

**CLOSING THE
ECONOMIC
SECURITY GAP FOR
MISSISSIPPI'S
BLACK MALES**

Hope Enterprise Corporation

HOPE (Hope Enterprise Corporation and Hope Credit Union) is a community development financial institution, community development intermediary and policy institute that provides affordable financial services; leverages private, public and philanthropic resources; and engages in policy analysis in order to fulfill its mission of strengthening communities, building assets, and improving lives in economically distressed parts of the Mid South. Since 1994, HOPE has generated over \$2 billion in financing and related services for the unbanked and underbanked, entrepreneurs, homeowners, nonprofit organizations, healthcare providers and other community development purposes.

Collectively, these projects have benefitted more than 1 million individuals throughout Arkansas, Louisiana, Mississippi and Tennessee.

Acknowledgments

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CLOSING THE ECONOMIC SECURITY GAP FOR MISSISSIPPI'S BLACK MALES

Introduction

Creating opportunities for young men and boys of color to reach their full potential helps to advance individual opportunity, family sustainability, community prosperity, and Mississippi's overall economic competitiveness. Early supports, like positive school climates that fulfill students' socio-emotional needs, help build a foundation for young men and boys of color to succeed and establish economic security into adulthood.

Multiple indicators of economic security, ranging from earnings to poverty and banking status, show that males of color are less economically secure than their peers. This instability limits the ability of males of color to financially support themselves and their families and negatively affects wealth-building potential and future self-sufficiency. In Mississippi, limiting factors are most acutely felt by Black residents, who represent the overwhelming majority of residents of color in the state (91.5%), and particularly Black males who experience compounding disparities in educational, health, economic and quality of life outcomes.¹



Understanding the complex factors that influence opportunity and uneven quality of life outcomes for people of color is particularly important in Mississippi given its diverse population. One in six (17.6%) Mississippi residents is a Black man, yet life outcomes for Black men, in Mississippi and elsewhere in the United States, are discouraging.² Improving these outcomes and closing the economic security gap requires systems, programs and policies grounded in data and research that support young Black men and boys.

This report, supported by the Mississippi Action Network for Uplifting Promise (M.A.N. U.P!), which includes Tougaloo College, Hope Policy Institute, One Voice and the Southern Poverty Law Center, examines economic security outcomes for Mississippi's Black males. M.A.N. U.P! recognizes that there are multiple factors that influence the outcomes of young men and boys of color in Mississippi. Among these factors, school climate is especially salient, considering its wide implications for students' future success.

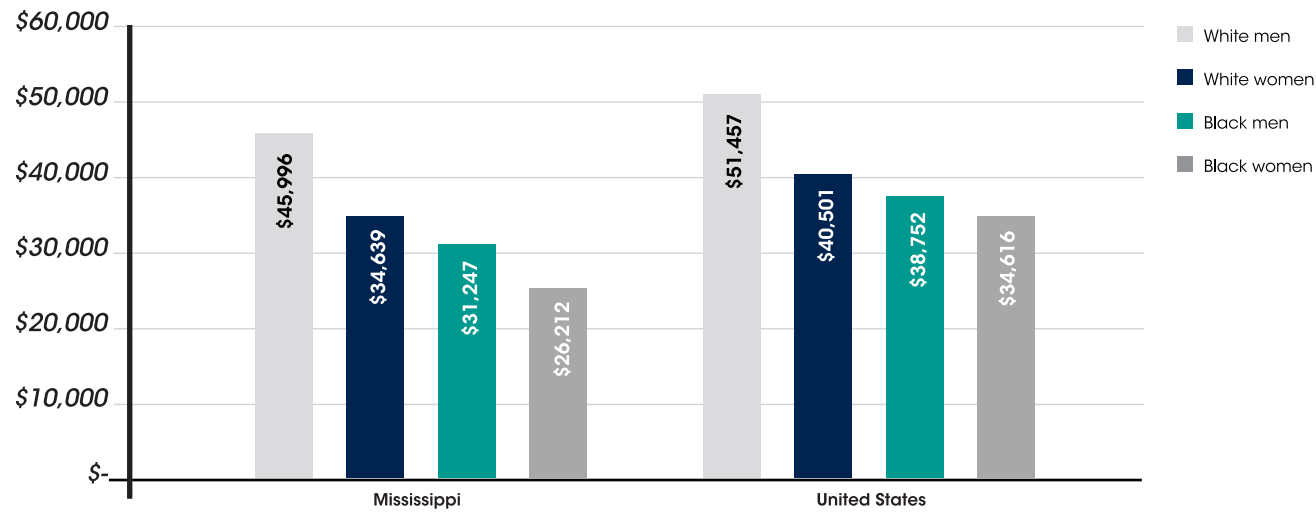
Understanding the depths of disparities makes advocacy for policies and programs that combat inequities more effective. It is the intention that the data presented in this report will highlight the long-term challenges related to economic security in Mississippi while creating a call to action for communities to work with school districts in developing more supportive school climates that will help to eliminate economic security disparities.

