Tough Times in Mississippi: Housing and poverty, a census snapshot

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Executive Summary

People across America have been hit hard by the recession. Recent job figures – that “only” 11,000 jobs were lost in a month – have economists proclaiming the end of the downturn. The newest data from the U.S. Bureau of Labor Statistics (BLS), the U.S. Census Bureau (Census), and the Department of Housing and Urban Development (HUD) are less promising. They show that a large segment of the nation’s population is being left out of the recovery generated by the American Recovery and Reinvestment Act (or “Stimulus”). We must make sure that these excluded communities benefit from new rounds of federal job creation, infrastructure, and small business investment strategies.

All communities need jobs and we need to make sure all communities recover. That won’t happen unless we understand who has been hit hardest by the recession and why. CSI’s research shows that Mississippi is a hard hit state, ranking 14 on our index of the recession’s impact.¹

The subprime lending crisis hurt us all, but is rooted in discriminatory lending

The subprime lending crisis – and the foreclosure crisis that came in its wake – tore down our whole economy and is affecting every community. But instead of blaming exploitative banks and other predatory lenders, many are faulting the borrowers who were taken advantage of. Unfortunately, the crisis disproportionately hurt people of color. Several studies have shown discrimination in the mortgage market. Nationally, Black and Latino borrowers earning over $350,000 were more likely to receive subprime loans than White borrowers earning under $50,000 a year.² Our research shows that the housing crisis is also having a disproportionate impact on people of color in Mississippi.³

- During the height of the subprime (2004-2006) boom, banks and other lenders made 72,866 subprime mortgages in Mississippi.
- By August 2008, lenders began foreclosure on an estimated 26,856 homes (or 5.2% of all mortgages) in Mississippi.
- Communities of color have the highest subprime lending and foreclosure rates.
- Between 2007 and 2008, homeownership rates dropped further for Black Mississippians (down 2.8%) than for Whites (down 0.5%).

People of color are hit hardest by job losses

People of color are more likely to end up in low wage service sector jobs and confront practical obstacles to employment such as living far from job centers. These forces contribute to the troubling numbers coming out in the latest economic reports.

Our analysis of Census and BLS data reveal people of color have been the most severely affected by job losses, freezing up their purchasing power and slowing the economic engine for the country as a whole. The condition of Black workers in Mississippi highlights this national trend. Mississippi Communities hardest-hit by rising unemployment are also struggling with health care, because a lost job often means lost health insurance.

- CSI’s Recession Impact Index shows Mississippi is one of the hardest-hit states in the country.
- Unemployment among Black Mississippians is skyrocketing.
- Poverty is alarmingly high for Black children.
- Rates of health insurance coverage continue to be lowest for people of color.

**Stimulus is working, but can and should do more to help the hardest-hit**

Stimulus has helped the economy. It is also supposed to help hardest-hit communities the most. Recent statistics suggest prompt action must be taken by federal, state, and local governments to ensure stimulus spending priorities, or any “Stimulus 2.0” fulfill that promise.

- Target the hardest-hit in any second round of stimulus.
- Reporting precise locations for all Recovery Act-funded projects.
- Track specific information (such as demographics and geography) about employed individuals.
The subprime and foreclosure crises hit Blacks hardest

Mississippi was hit hard by the subprime and foreclosure crisis. According to estimates by HUD, banks and independent lenders made 72,866 subprime mortgages during the height of the subprime boom (2004-2006). This accounted for 14.1% of all mortgages made in MS during this time, compared to 11.8% nationally. By August 2008, lenders began foreclosure on 26,856 homes (or 5.2% of all mortgages) in Mississippi.4

Discrimination in the mortgage market has been widely documented. Nationally, Black and Latino borrowers earning over $350,000 were more likely to receive subprime loans than White borrowers earning under $50,000 a year.5 The maps on the next few pages suggest that the steering of people of color towards risky, high-cost mortgages was also prevalent in Mississippi during the subprime boom and that these people are now bearing the brunt of the foreclosure crisis.

It is not surprising, then, to see homeownership rates drop significantly further for Black Mississippians (down 2.8%) than for Whites (down 0.5%). Between 2007 and 2008, 7,241 fewer Black households in Mississippi owned their homes. And since we know that unemployment has risen fastest in communities of color, these numbers are likely worse today.

