph 20. Mississippi Job Growth from Q3:2014 to Q3:2015  
(number of jobs)**



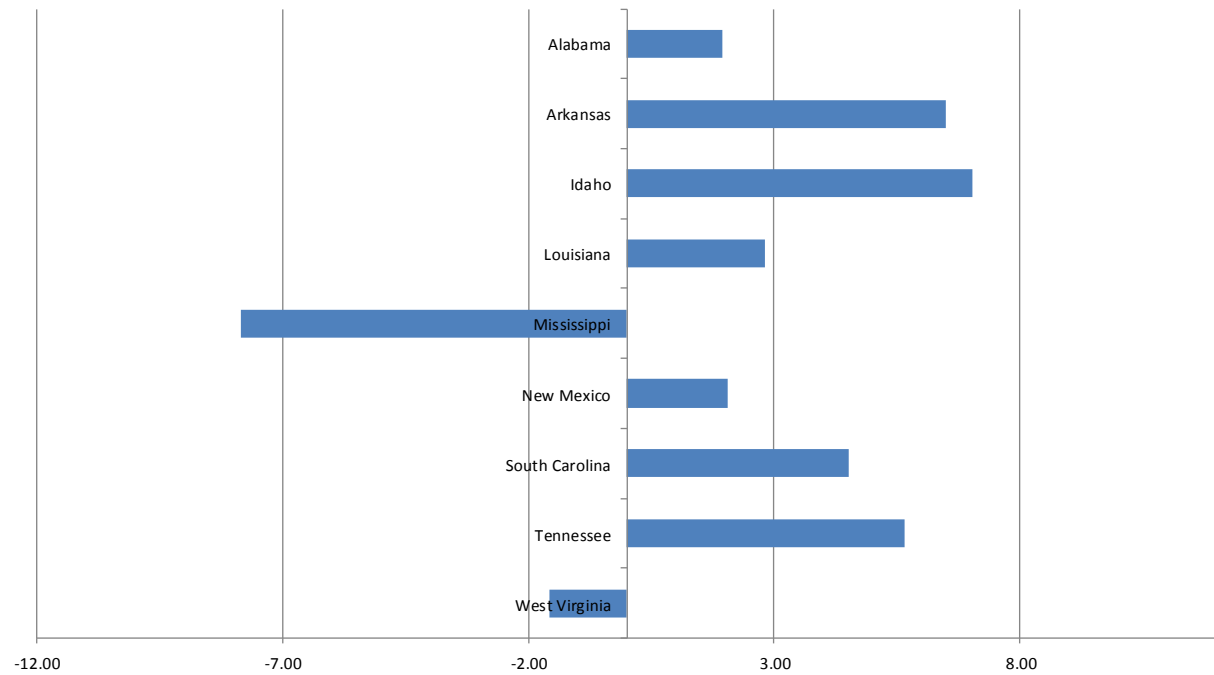
**Graph 21. Mississippi Job Growth from Q3:2014 to Q3:2015  
(percent)**



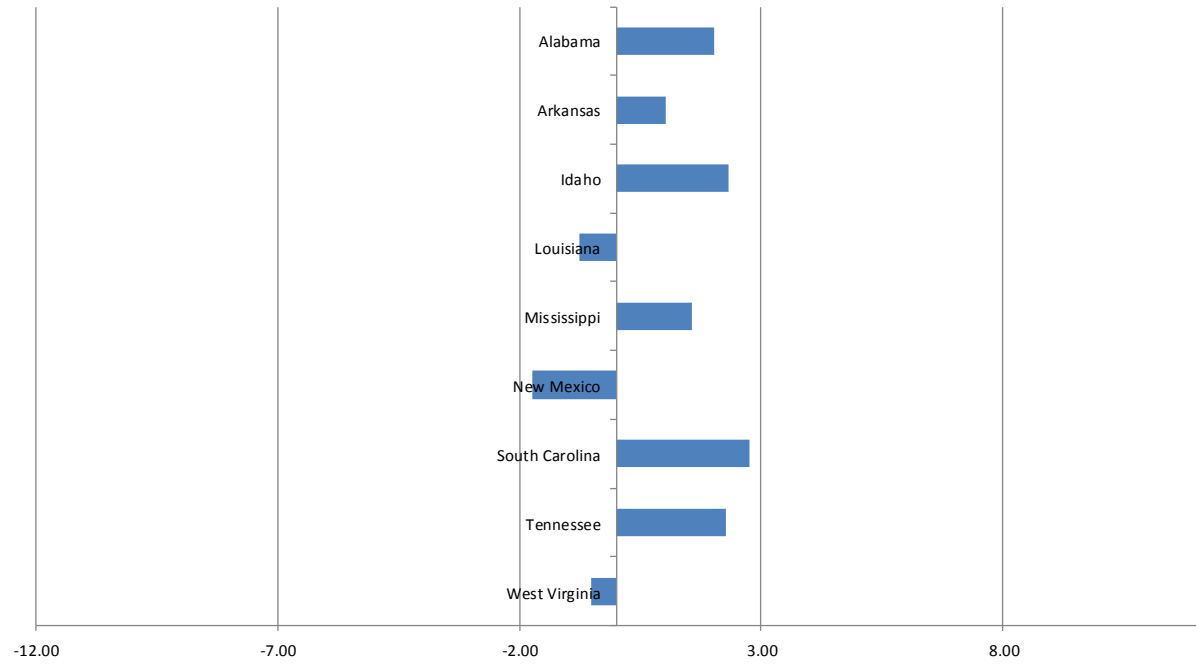
Graph 22. Natural Resources and Mining  
Job Growth Q3:2014 to Q3:2015  
(percent)