EMPLOYMENT & EARNINGS

Employment and earnings are two pillars of economic security – the ability to cover all basic expenses and modestly save for the future without outside support. The opportunity to get a job with quality wages and benefits (e.g., health insurance, paid sick leave and vacation days) can move families toward greater financial security. Obtaining full-time employment, as opposed to temporary or part-time work, also provides individuals and families with a regular, dependable source of income.

Median earnings for full-time workers differ by race and gender. Geography and other factors also influence salary ranges. Even accounting for these elements, median earnings for Black women and men are consistently lower than their White peers' across industry sectors, education levels and regions. In Mississippi, the income disparities between Black and White workers by gender are stark (Figure 1).

Figure 1.
MEDIAN EARNINGS
OF FULL-TIME WORKERS
BY GENDER AND RACE
Source: U.S. Census Bureau, 2011-2015
American Community Survey 5-Year
Estimates.



White men earn the highest median wages compared to White women and Black full-time workers of either gender. White women are the next highest earners, bringing in 75 cents to every one dollar a White man earns in Mississippi, while Black men earn 68 cents to the dollar, and Black women earn 59 cents. While race and gender income disparities in Mississippi mimic national trends, the gaps are greater for Black men. Both groups earn less than their national counterparts, but Black men again experience a greater discrepancy: White men in Mississippi earn 89 cents for every dollar earned by White men nationally, while Black men in Mississippi earn 80 cents for every dollar earned by Black men nationally.³

Black working-age men in Mississippi experience unemployment at higher rates than Black women or White workers of either gender. One in ten (10.8%) working-age Black men is unemployed in Mississippi, slightly higher than the unemployment rate for Black women (9.4%) and more than double the White male unemployment rate (4.7%).⁴

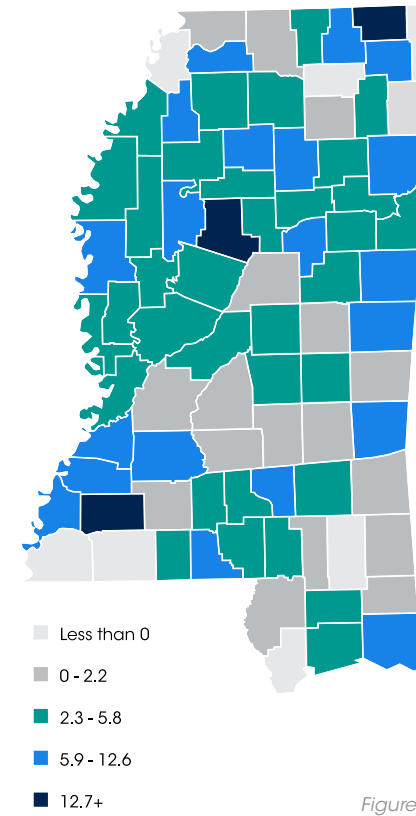


Figure 2.
PERCENTAGE POINT
DIFFERENCE BETWEEN
BLACK MALES & OVERALL
UNEMPLOYMENT BY COUNTY
Source: Mississippi Department of
Employment Security, 2015 Labor Market
Information for Affirmative Action Programs.

1 IN 10 WORKING-AGE BLACK MEN IS UNEMPLOYED IN MISSISSIPPI, SLIGHTLY HIGHER THAN THE RATE FOR BLACK WOMEN & MORE THAN DOUBLE THE WHITE MALE UNEMPLOYMENT RATE.

