

# **Federal Spending in Mississippi: A Typological Analysis**

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# INTRODUCTION

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The looming budget battles and potential cuts will significantly impact Mississippi in various areas such as:

- Agriculture
- Community development
- Income stability, and
- Other areas in the state

Any cuts in federal spending will create many challenges for local governments...especially when tax revenues, federal and state support are declining and demand for services are increasing.

Consolidated Federal Funds data (Census Bureau, 2009) reports that *Mississippi received more than \$53.7 billion in grants, subsidies, direct loans, retirement and disability benefits, other direct payments to individuals, direct payment [not to individuals], guaranteed loans, procurement contracts, and salaries and wages in 2009.*

Many of these funds helped to provide *a living wage*, and *improved the quality-of-life* in **BOTH** rural and urban areas of Mississippi in 2009.

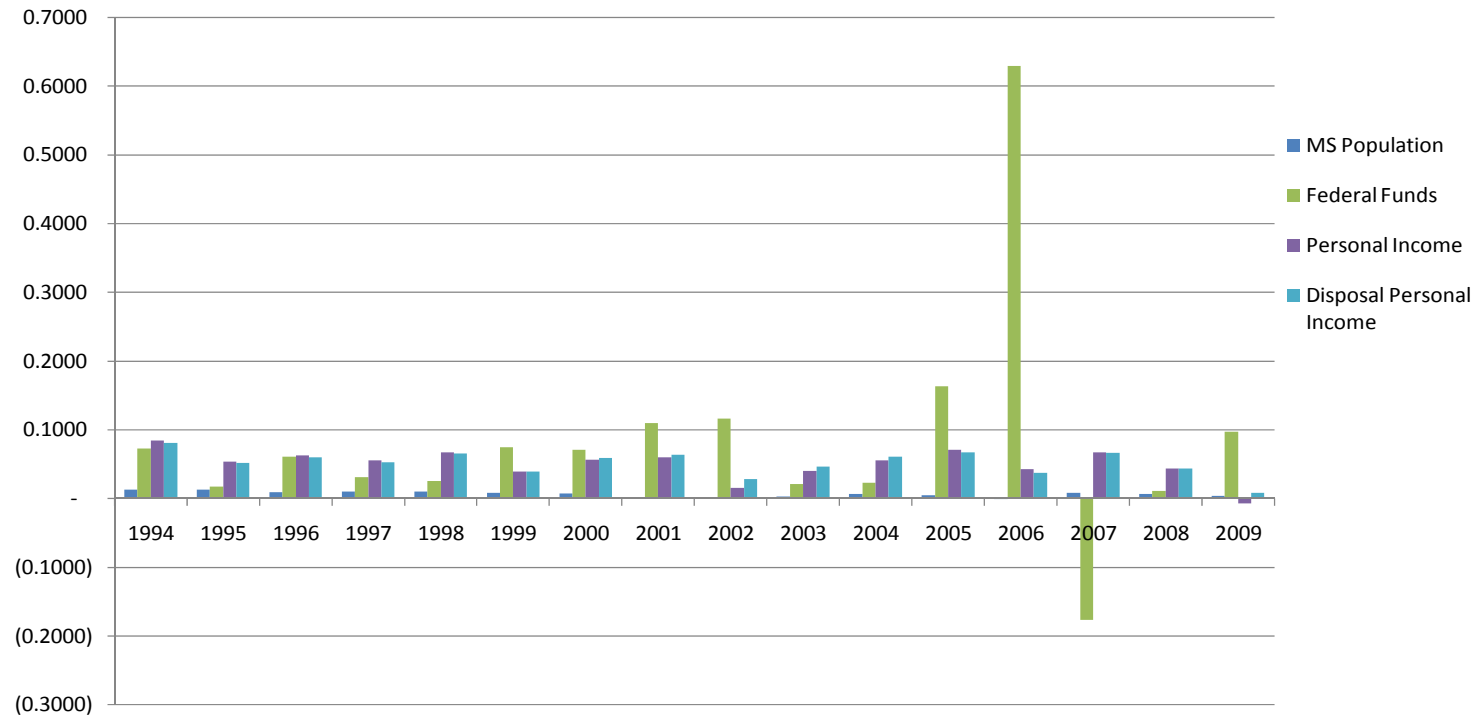
# OVERVIEW

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Mississippi's dependence on federal aid has grown each year since 1993-2009. A trend analysis of federal funds data for Mississippi showed few signs of slowing during this period (**Figure 1**).

