

MISSISSIPPI WELFARE REFORM & LABOR MARKET CAPACITY

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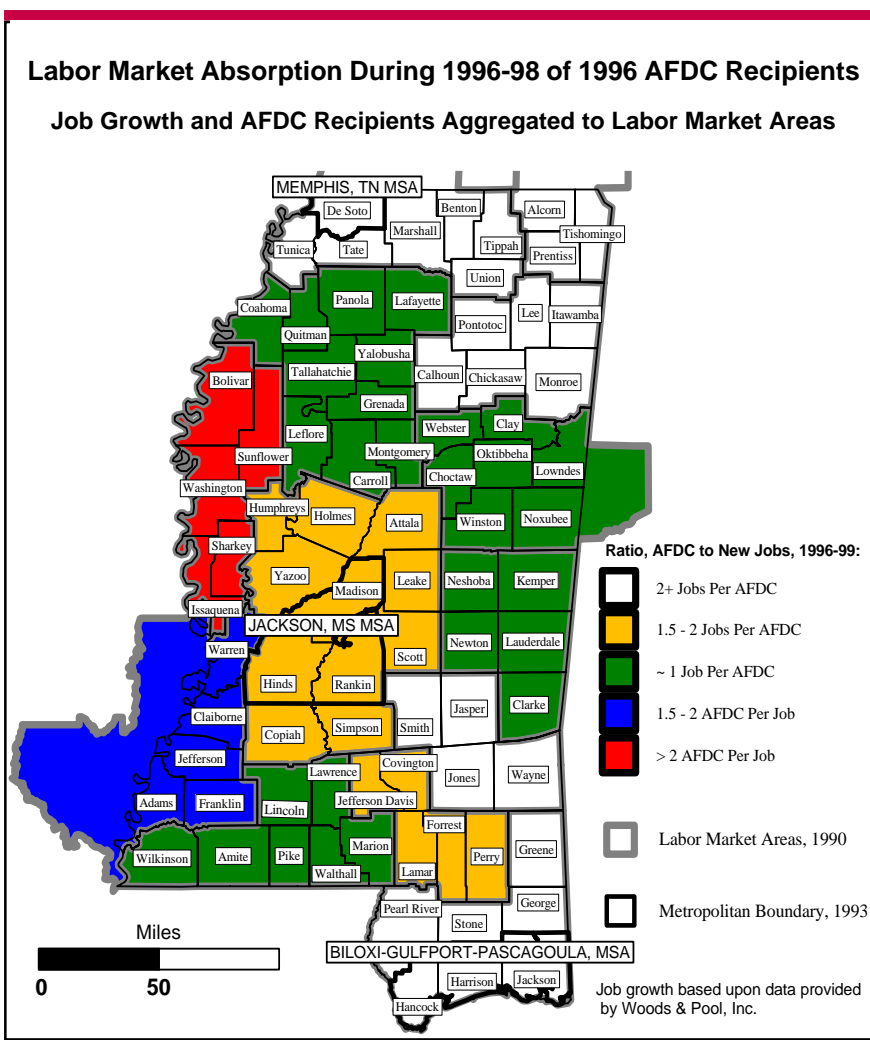
When the U.S. Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), it made a far-reaching change in the elimination of entitlement programs to many individuals falling below the official poverty line. The Temporary Assistance for Needy Families (TANF) Block Grant program, for instance, replaced the AFDC program to make welfare more of a transitory "safety-net" and to facilitate the movement of adult family members from welfare beneficiary lists to employment rolls. As a state, Mississippi has a large proportion of its population falling beneath the official poverty line. *What we know little about is the capacity of local labor markets in Mississippi to "absorb" persons who are scheduled to move from being an entitled beneficiary of a government welfare program, like AFDC/TANF, to being actively engaged in paid employment.*

This brief report examines the capacity of Mississippi's labor markets to absorb adult recipients of AFDC (now TANF) program benefits. With data on the peak number of 1996 adult AFDC recipients by county, we examine the prospects they would face in making the transition to paid employment based on the estimated job growth in their local labor market. The total number of AFDC recipients was adjusted downward using 1990 estimates of work disability by county from

the U.S. Bureau of the Census and modified to reflect those work-disabled persons likely to receive AFDC benefits. This adjusted number of AFDC recipients represents the potential number of the "newly unemployed" who would be seeking jobs in their local areas. Using proprietary data on employment and job growth from Woods & Poole Economics, Inc., the adjusted number of 1996 AFDC recipients were divided by the projected job growth over the following three year period (1996-1999).