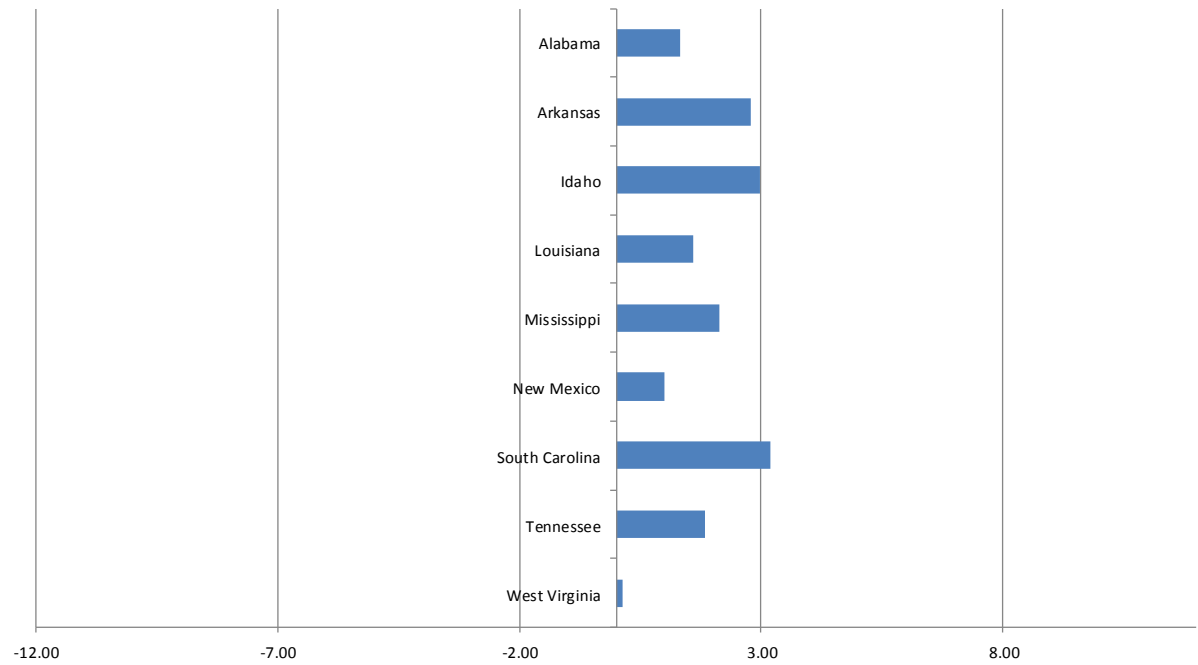
Graph 23. Construction  
Job Growth Q3:2014 to Q3:2015  
(percent)