*In fact...federal subsidies to Mississippi grew faster (5.66%) than population (.76%) between 1993 & 2004. Between 2005 & 2009 the growth in subsidies to the state was more than double that of population growth.*

Figure 1. Growth trends in Selected Demographic and Economic Statistics in Mississippi, 1993 - 2009



Trends in both **PERSONAL** and **DISPOSAL INCOMES** along with **FEDERAL SUBSIDES** show just how **GOVERNMENT/DEPENDENT** Mississippians are for meeting living and quality-of-life issues.

# OBJECTIVE

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The primary focus is to *examine* **FEDERAL SPENDING** by typology in Mississippi and *assess* the likely impacts of potential **FEDERAL BUDGET CUTS** in the state in 2009.



# DATA and METHODS

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The analysis was performed by using the Census data taken from the CFF for Mississippi and counties in 2009. The analysis looked at federal spending in four typologies: *metropolitan, nonmetropolitan, micropolitan, and noncore counties in the state.*

-**Metro** counties include one or more cities containing 50,000 people or more.

-**Nonmetropolitan** counties are outside the boundaries of metro areas and contain no urban areas with 50,000 residents or more.

-**Micropolitan** is any county with an urbanized area of at least 10,000 but not more than 49,999 people.

-**Noncore** counties have no city, town, or urban cluster of at least 10,000 people.

As shown in Table 1...more than 38.3 percent or 1.13 million of Mississippi's 2.96 million people live in metro counties according to the 2009 Census Bureau. About 61.8 percent of the state's population live in non-metro counties during this same period.

Table 1. Mississippi Population and Growth Trends by Typology , 1993 – 2009

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<b>Typology</b>	<b>Population</b>	<b>Counties</b>	<b>Share of State (%)</b>
Metro	1,128,704	9	0.382
Nonmetro	1,823,292	73	0.618
Micropolitan	978,270	47	0.331
Noncore	845,487	26	0.286
Mississippi	2,951,996		

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**Note:** Table 3 reflects the number of counties and percent of population in each typology. You should not try to sum numbers because they exceed the totals.

# RESULTS

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- Dependence on federal aid has grown in recent years.
- Trend analysis of federal funds data for Mississippi showed few signs of slowing down.
- There were two distinct periods of growth...*the first period was 1993 to 2004* where federal funds received in Mississippi increased at a steady rate [between \$1.5 & \$2 billion each year].
- The *second period was 2005 to 2009* where federal funds increased more than \$22 billion or by 48.78 percent...spike was attributed to by three of the worse natural disasters in the state's history...**Hurricane Katrina, the Deepwater Horizon oil spill and the national recession.**

- Federal subsidies grew faster than population between 1993 and 2004.
- Growth in subsidies was more than double that of the population growth between 2005 and 2009.
- Personal income for Mississippi was almost 41 percent of Federal subsidies between 1993 and 2004.
- Trends in personal/disposal incomes and federal subsidies show how government/dependent Mississippians are for some of the basic needs-of-life.
- Federal aid received by Mississippi – would average \$18,205 per person in 2009.
- Increase in federal aid between 2005 and 2009 was due to major disasters...either natural or man-made.

# Types of Federal Aid

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The Census Bureau reports all federal subsidies to states in nine (9) categories and they include:

Direct Loans (DL)	Direct payment not for individuals (DX)	Other direct payment to individuals (DO)
Retirement and disability (DR)	Grants (GG)	Guaranteed loans (GL)
Procurement contracts (PC)	Salaries/wages (SW)	Insurance (II)

Programs related to DO, GG, II, DR, PC, SW, and GL might be potential targets for federal budget cuts.