This ratio yields an "absorption index" of the local labor market's capacity to incorporate AFDC recipients into the paid labor force, amortized over a three-year transition period. Because actual labor markets are not fully encompassed by county boundaries, this ratio was recalculated for labor market areas (LMA) in Mississippi. The labor market area index comes closer to reflecting the local area's ability to generate job growth to match the requirements of the new welfare program.

The table displays several social indicators about welfare reform and job growth in Mississippi. The proportions of poor persons receiving AFDC benefits (in 1996) ranged from a low of seven percent (Pontotoc and Tishomingo) to a high of 34 percent (Holmes and Sharkey). Thus, fewer than about one-third of all persons falling below the official poverty line received benefits under the AFDC program in 1995. The peak number of adults on AFDC benefit rolls was highest in Hinds County, which largely made LMA 030 the labor market area with the largest number of AFDC enrollees. The county with the lowest number of AFDC adults is Pontotoc with 52. The three-year window of job growth for each LMA shows that the projections range from a gain of almost ten thousand jobs (LMA 030) to nominal growth of fifteen jobs (LMA 048). Within each labor market area, counties vary widely in the ratio of AFDC recipients to



Social Science Research Center
 Mississippi State University
 P.O. Box 5287, Mississippi State, MS 39762
<http://www.ssrc.msstate.edu/>

projected job growth (e.g., in LMA 027: the ratio is 0.20 for Harrison and 4.45 for Pearl River). However, given that labor markets are comprised of commuting zones where many workers tend to travel daily from one county to the next, it makes sense to examine the "absorption index" for the labor market as a whole. In this example (LMA 027), for instance, the ratio is 0.35, or about two-and-a-half new jobs produced over the three-year period per AFDC recipient. The map illustrates how this absorption index varies for each LMA in Mississippi. *The results show that AFDC recipients face the bleakest outlook in the Delta where there will be well over 2 AFDC recipients per new job.* This is largely due to the projected lack of employment growth in this LMA for the period 1996-99. On the other extreme, there are several LMAs where the ratio is over two jobs per AFDC recipient. These involve labor markets around Tupelo and Memphis; on the Gulf Coast surrounding Gulfport-Biloxi; and in the Laurel area. Labor markets where the estimated absorption capacity just about matches the adjusted number of AFDC recipients (i.e., index ~ 1.0) include a geographic band running southeast from Coahoma County through Grenada and the Golden Triangle to Meridian, a large

portion of the state. The remaining classification involves LMAs where there are about 1.5 AFDC recipients per new job. There is one LMA falling into this category, that being the Vicksburg-Natchez area.

This exploration of the capacity of Mississippi's labor markets to generate new jobs that spatially coincide with the anticipated need to move adults from welfare rolls into paid employment is perhaps, at best, speculative. It uses projected employment that, while historically fairly accurate, may not prove so over the period considered. The method is "optimistic" in the sense that it only examines the crude ratio of one year of AFDC recipients to projections of total employment growth, without taking into account the matching of job requirements to persons seeking employment. Additionally, the MS Department of Human Services indicates that 1997 monthly TANF caseload reports show a decidedly downward trend in beneficiaries. Moreover, this report only deals with one program in the overall welfare system. More careful study of these and related issues is certainly needed as the process of welfare reform unfolds in the poorest state in the nation.