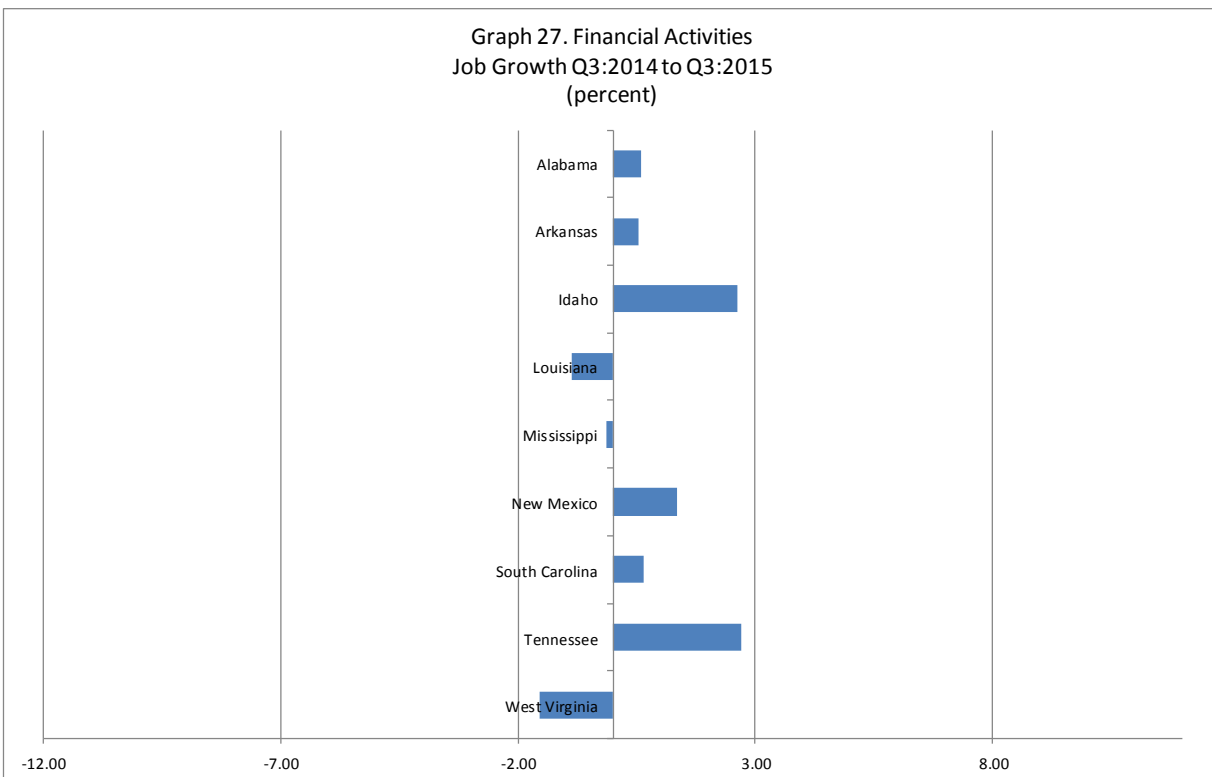
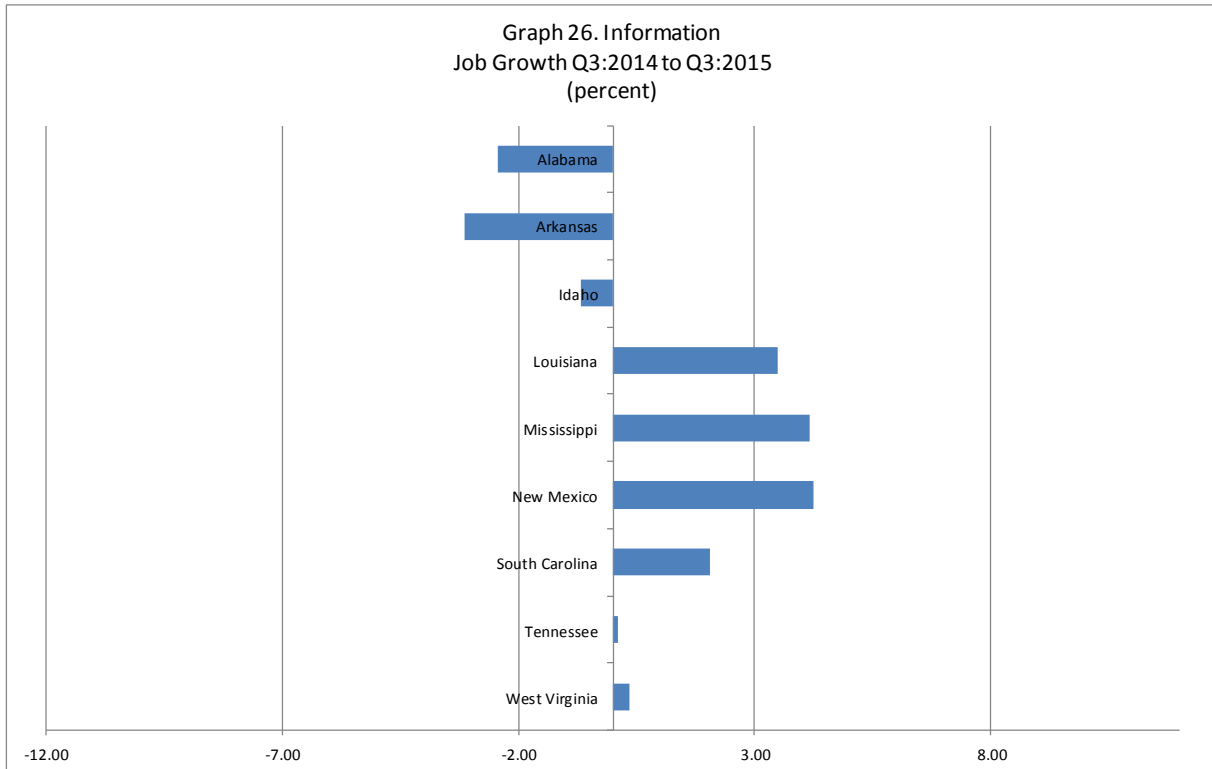