The Jackson metropolitan area—including Copiah, Hinds, Madison, Rankin, Simpson and Yazoo Counties—is home to the largest number and concentration of unemployed Black men in the state. The Mississippi Department of Employment Security estimated that more than 4,500 Black men in the area were unemployed, on average, in 2016. In the Jackson metro, Black men were more than twice as likely (8.4%) to experience unemployment as White men (3.5%).⁵ The unemployment gap persists statewide. Throughout Mississippi, Black male unemployment rates exceed county unemployment rates in all but eight counties. In fact, in 23 Mississippi counties, the unemployment rate for Black males is six percentage points higher or more. For example, in Carroll County, the unemployment rate for Black males is 30 percent compared to the overall county unemployment rate of eight percent (Figure 2).⁶

Why Employment & Earnings Matter

Lower earnings not only affect families' ability to cover basic expenses but also impede their ability to save for emergencies and set aside funds for future investments (e.g., mortgage down payments, retirement savings, college funds for children). Taken together, high rates of unemployment and lower earnings signal that Mississippi's Black males are more likely than any other demographic group to struggle to provide financial security for themselves and their families, making them more susceptible to economic hardships.



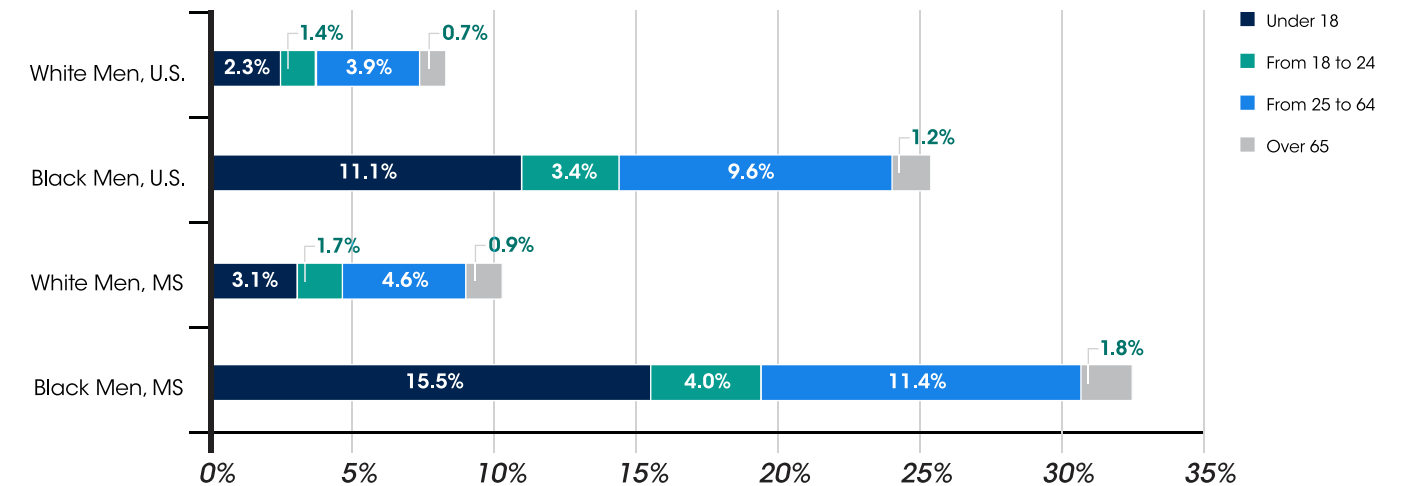
2 IN 5 MISSISSIPPI FAMILIES WITH ONE OR MORE ADULTS WORKING FULL-TIME ARE LOW-INCOME, AND 1 IN 7 WORKING FAMILIES LIVES IN POVERTY. MISSISSIPPI

WORKING FAMILIES OF COLOR ARE EVEN MORE LIKELY TO LIVE BELOW THE LOW-INCOME & POVERTY THRESHOLDS.

LIVING IN POVERTY

Mississippi has the highest proportion of residents living below the poverty level (22.5%) of the 50 states and District of Columbia.⁷ Additionally, Mississippi is one of two states where more than half the counties are classified as persistently impoverished – a county where the poverty rate has exceeded 20 percent for at least 30 years.⁸ Low incomes and scarce resources are not limited to those without steady employment. According to the Working Poor Families Project, two in five (40.7%) Mississippi families with one or more adults working full-time are low-income (earning \$49,200 or less for a family of four), and one in seven (13.6%) working families lives in poverty (earning \$24,600 or less for a family of four). Mississippi working families of color are even more likely to live below the low-income and poverty thresholds: one in two (56.5%) working families of color is low-income, while one in four (22.5%) is poor.⁹

Figure 3.
MEN LIVING IN POVERTY IN MISSISSIPPI AND UNITED STATES BY AGE BRACKET AND RACE
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-year Estimates.