County and Labor Market Area Data for Labor Market Absorption of AFDC Recipients

[Source: see text]

Labor Market Area (LMA) & County	Total No. Poor Persons, 1993	No. of 1996 AFDC Beneficiary Ratio	Poor Work-Disabled* of Adults (Est.)	Max. No. of Adults Receiving AFDC, 1996	Total Employment, 1996 (Thou.)	3-Yr. Job Growth, 1996-99	Absorption Index: Adjusted 1996 AFDC Over 1996-1999
Labor Market Area 027:	82,749	.19	1,164.20	4,466	221.66	9,282	.35
George County	3,955	.14	38.94	167	5.49	203	.63
Greene County	2,812	.18	35.95	138	2.88	28	3.64
Hancock County	7,590	.14	101.50	299	17.65	809	.24
Harrison County	34,862	.18	461.88	1,701	113.31	6,338	.20
Jackson County	20,457	.23	296.17	1,322	64.72	1,671	.61
Pearl River County	10,168	.20	181.12	617	12.75	98	4.45
Stone County	2,905	.25	48.65	222	4.86	135	1.28
Labor Market Area 028:	28,682	.15	446.29	1,019	53.10	1,305	.43
Jasper County	4,621	.12	69.08	133	6.86	350	.18
Jones County	14,640	.16	248.54	547	31.92	615	.49
Smith County	3,562	.10	39.12	84	6.13	134	.33
Wayne County	5,859	.19	89.56	255	8.20	206	.80
Labor Market Area 029:	35,344	.17	502.12	1,723	72.07	2,001	.61
Covington County	4,791	.10	48.77	117	7.08	359	.19
Forrest County	15,994	.21	257.97	971	43.24	896	.80
Jeff Davis County	4,954	.19	103.70	254	4.17	104	1.45
Lamar County	6,523	.12	45.44	234	13.25	475	.40
Perry County	3,082	.18	46.24	147	4.33	167	.60
Labor Market Area 030:	147,984	.24	2,330.80	8,977	333.01	9,240	.71
Attala County	5,414	.14	60.12	192	8.05	101	1.31
Copiah County	8,717	.22	142.20	501	9.80	39	9.20
Hinds County	65,546	.25	949.55	4310	179.13	1,670	2.01
Holmes County	10,546	.34	316.06	944	7.08	82	7.66
Humphreys County	4,930	.31	90.00	389	4.86	-22	-13.59
Leake County	5,261	.14	72.80	202	7.87	300	.43
Madison County	14,362	.26	227.59	908	28.84	1,371	.50
Rankin County	11,707	.16	128.74	523	51.42	4,748	.08
Scott County	6,107	.15	86.57	218	16.26	1,054	.12
Simpson County	5,606	.16	81.44	211	9.74	57	2.27
Yazoo County	9,788	.25	175.73	579	9.98	-160	-2.52
Labor Market Area 031:	43,170	.19	728.66	2,156	59.59	1,041	1.35
Amite County	3,639	.19	77.77	185	3.79	-77	-1.39
Lawrence County	3,168	.16	58.34	147	4.51	48	1.85
Lincoln County	7,407	.16	131.84	321	14.47	341	.55
Marion County	8,337	.16	109.34	383	10.04	152	1.80
Pike County	11,658	.23	188.61	701	18.40	378	1.36
Walthall County	5,445	.16	89.43	203	5.14	176	.65
Wilkinson County	3,516	.23	73.32	216	3.23	23	6.20
Labor Market Area 032:	31,370	.27	569.34	2,304	60.63	1,071	1.63
Adams County	10,245	.29	232.71	862	18.84	-59	-10.67
Claiborne County	3,991	.26	56.85	274	5.49	82	2.65
Franklin County	2,346	.23	31.19	170	2.73	95	1.46
Jefferson County	3,410	.29	89.94	240	1.88	5	30.01
Warren County	11,378	.24	158.66	758	31.69	948	.63

Note: LMA summaries are aggregate statistics for all county-level entries.