Graph 24. Manufacturing  
Job Growth Q3:2014 to Q3:2015  
(percent)



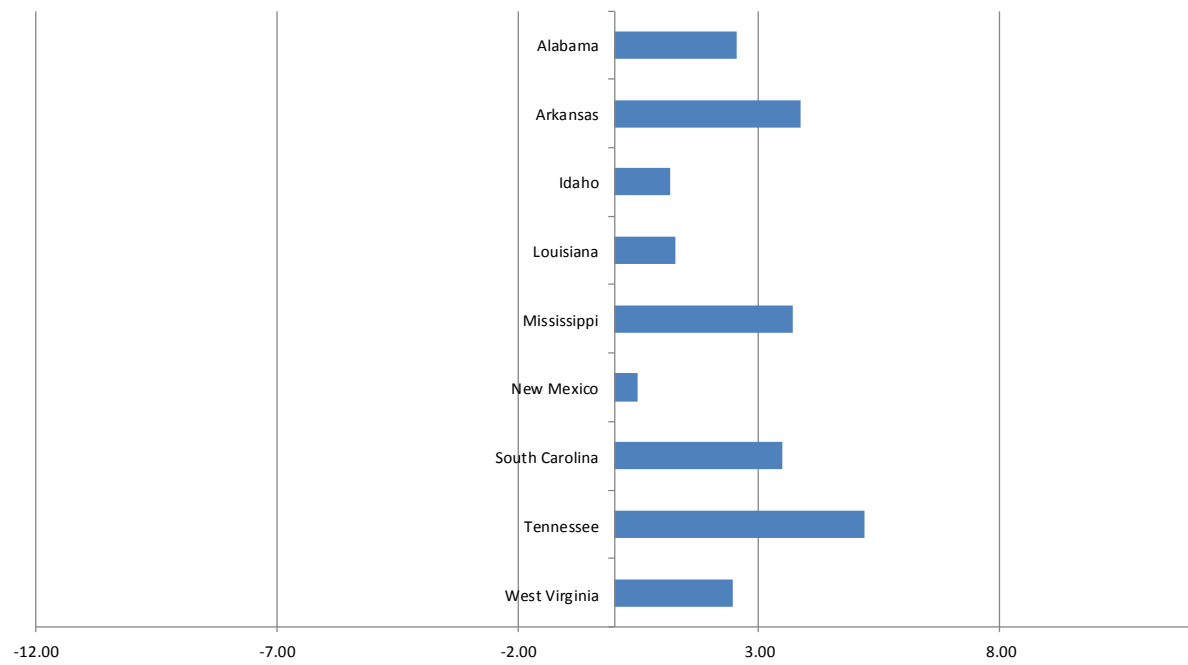
Graph 25. Trade, Transportation, and Utilities  
Job Growth Q3:2014 to Q3:2015  
(percent)