Just like families, individuals living in poverty struggle to afford their daily necessities. One in three (32.6%) Black men in Mississippi lives below the poverty threshold compared to one in four (25.3%) Black men nationally. Comparatively, one in ten (10.2%) White men in Mississippi lives below poverty and one in 12 (8.2%) lives below poverty nationally. While children are most likely to live in poverty of all age groups, in every age bracket, Black males are more likely to live in poverty than White males (Figure 3).¹⁰

Why Poverty Matters

Poverty shapes the health, education and long-term outcomes of Mississippi's Black men and youth. The stress of poverty can also affect the psychological health of individuals and families. Mississippi's Black men are much more likely to encounter the negative effects of poverty and live in communities that are similarly affected by entrenched, generational poverty.

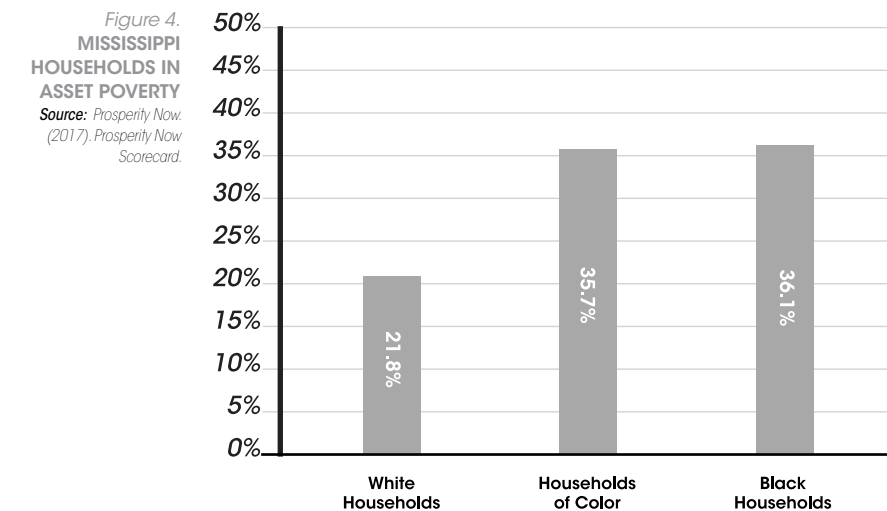
WHILE CHILDREN ARE MOST LIKELY TO LIVE IN POVERTY OF ALL AGE GROUPS, IN EVERY AGE BRACKET, **BLACK MALES ARE MORE LIKELY TO LIVE IN POVERTY THAN WHITE MALES.**

FINANCIAL SERVICES & BUILDING ASSETS

The income an individual earns ultimately shapes their ability to save and acquire assets such as a vehicle or home. A relationship with a financial institution enables individuals to more securely plan for future investments as they work toward financial stability. Savings are also important for being able to cover unexpected, large expenses (such as job loss or car repairs) and making important investments in education.

Across the United States, there is a large racial wealth gap. For White households, the median net worth—cash, investments, property and other assets minus debts—is \$141,900, nearly 13 times the median net worth of Black households (\$11,000).¹¹ This \$130,000 gap in net worth means that Black households are significantly less likely to have the necessary financial resources to build wealth and climb the economic ladder.

When households do not have enough saved to cover very basic expenses during a three-month spell of unemployment, the household lives in “asset poverty.” Living in asset poverty leaves households vulnerable to financial shocks like sudden expenses or loss of income. Mississippi households of color are one and a half times as likely as White households to live in asset poverty. Over one third (36.1%) of Mississippi households of color live in asset poverty compared to one fifth (21.8%) of Mississippi White households (Figure 4).¹²