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Mississippi
The housing crisis and communities of color
Sources: U.S. Census, HUDUSER, ESRI

Foreclosure Rate (Jun 08)
- Gray: 0% - 4.3%
- Light Green: 4.4% - 6.1%
- Medium Green: 6.2% - 7.7%
- Dark Green: 7.8% - 15.8%

Map showing the foreclosure rate in Mississippi with a focus on areas with majority people of color.
The recession is hurting everyone. However, some communities are having a tougher time than others. The unemployment rate in Mississippi (9.4%) is slightly higher than the national average (9.1%). However, the gap between White and Black unemployment rates is much higher in Mississippi. Nationally, White unemployment stands at 8.3% and Black unemployment at 14.5% - up from 4.1% and 8.3% before the recession, respectively. In Mississippi, CSI estimates White unemployment rose from 3.9% to 7.2% while CSI estimates Black unemployment rose from 10.5% to 16.2% between 2007 and 2009. People of color were far worse-off before the start of the recession and have been losing jobs at a faster rate since.

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6 Measured as the yearly average unemployment
7 The most recent data on unemployment by race in Mississippi is from 2008, so we estimated White and Black unemployment rates for 2009. The estimates are based on how changes in race-based unemployment tracked with changes in overall unemployment between 2007 and 2008. Since we have overall unemployment for Mississippi for 2009 from the Bureau of Labor Statistics, we are able to make this estimate. If disparities continued the way they were at the end of 2008, which national statistics suggest they would do, this is likely what unemployment would be.
Poverty remains highest in Black communities

Over 600,000 Mississippians live below the poverty line, including almost 400,000 children. People who are Black are much more likely to live in poverty – a serious indicator of the recession’s disproportionate impact on communities of color. **Black poverty (35.2%) is almost three times higher than White poverty (12.2%).** Sadly, children bear the brunt of racialized poverty: almost half (47.6%) of Black children in Mississippi live below the poverty line.\(^9\)

Furthermore, what we know about poverty today is a year old. This means it is very likely that the situation is worse than it appears since over 60,000 Mississippians have lost their jobs in the past 12 months.

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**Percent uninsured by race in MS ('06)**

<table>
<thead>
<tr>
<th>Race</th>
<th>White</th>
<th>Total</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.8%</td>
<td>20.8%</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

**Black Mississippians are the most likely to be uninsured**

People of color were the most likely to be uninsured before the recession. In 2006 (the most-recent data), **one in four Black Mississippians did not have health insurance**, compared to the state average of one in five. Losing your job often means losing health insurance. Since this information is two years old, it is more than likely the true number of people uninsured today is much higher.\(^{10}\)

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\(^9\) U.S. Census Bureau “2008 American Community Survey 1-Year Estimates”.

\(^{10}\) U.S. Census Bureau “Small Area Health Insurance Estimates 2006”.
Mississippi is amongst the states hardest hit by the recession

CSI developed an “Impact Index” to better understand which parts of the country were hardest hit by the financial meltdown and following economic downturn. **CSI’s Impact Index indicates a clear relationship between states with a high population of people of color and states experiencing the deepest downturn**, using a measure based on 14 variables of community health and economic stability. CSI ranked the impact of the recession on each of the 50 states.

- Only 15 states have a higher percentage of people of color than the national average of 35.4% and 12 of these 15 states have been hit the hardest by the recession, according to CSI’s Impact Index. They are NY, NJ, IL, LA, MS, CA, TX, AZ, GA, NM, NV, and FL.

- Mississippi (41% people of color) was the 14th-hardest hit state and just barely dodged a “Highest Impact” rating.

- Rustbelt states, the Southwest, and those where subprime lending was prevalent (e.g., Florida) were the hardest-hit according to CSI’s Impact Index.

- Florida (40% people of color) was ravaged by housing speculation and subprime lending and tops the list as the most-impacted state in the country according to CSI’s Impact Index.

- North Dakota (only 10% people of color) has been able to escape most of the recession’s impact and sits on the bottom of the list.

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11 The Impact Index aggregates fourteen variables into a comprehensive measure of state economic health. The resulting framework organizes the variables into five categories:
- Housing – affordability, foreclosures, vacancies, subprime lending and building permits
- Health – healthcare coverage
- Jobs – wages, employment, income sustainability
- Civics – poverty, gross domestic product, state fiscal health

A full methodology can be found on our website ([http://centerforsocialinclusion.org/](http://centerforsocialinclusion.org/))

Our multi-variable index shows that **people of color are hurt most by the recession**. The graph above shows the relationship between higher impact states and states with higher percentages of Blacks, Latinos, and Asians. Moving from left (Lowest Impact) to right (Highest Impact) the percentage people of color in a particular state increases.