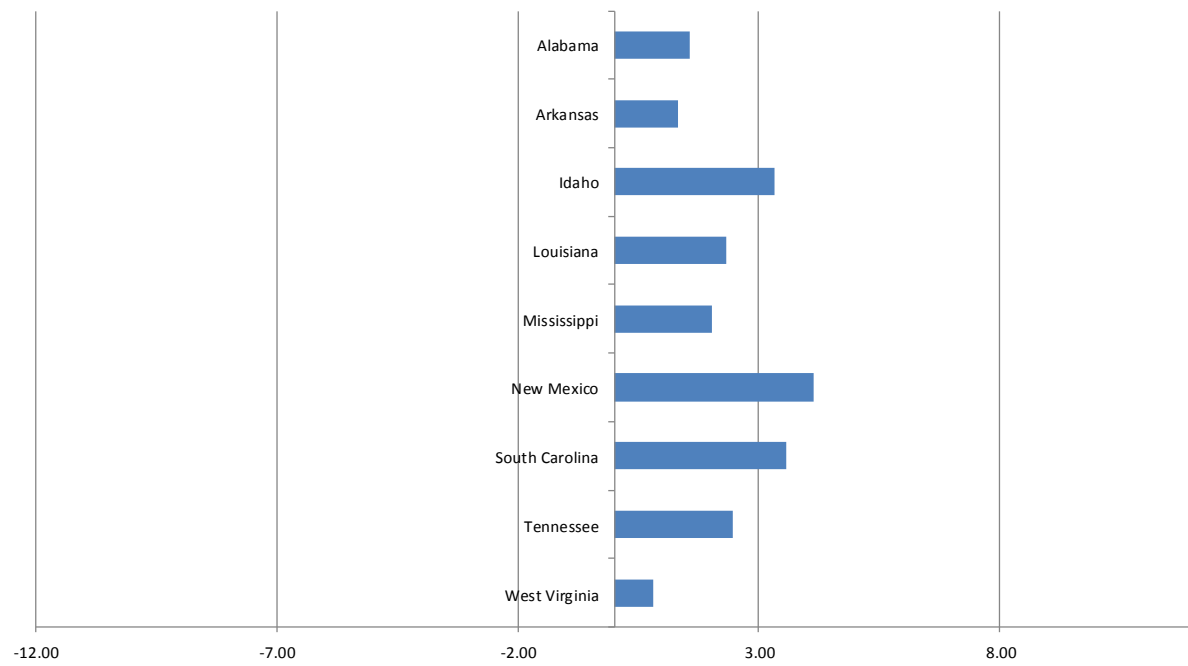




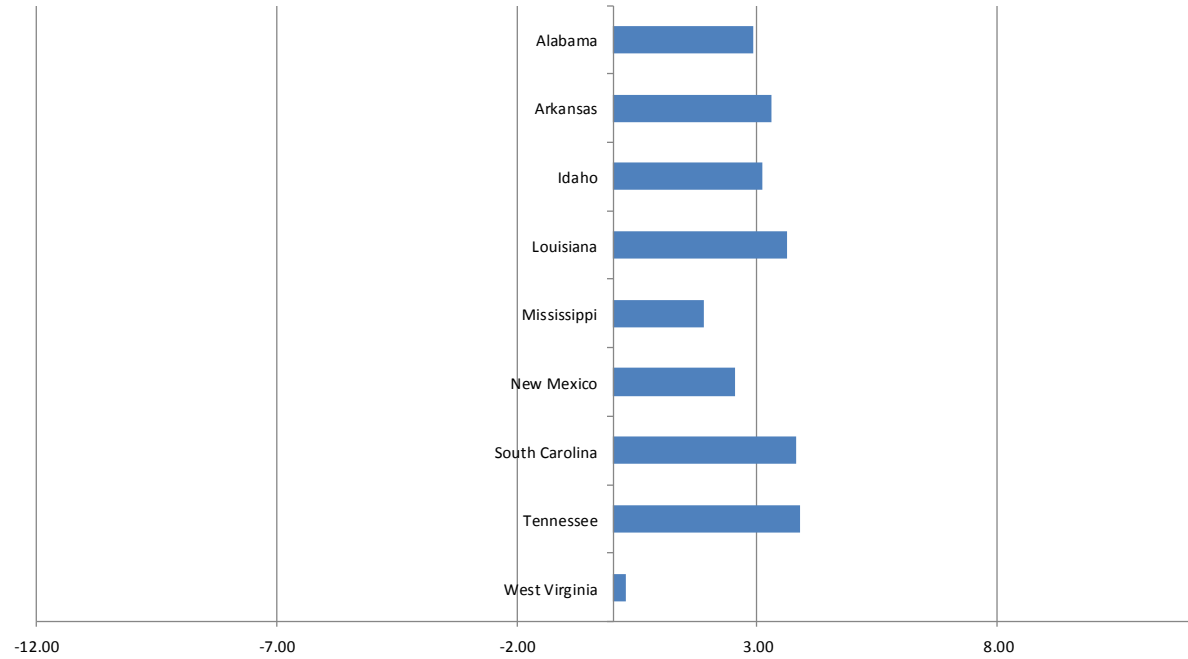
Graph 28. Professional and Business Services  
Job Growth Q3:2014 to Q3:2015  
(percent)