Table 2. Total Amount of Federal Funds Received and Related Statistics Among Typologies in Mississippi, 2009

State Federal Subsidies	DL	DX	DO	GG	II	DR	PC	SW	GL	Total
Metro	\$ 89,662,183	\$ 96,629,420	\$ 1,702,301,669	\$ 3,345,815,228	\$ 13,486,043,752	\$ 3,459,552,802	\$ 3,968,111,011	\$ 1,633,359,104	\$ 1,790,043,596	\$ 29,571,518,765
Nonmetro	813,342,650	361,535,491	3,866,829,226	4,626,405,800	2,743,655,268	6,007,500,747	1,276,497,882	999,007,920	883,503,026	21,578,278,010
Micropolitan	707,879,410	212,746,030	2,025,309,496	2,373,998,771	1,980,772,151	3,213,836,710	1,106,653,614	703,036,420	502,723,697	12,826,956,299
Noncore	104,686,611	149,558,651	1,844,583,193	2,261,294,848	761,561,717	2,793,613,503	169,847,036	290,762,697	380,579,080	8,756,487,336
Undistributed funds	-	198,064,200	1,230,458,963	332,310,909	168,714,119	617,375	-	206,000	694,353,076	2,624,724,642
Mississippi	903,004,833	656,229,111	6,799,589,858	8,304,531,937	16,398,413,139	9,467,670,924	5,244,608,893	2,632,573,024	3,367,899,698	53,774,521,417
<b>Share of State Subsidies (%)</b>										
Metro	0.002	0.002	0.032	0.062	0.251	0.064	0.074	0.030	0.033	0.550
Nonmetro	0.015	0.007	0.072	0.086	0.051	0.112	0.024	0.019	0.016	0.401
Micropolitan	0.013	0.004	0.038	0.044	0.037	0.060	0.021	0.013	0.009	0.239
Noncore	0.002	0.003	0.034	0.042	0.014	0.052	0.003	0.005	0.007	0.163
Undistributed funds	0.000	0.004	0.023	0.006	0.003	0.000	0.000	0.000	0.013	0.049
<b>Per Capita Subsidy</b>										
Metro	\$ 79	\$ 86	\$ 1,508	\$ 2,964	\$ 11,948	\$ 3,065	\$ 3,516	\$ 1,447	\$ 1,586	\$ 26,200
Nonmetro	446	198	2,121	2,537	1,505	3,295	700	548	485	11,835
Micropolitan	724	217	2,070	2,427	2,025	3,285	1,131	719	514	13,112
Noncore	124	177	2,182	2,675	901	3,304	201	344	450	10,357
Mississippi	306	222	2,303	2,813	5,555	3,207	1,777	892	1,141	18,216



# Federal Aid by Typology

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## REGION

Revealed that Metro counties received \$29.57 billion or almost 60 percent of Mississippi's \$53.78 billion in federal aid in 2009.

This represented approximately 1.13 million of the state's almost 3 million people. Nonmetropolitan counties received \$21.57 billion in federal aid and accounted for 1.82 million people in 2009.