There are a few outliers in this analysis. Both Washington D.C. and Hawaii are home to large communities of color, but are in the Lowest Impact category. Conversely, Michigan is one of the states hardest-hit by the recession, yet only 22.7% of residents are people of color. Outside of these three anomalies, the trend is very clear. **MS is one example of this trend: 40% of Mississippians are people of color and the recession is having a high impact there.**
### Rank of States by Impact Index

<table>
<thead>
<tr>
<th>Rank</th>
<th>States</th>
<th>Impact Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Florida</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>2</td>
<td>Nevada</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>3</td>
<td>Michigan</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>4</td>
<td>Georgia</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>5</td>
<td>New Mexico</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>6</td>
<td>Arizona</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>7</td>
<td>Texas</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>8</td>
<td>Rhode Island</td>
<td>Highest Impact</td>
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<tr>
<td>9</td>
<td>California</td>
<td>Highest Impact</td>
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<tr>
<td>10</td>
<td>Tennessee</td>
<td>Highest Impact</td>
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<tr>
<td>11</td>
<td>Ohio</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>12</td>
<td>Kentucky</td>
<td>Highest Impact</td>
</tr>
<tr>
<td>13</td>
<td>Indiana</td>
<td>Highest Impact</td>
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<tr>
<td>14</td>
<td>Mississippi</td>
<td>High Impact</td>
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<tr>
<td>15</td>
<td>Louisiana</td>
<td>High Impact</td>
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<tr>
<td>16</td>
<td>South Carolina</td>
<td>High Impact</td>
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<tr>
<td>17</td>
<td>Illinois</td>
<td>High Impact</td>
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<tr>
<td>18</td>
<td>Idaho</td>
<td>High Impact</td>
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<tr>
<td>19</td>
<td>North Carolina</td>
<td>High Impact</td>
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<tr>
<td>20</td>
<td>Alaska</td>
<td>High Impact</td>
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<tr>
<td>21</td>
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<tr>
<td>23</td>
<td>Oregon</td>
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<tr>
<td>24</td>
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<td>High Impact</td>
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<tr>
<td>25</td>
<td>New Jersey</td>
<td>High Impact</td>
</tr>
<tr>
<td>26</td>
<td>New York</td>
<td>High Impact</td>
</tr>
<tr>
<td>27</td>
<td>Maine</td>
<td>Low Impact</td>
</tr>
<tr>
<td>28</td>
<td>Virginia</td>
<td>Low Impact</td>
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<tr>
<td>29</td>
<td>Colorado</td>
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<tr>
<td>30</td>
<td>Pennsylvania</td>
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<tr>
<td>31</td>
<td>Alabama</td>
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<tr>
<td>32</td>
<td>West Virginia</td>
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<tr>
<td>33</td>
<td>Nebraska</td>
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<tr>
<td>34</td>
<td>Delaware</td>
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<tr>
<td>35</td>
<td>Montana</td>
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<td>Maryland</td>
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<td>37</td>
<td>Wisconsin</td>
<td>Low Impact</td>
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<tr>
<td>38</td>
<td>New Hampshire</td>
<td>Low Impact</td>
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<tr>
<td>39</td>
<td>Connecticut</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>40</td>
<td>Minnesota</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>41</td>
<td>Oklahoma</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>42</td>
<td>Washington</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>43</td>
<td>Hawaii</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>44</td>
<td>Iowa</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>45</td>
<td>South Dakota</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>46</td>
<td>Vermont</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>47</td>
<td>Utah</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>48</td>
<td>Wyoming</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>49</td>
<td>District of Columbia</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>50</td>
<td>Massachusetts</td>
<td>Lowest Impact</td>
</tr>
<tr>
<td>51</td>
<td>North Dakota</td>
<td>Lowest Impact</td>
</tr>
</tbody>
</table>

The table above lists all 50 states and Washington D.C. according to the Impact Index. Florida (40% people of color) was ravaged by housing speculation and subprime lending and tops the list as the most-impacted state in the country according to CSI’s Impact Index. States with similar demographic (Georgia, Nevada, Arizona, etc.) are also among the Highest Impacted. North Dakota (only 10% people of color) has been able to escape most of the recession’s impact and sits on the bottom of the list. **Mississippi is the 14 highest impacted state.**
These maps show that the Highest Impact states are concentrated in a few regions. Rustbelt states, the Southwest, and those where subprime lending was prevalent (e.g., Florida) were the hardest-hit according to the Impact Index. Again, we see that many High and Highest Impact states have large concentrations of people of color, particularly in the South (e.g., Mississippi).
Conclusions and Recommendations

All communities need jobs and we need to make sure all communities recover for the nation to prosper. That won’t happen unless we understand who has been hit hardest by the recession and direct recovery efforts towards those areas. Unfortunately, the evidence shows that the Stimulus is not doing enough for the hardest hit communities. Though more extensive analysis of this data is needed, some of the steps that must be taken in order to ensure the success of the Recovery Act are already clear.