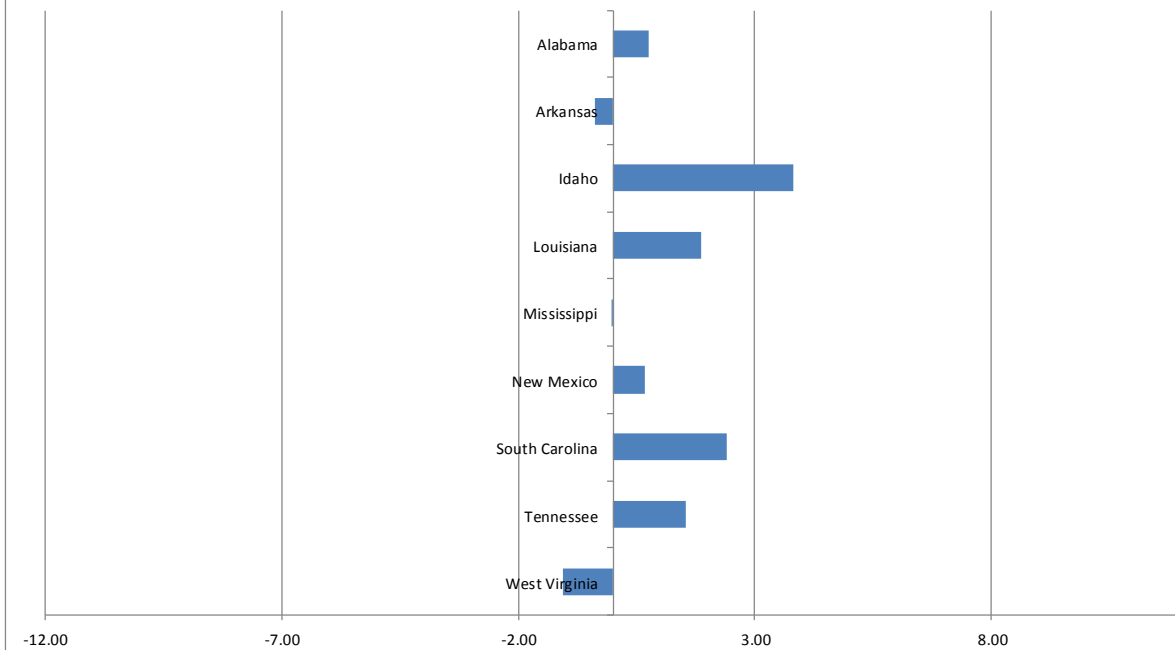
Graph 29. Education and Health Services  
Job Growth Q3:2014 to Q3:2015  
(percent)

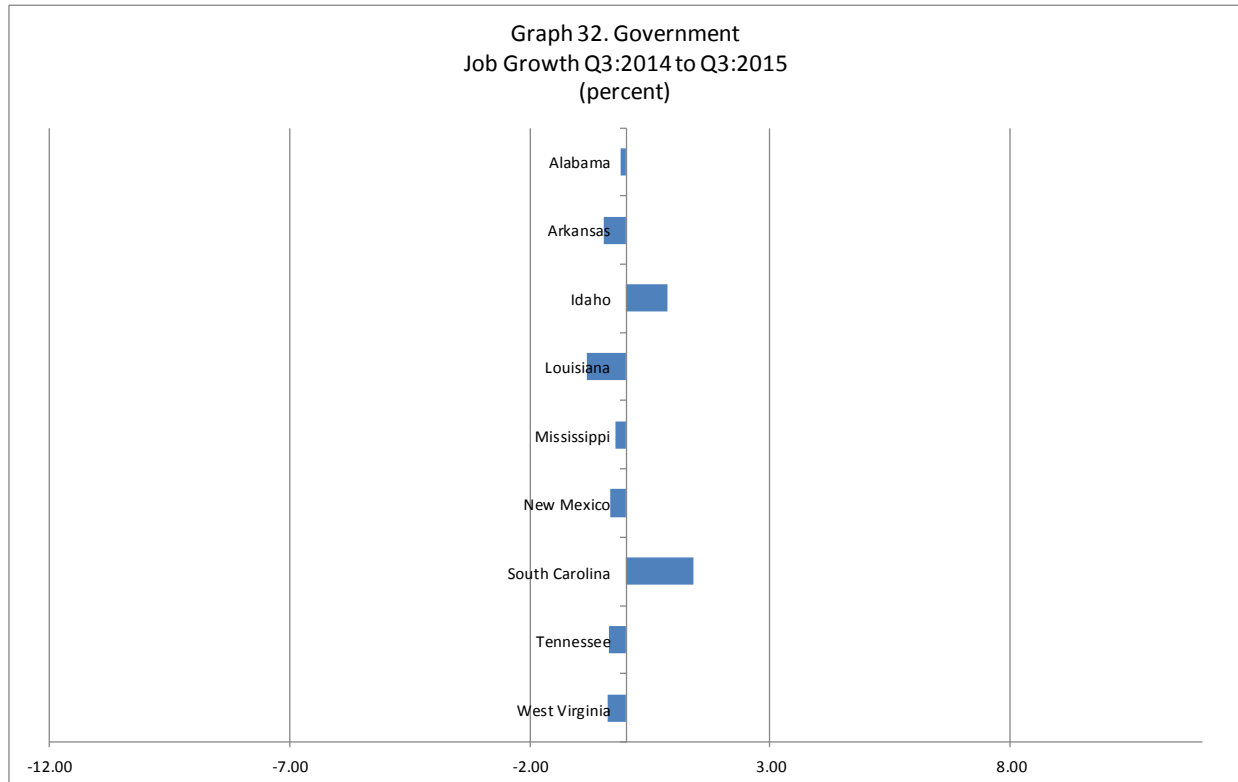


Graph 30. Leisure and Hospitality  
Job Growth Q3:2014 to Q3:2015  
(percent)