Labor Market Area (LMA) & County	Total No. Poor Persons, 1993	No. of 1996 AFDC Beneficiary Ratio	Poor Work-Disabled* of Adults (Est.)	Max. No. of Adults Receiving AFDC, 1996	Total Employment, 1996 (Thou.)	3-Yr. Job Growth, 1996-99	Absorption Index: Adjusted 1996 AFDC Over 1996-1999
Labor Market Area 047:	66,565	.24	1,132.26	3,877	102.75	1,935	1.40
Carroll County	2,448	.17	28.85	109	2.32	-42	-1.91
Coahoma County	13,239	.31	268.98	1021	14.39	-158	-4.76
Grenada County	5,222	.19	79.73	245	13.36	297	.56
Lafayette County	5,561	.08	28.39	108	19.02	1094	.07
Leflore County	13,804	.30	257.41	1037	20.21	18	43.31
Montgomery County	3,488	.17	69.91	128	4.91	16	3.63
Panola County	9,562	.21	153.01	550	15.68	879	.45
Quitman County	4,130	.29	99.87	290	3.33	-77	-2.47
Tallahatchie County	5,823	.18	96.39	233	4.39	-100	-1.37
Yalobusha County	3,288	.18	49.73	156	5.14	8	13.28
Labor Market Area 048:	57,845	.30	958.79	4767	69.28	15	254.06
Bolivar County	16,233	.29	266.34	1218	17.63	-44	-21.63
Issaquena County	710	.27	8.20	56	.62	-22	-2.17
Sharkey County	3,095	.34	62.72	259	2.82	-62	-3.17
Sunflower County	13,718	.27	184.97	991	15.66	351	2.30
Washington County	24,089	.33	436.57	2243	32.56	-208	-8.68
Labor Market Area 050:	32,096	.14	349.02	1,022	115.49	4,774	.14
Calhoun County	3,326	.14	46.47	100	6.69	149	.36
Chickasaw County	3,870	.13	38.10	124	10.98	233	.37
Itawamba County	2,860	.08	17.91	65	7.96	147	.32
Lee County	11,082	.14	112.41	344	60.55	3,222	.07
Monroe County	7,302	.18	113.24	337	16.89	192	1.17
Pontotoc County	3,656	.07	20.90	52	12.44	831	.04
Labor Market Area 051:	13,720	.10	157.14	380	39.00	1,135	.20
Alcorn County	6,207	.12	94.65	203	17.75	216	.50
Prenlist County	4,436	.10	45.65	118	12.30	593	.12
Tishomingo County	3,077	.07	16.85	59	8.95	326	.13
Labor Market Area 052:	35,992	.15	433.20	1,456	91.18	4,825	.21
Benton County	2,280	.12	26.03	74	2.43	13	3.69
DeSoto County	9,156	.11	49.05	273	35.81	2,906	.08
Marshall County	8,879	.20	161.47	488	10.11	146	2.24
Tate County	4,610	.17	47.72	220	9.39	241	.71
Tippah County	3,894	.13	59.68	117	10.04	271	.21
Tunica County	3,654	.21	61.56	189	12.15	872	.15
Union County	3,519	.10	27.69	95	11.25	376	.18
Labor Market Area 104:	35,694	.18	495.55	1,543	78.61	1,220	.85
Clarke County	3,721	.15	44.65	140	6.57	93	1.03
Kemper County	3,031	.14	34.44	106	3.57	165	.43
Lauderdale County	17,951	.21	285.80	911	44.93	238	2.63
Neshoba County	6,481	.13	72.52	209	13.99	588	.23
Newton County	4,510	.15	58.13	177	9.55	136	.87
Labor Market Area 105:	42,705	.23	744.20	2,521	87.07	2,257	.18
Choctaw County	2,379	.19	37.51	95	2.70	-21	-2.74
Clay County	5,629	.32	103.75	521	10.12	95	4.39
Lowndes County	13,237	.23	198.80	814	36.01	1,181	.52
Noxubee County	4,714	.28	108.76	293	4.81	64	2.88
Okfuskee County	9,081	.16	89.94	352	20.17	665	.39
Webster County	2,338	.19	54.57	124	4.92	154	.45
Winston County	5,327	.24	86.30	322	8.36	119	1.98

Data Sources: Number of Poor Persons, 1993 estimate:
 Number of Work-Disabled Adults in Poverty, 1993 estimate
 [U.S. Bureau of the Census Webpage: <http://www.census.gov>]
 No. of Adult AFDC Recipients, 1996 [Mike Abbey, JOBS Program, MS Department of Human Services]
 Total employment, 1996, 1999 [Woods & Poole Economics, Inc.]

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 Frank M. Howell, Principal Investigator.