Mississippi does not track Stimulus funds well enough to determine whether they are being allocated equitably or effectively. According to the research and transparency group Good Jobs First13, Mississippi’s Stimulus tracking website (http://stimulus.ms.gov/) is tied for 19th in the country with a score of 30 out of 100. Jobs and contracts data are missing and allocations are not shown by geography.14

For the American Recovery and Reinvestment Act to realize its goal of assisting those most impacted by the economic crisis it must reach poor communities and communities hit hardest by the recession. CSI’s analysis demonstrates that communities of color are especially likely to be where the recession’s impact has been deepest.

Target the hardest-hit in any second round of Stimulus

Many good ideas came out of President Obama’s recent Jobs Summit, including increasing aide to small businesses, redoubling infrastructure investment, and creating a jobs program. However, this and other reports15 show that the first Stimulus effort may be leaving people of color behind.

Adopt more aggressive efforts to stop foreclosures

The foreclosure crisis continues to rage on, particularly in communities of color,16 while most efforts to slow down or stop it have been unsuccessful.17 Homeowners whose mortgages are underwater must be able to renegotiate the principal – or the overall amount – of their mortgage, rather than simply just the payment structure. The federal government can accomplish this by using funds from the Troubled Asset Relief Program (“TARP”) to acquire mortgages from troubled borrowers.18

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13 http://www.goodjobsfirst.org
18 The National Community Reinvestment Coalition “Modification Program is Not Working” December 8, 2009 http://www.ncrc.org/index.php?option=com_content&task=view&id=531&Itemid=118
Invest in small businesses in communities of color
It is important to support small businesses, because they are often the fastest to recover after a recession, especially in communities of color. However, businesses owned by people of color receive only 2% of all private equity and 3% of all small business investment dollars. The federal government must do more to get money to businesses in these hard-hit communities. This is not only the right thing to do, but these businesses are crucial to sustaining and growing the economy.

Track projects at the community level
The White House Office of Management and Budget (“OMB”) must:
- Require reporting on precise locations for all Recovery Act-funded projects.
- Adjust the current Recipient Reporting Data Model, making it mandatory for recipients to list the full address of the “primary place of performance.”
- Require agencies administering Recovery Act-funded programs to change regulations that limit the ability to track spending with specificity. For example, U.S. Department of Education regulations governing the Title I program only allow federal dollars to be tracked to the district level. There are 152 schools in Mississippi; and because there are great differences between schools within individual districts, we need to know where funding is going on the school level as well. These and other agency regulations must be modified so that we can fully understand the impacts of this historic investment.

Track jobs

Modify the recipient reporting data model
OMB must require recipients to provide specific information about employed individuals. At a minimum, this information should include:
- Race/ethnicity
- Gender
- Residential zip code
- Immigrant status
- Whether the individual was formerly incarcerated

Improve MS Stimulus tracking website
Mississippi must improve its Stimulus tracking website (http://stimulus.ms.gov/) to:
- Clearly show funding streams by source, intended goal, and geography.
- Provide data on economic need (unemployment, poverty, etc.) across the state.
- Show dollar amount and contractor name contractor for every contract.
- Show jobs data for individual projects.

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21 Currently, though recipients must report the country, state, city, zip code and congressional district of the primary place of performance, address information is optional. See Recipient Reporting Data Model v3.0.14 (2009).
• Include data on expected duration of projects and portion completed.

Make data in broadband grant applications available to the public
United States Department of Agriculture (“USDA”) and Commerce must share key data from broadband applications with the public so that grantees can be held accountable for providing the services promised.

Invest in equity

Support broadband infrastructure
USDA and Department of Commerce (“Commerce”) must create a non-competitive grant program to help small, rural communities to develop strategic technology plans and the capacity needed to implement them. Deploying affordable high speed internet in Mississippi’s isolated areas would solve the “last mile” problem, close the broadband gap, and stimulate economic development.

Redefine “unserved” and “underserved” under broadband programs
USDA and Commerce must use zip codes and census tracts, and definitions of these terms must incorporate measures of poverty, unemployment, income and other indicators of need.

Invest in bus rapid transit (“BRT”)
BRT can connect isolated communities to jobs, create new jobs in transit, and reduce carbon emissions. Families living in rural, hard to reach places such as the Mississippi Delta are unable to access jobs due to a lack of transportation services. Investing in BRT can link families to economic opportunities and stimulates local and regional economies.

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22 USDA and Commerce define an underserved area as a proposed funded service area, composed of one or more contiguous census blocks meeting certain criteria that measure the availability of broadband service and the level of advertised broadband speeds. The criteria vary across subprograms programs. Id. at 33,109.
The Center for Social Inclusion (CSI) is a national policy advocacy organization. CSI’s mission is to build a fair and just society by dismantling structural racism, which undermines opportunities for all of us. CSI partners with communities of color and other allies to build a strong multi-racial movement for new policy directions that create equity and opportunity.

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