Graph 31. Other Services  
Job Growth Q3:2014 to Q3:2015  
(percent)





### 3. What If Scenarios

#### *Improving the Labor Force Participation Rate:*

- What if our LFPR was more like our neighbors and all those additional participants had “typical” Mississippi jobs?
- If Mississippi’s LFPR was on par with the average LFPR of its neighboring states, Mississippi’s LFPR would increase 2.81 percentage points. This would add 64,082 individuals to the labor force. Assuming these individuals gained employment at the average Mississippi wage and using a multiplier of xx, then state income would increase by x.

#### *Decreasing the Unemployment Rate:*

- What if our unemployment rate was more like our neighbors and all those additional people had jobs?
- If Mississippi’s unemployment rate was on par with the average unemployment rate in of its neighboring states, Mississippi’s unemployment rate would decrease from 6.5 percent to 5.9 percent. When applied to Mississippi’s labor force in 2015, this 0.6 percentage point decrease in Mississippi’s unemployment rate would mean that an additional 8,064

Mississippians would be employed. Assuming these individuals would contribute to the Mississippi economy at the average wage and using an overall state multiplier of  $xx$ , then state income would increase by  $x$ .

*Experiencing Job Growth similar to Growth in Arkansas*

- Here assume that growth in our top three areas – leisure and hospitality, trade, and professional services is more on the order of what Arkansas experienced. How would that impact our state?

## Appendix - Labor Force Definitions and Data Sources

### *Definitions*

The federal and state governments keep a close eye on the labor force and its many components. As such, there are standard definitions that governments use when referring to the labor force and employment. The following terms are provided on the Bureau of Labor Statistics website.<sup>17</sup>

- *Civilian non-institutional population*: Persons 16 years of age and older residing in the 50 states and the District of Columbia, who are not inmates of institutions (e.g., penal and mental facilities, homes for the aged), and who are not on active duty in the Armed Forces.
- *Civilian labor force*: All persons in the civilian non-institutional population classified as either employed or unemployed.
- *Employed persons*: All persons who, during the reference week (week including the twelfth day of the month), (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, or (b) were not working but who had jobs from which they were temporarily absent. Each employed person is counted only once, even if he or she holds more than one job.
- *Unemployed persons*: All persons who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment some time during the 4 week-period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.
- *Unemployment rate*: The ratio of unemployed to the civilian labor force expressed as a percent [i.e., 100 times (unemployed/labor force)].

### *Data Sources*<sup>18</sup>

Most labor force statistics at both the state and national levels are obtained from household or establishment surveys. The exception is the Quarterly Census of Employment and Wages which relies upon unemployment insurance records. The most widely used data sources for labor force statistics are provided below.

#### Current Population Survey (CPS)

- The CPS is a monthly survey of 60,000 households conducted by the Bureau of Census for the Bureau of Labor Statistics.
- The CPS covers the civilian noninstitutionalized population ages 16 and over.

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<sup>17</sup> See [www.bls.gov/cps/faq.htm](http://www.bls.gov/cps/faq.htm).

<sup>18</sup> Please note that the information on data sources is largely paraphrased or copied directly from the noted websites.

- The CPS provides information on the labor force, employment, unemployment, persons not in the labor force, hours of work, earnings, and other demographic and labor force characteristics.<sup>19</sup>
- The CPS is used to estimate labor force characteristics for the nation as a whole. It also reports statistics at the state level. The CPS sample is too small to support reliable estimation for subnational areas on a monthly basis. (For example, not all counties are covered in the CPS sample.)<sup>20</sup>
- Notice that this survey differs from some of the state level surveys because it is not limited to individuals covered by unemployment insurance. The BLS indicates:

Because unemployment insurance records relate only to people who have applied for such benefits, and since it is impractical to count every unemployed person each month, the government conducts a monthly survey called the Current Population Survey (CPS) to measure the extent of unemployment in the country. The CPS has been conducted in the United States every month since 1940, when it began as a Work Projects Administration program. In 1942, the U.S. Census Bureau took over responsibility for the CPS. The survey has been expanded and modified several times since then.<sup>21</sup>

#### Current Employment Statistics (CES)<sup>22</sup>

- Each month the CES program, administered by the BLS, surveys approximately 146,000 businesses and government agencies, representing approximately 623,000 individual worksites, in order to provide detailed industry data on employment, hours, and earnings of workers on nonfarm payrolls.
- Employment data is available for all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and about 450 metropolitan areas and divisions.
- Monthly estimates of employment by industry at the National, State and MSA level are available.
- In Mississippi, it is published at the State, Jackson MSA, Gulfport-Biloxi MSA, Hattiesburg MSA, and Pascagoula MSA levels.