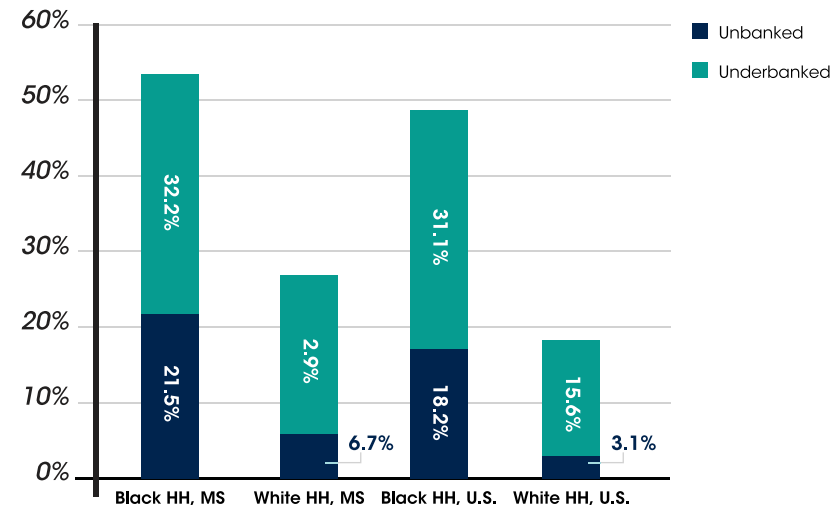


Financial Services

In Mississippi, a large number of households of color do not have access to basic financial tools like checking and savings accounts. One out of five (21.5%) Black households in Mississippi is “unbanked” and does not have a checking or savings account—over three times the rate for White households (6.7%).¹³ One in three (32.1%) Black households in Mississippi is “underbanked,” meaning they have a checking or savings account but continue to depend on costly alternative financial services (e.g., check cashers and payday loan providers). These alternative providers charge exorbitant fees and interest for their services, effectively depleting rather than preserving and building wealth (Figure 5).

THE MEDIAN NET WORTH FOR WHITE HOUSEHOLDS IS \$141,900, **NEARLY 13 TIMES THE MEDIAN NET WORTH OF BLACK HOUSEHOLDS.**

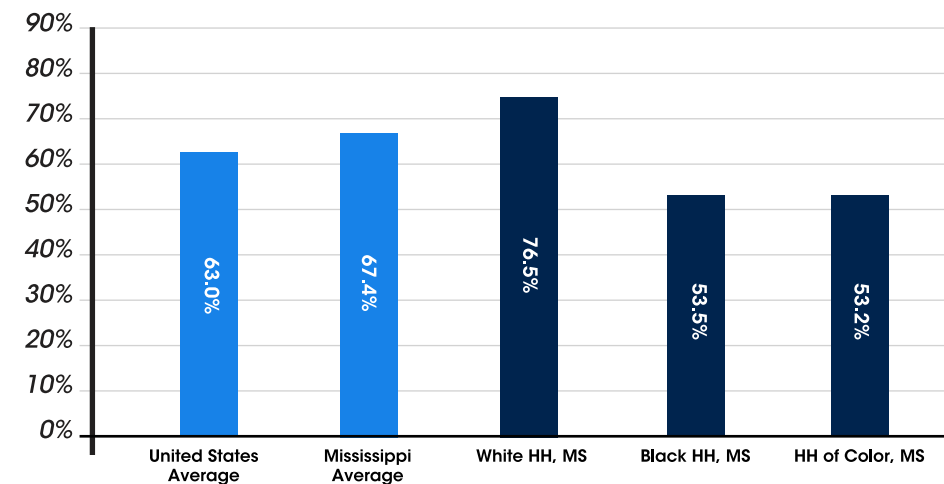
Figure 5. UNBANKED AND UNDERBANKED HOUSEHOLDS (HH) BY RACE
 Source: Federal Deposit Insurance Corporation, "2015 FDIC National Survey of Unbanked and Underbanked Households" and "Banking Status for Mississippi, 2015, by Selected Household Characteristics", 2016.



Homeownership

Homeownership is the primary source of wealth-building for American households. The benefits of homeownership extend beyond homebuyers to whole families and communities: homeowners experience fewer and shorter spells of unemployment than peers who rent, children of homeowners are more likely to graduate high school on-time and progress to postsecondary education; and communities with high homeownership rates are more economically stable.^{14,15} Two-thirds (63.0%) of American and Mississippi households (67.4%) own their homes.¹⁶ However, this opportunity is unevenly available to households of color and low-income households.