# Federal Aid by Typology

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## PER CAPITA

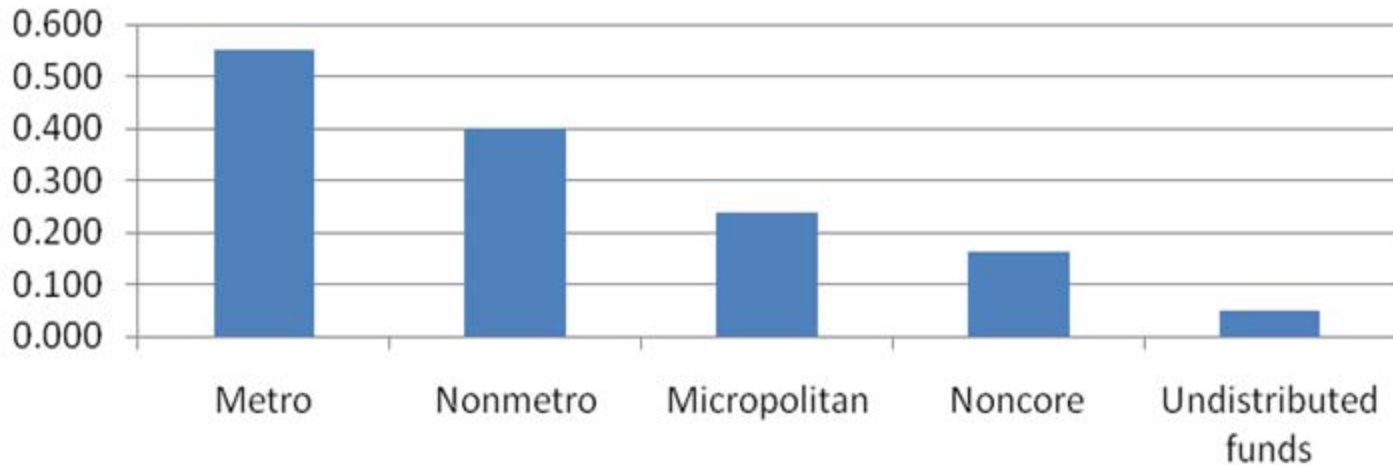
- The federal aid would equate to about \$18,205 for the **AVERAGE** Mississippian in 2009...compared to \$26,200 for each resident in metro counties in the state during this same period.
- For residents in nonmetropolitan counties , this would equate to \$11,835 each or about 65% of what residents statewide would average and 45% per capita of what residents in metro counties would have received in 2009.
- Residents living in micropolitan counties would have received \$13,112 in federal aid per person or 82% of the state average in 2009.
- Residents in noncore counties would have received \$10,356 per person or 57% of the state average during this same

# Who Is Vulnerable?

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- Noncore counties represent the poorest areas in Mississippi.
- 2009, noncore counties received less federal aid than micropolitan counties in Mississippi.
- Distributional...metro counties received the largest share of federal aid where nonmetropolitan counties received more than 40% of the aid during this period (2009).
- The balance of the federal aid in Mississippi was not distributed in 2009.

**Figure 2. Share of State Federal Subsidies by Typology in Mississippi, 2009**



Noncore counties received only 16% of Mississippi's federal aid during this period. Metro and nonmetro counties received more than 94% of the federal aid Mississippi received in 2009.

# Impact of Federal Cutbacks on Local Economies

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- Large budget cuts will create serious economic harm for millions of American businesses, households, and local/ state governments.
- Government is a big part of our economy and society playing many desired and important roles.
- Given the current economic conditions in the state/nation...we should expect the growing dependence on federal aid to continue in most states, particularly in southern states.

# SUMMARY

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- Federal subsidies play a **MAJOR** role in helping rural and urban cities/counties meet the needs of their citizens.
- Federal cuts will **SLOW** the recovery in local economies, especially in small and rural areas that traditionally lag behind urban areas in the United States.

Table 3. Growth Trends on Selected Demographic and Economic Statistics in Mississippi, 1993 - 2009

Year	Population	Federal Funds	Personal Income	Disposal Personal Income
1994	0.0128	0.073	0.084	0.081
1995	0.0125	0.018	0.053	0.052
1996	0.0093	0.061	0.062	0.060
1997	0.0105	0.031	0.055	0.053
1998	0.0100	0.026	0.067	0.065
1999	0.0084	0.075	0.039	0.039
2000	0.0070	0.071	0.056	0.059
2001	0.0018	0.109	0.060	0.064
2002	0.0019	0.116	0.016	0.028
2003	0.0032	0.021	0.040	0.047
2004	0.0064	0.022	0.056	0.061
2005	0.0049	0.164	0.071	0.067
2006	(0.0010)	0.629	0.043	0.037
2007	0.0085	-0.177	0.068	0.066
2008	0.0063	0.011	0.043	0.044
2009	0.0040	0.097	(0.007)	0.008