#### Local Area Unemployment Statistics (LAUS)<sup>23</sup>

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<sup>19</sup> See [www.bls.gov/cps/home.htm](http://www.bls.gov/cps/home.htm).

<sup>20</sup> See [www.bls.gov/gps/notescps.htm](http://www.bls.gov/gps/notescps.htm).

<sup>21</sup> See [www.bls.gov/cps/faq.htm](http://www.bls.gov/cps/faq.htm).

<sup>22</sup> See [www.bls.gov/ces/](http://www.bls.gov/ces/).

<sup>23</sup> See [www.bls.gov/lau/](http://www.bls.gov/lau/).

- The LAUS is a program which produces monthly and annual employment, unemployment, and labor force data for census regions, states, counties, MSA's, and many cities.
- The LAUS program uses inputs from multiple sources, including the Current Population Survey (CPS), the CES program, the unemployment insurance system, and the U.S. census. This program counts people, rather than jobs, based on their place of residence.
- Spearheaded by the BLS, The LAUS program is a federal-state cooperative effort.
- The data developed through the LAUS program are based on the household concept of the CPS.

#### Quarterly Census of Employment and Wages (QCEW)<sup>24</sup>

- The QCEW publishes a quarterly count of employment and wages for workers covered by State unemployment insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. According to the BLS, the QCEW provide a “near census” of this information by 6-digit NAICS industry at the national, State, and county levels as long as disclosure restrictions are met.
- The QCEW is a cooperative program with the BLS, the U.S. Department of Labor, and the State Employment Security Agencies.
- Excluded from the QCEW are members of the armed forces, the self-employed, proprietors, domestic workers, unpaid family workers, and railroad workers covered by the railroad unemployment insurance system.
- Wages represent total compensation paid during the calendar quarter, regardless of when services were performed. Included in wages are pay for vacation and other paid leave, bonuses, stock options, tips, the cash value of meals and lodging, and in some States, contributions to deferred compensation plans (such as 401(k) plans).
- The QCEW program does provide partial information on agricultural industries and employees in private households.

#### Occupational Employment Statistics (OES)

- The OES provides employment and wage estimate annually for over 800 occupations. These estimates are available for the nation as a whole, for individual states, and for metropolitan and nonmetropolitan areas. National occupational estimates for specific industries are also available.

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<sup>24</sup> See [www.bls.gov/cew/cewover.htm](http://www.bls.gov/cew/cewover.htm).

- Each year a random sample of employers in non-farm establishments is surveyed to determine the types of occupations, the number of individuals employed in those occupations and the salary range paid by the employer.
- Data include average, median and experienced wage estimates; estimated employment by occupation.
- “Employees” are all part-time and full-time workers who are paid a wage or salary. The survey does not cover the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers.



Sources of Labor Force Statistics					
	CPS	CES	LAUS	QCEW	OES
Frequency	Monthly	Monthly	Monthly	Quarterly	Annually
Geographic Areas	Designed to represent the nation as a whole. Statistics are reported at the state-wide level as well. Estimates are considered unreliable at the sub-state level.	National, state, and MSA.	Census regions, states, counties, and cities of 25,000+.	National, state, and county levels.	National, state, MSA, and Non-MSA areas.
Data	Characteristics of the labor force.	Employment by industry.	Civilian labor force, employment, unemployment and the unemployment rate.	Employment and wages for "covered" workers.	Employment and wage estimates by occupation.
Coverage	Civilian noninstitutionalized population ages 16 and over.	Employment in nonfarm industries; does not include self-employed workers.	Civilian noninstitutionalized population ages 16 and over; includes agricultural and non-agricultural workers. Does not include self-employed workers.	Excluded from the QCEW are members of the armed forces, the self-employed, proprietors, domestic workers, unpaid family workers, and railroad workers covered by the railroad unemployment insurance system; does provide partial information on agricultural industries and employees in private households.	The survey does not cover the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers.
Utilizes	Household survey.	Establishment survey of businesses and government agencies.	The CPS, which is a household survey, is used to calculate LAUS.	Establishment data from Unemployment Insurance programs.	Survey of non-farm establishments.