Figure 6. HOMEOWNERSHIP RATES FOR MISSISSIPPI HOUSEHOLDS (HH) BY RACE
 Source: Prosperity Now, (2017), Prosperity Now Scorecard.



White households are considerably more likely than non-White households to own their homes and reap the economic benefits associated. While three in four (76.5%) White households in Mississippi own their home, just one in two (53.5%) Black households and households of color (53.2%) own their homes (Figure 6).¹⁷

Low-income households experience similar barriers to homeownership, stemming in part from higher probability of subprime credit and fewer assets with which to secure a down payment. While over 90 percent of Mississippi households in the top income quintile own their homes, just 43 percent of households in the bottom income quintile own their homes.¹⁸

Black borrowers are more likely to receive high-cost mortgage loans, or mortgages with above-average fees or interest, which increase the costs of the mortgage and the probability of foreclosure.¹⁹ In 2015, 7.1 percent of loans made to White borrowers in Mississippi were high-cost, while 12.4 percent of loans made to Black borrowers were high-cost, representing over a quarter of all mortgage loans made to Black borrowers in that year.²⁰

The opportunity to build assets through homeownership has helped catapult families into the middle class and financial stability for decades. Barriers to homeownership and uneven opportunity prevent Black families from similarly climbing the economic ladder and building intergenerational wealth, now and into the future.

Small Business Ownership

Owning a business is an essential tool for increasing net worth, establishing economic security through business earnings and building intergenerational wealth for workers and their families. Limited advancement opportunities and discrimination in the labor force make entrepreneurship an attractive alternative to employment for workers of color.²¹ Small business ownership also diminishes the racial wealth gap: while the median wealth gap between White and Black households is 13-fold, between White and Black business owners, the wealth gap narrows to three-fold.²²

Mississippians own and operate small businesses (1.4%) at nearly the same rate as the national average (1.5%) and White workers are more likely than non-White workers to own businesses in Mississippi, and nationally (1.2 times as likely).²³ Difficulty accessing capital – whether because of higher loan denial rates, higher interest or fewer personal assets – is the primary impediment to business startup and expansion cited by Black entrepreneurs. Access to capital upon startup is a strong predictor of business success; without it, Black entrepreneurs are less able to initiate and sustain successful small enterprises.²⁴

Increasing access to financial services, like mortgages and small business loans, facilitates self-sufficiency and economic mobility. Without the benefit of homeownership, small business lending and ownership, and other financial services, Black Mississippians are less able to build assets and secure economically stable futures for themselves and their families.

Why Financial Services & Building Assets Matter

Those not fully participating in the mainstream financial system are not able to smoothly endure a sudden decrease in income, like job loss. Without a traditional banking relationship, these individuals are more likely to pursue high-cost, alternative financial services, have trouble paying rent or a mortgage, or make sacrifices to their health and well-being during a financial emergency. Already, lower wages and salaries, higher un- and underbanked rates, and fewer assets mean that Mississippi's Black men and their families are especially vulnerable to these occurrences.

WHILE THREE IN FOUR (76.5%)
WHITE HOUSEHOLDS IN
MISSISSIPPI OWN THEIR HOME,
JUST ONE IN TWO (53.5%)
BLACK HOUSEHOLDS AND
HOUSEHOLDS OF COLOR
(53.2%) OWN THEIR HOMES.

MOVING TO GREATER ECONOMIC SECURITY

Increasing the economic security of Black men in Mississippi is a heavy lift, considering the historical and systemic challenges that permeate the state and nation. Working to improve economic outcomes among this group first requires an understanding of their unique obstacles through research and data. With data-driven strategies, local and early interventions on behalf of young men and boys of color can foster their success. Holistic support from collaborative partners, like M.A.N. U.P.I., builds the foundation for Black men and boys' advancement in spite of the varied, entrenched and often generational barriers they face. Providing safe and nurturing school environments that foster the academic development of students is a pivotal step to ensure that young men and boys achieve economic success later in life.

The findings presented in this report, while not comprehensive, serve as a starting point in developing evidence-based programs and data-driven policy to improve economic outcomes for Black males in Mississippi. Achieving this goal will require a comprehensive approach that builds upon programmatic and public policy innovation, an ambitious pursuit, which will ultimately create a Mississippi where all people prosper.

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