

**AN ECONOMIC BASE ANALYSIS OF
JEFFERSON DAVIS COUNTY, MISSISSIPPI**

**Prepared for:
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Introduction

The economic future of Jefferson Davis County is likely to become even more complex in the future than it has been in the past. The evolution of the global economy, the rapid growth of the Internet economy, the shift of labor-intensive manufacturing off-shore, and the increased importance of a skilled workforce are the trends that will dictate local economic development. The loss of major manufacturing employers in the community in the past year reflects these trends. As the Jefferson Davis County leadership evaluates its economic situation and looks at potential employers to attract, it is important to first study the past and present state of the economy. The future is always built on the past.

To that end, the Center for Community and Economic Development has prepared this brief economic base study to describe the current economy. This will become the foundation for the assessment of the County and the industries that it should target. Information has been obtained from local, state, and federal sources.

Location

Jefferson Davis County, Mississippi lies in the south central part of the state. The City of Prentiss is the county seat, and largest city in the county. The majority of the businesses are located in or around Prentiss. The city's distance to other nearby cities is as follows:

- Jackson – 55 miles
- Hattiesburg – 40 miles
- New Orleans – 160 miles
- Memphis – 270 miles.

Jefferson Davis County is located at the junction of U.S. Highway 84, which is in the process of being four-laned across the state, and State Highways 42 and 13.

Demographics

According to the U.S. Census, the population of Jefferson Davis County in 2000 was 13,962 (Table 1). The 1990 population was 14,051, which translates to an annual population decline of .63 percent in that ten-year period. By comparison, Mississippi's population grew at 1.05 percent per year and the United States' population grew at 1.31 percent per year during that same period. The city of Prentiss had a 1990 population of 1,326 and a population of 1,158 in 2000. Bassfield's population was 315 in 2000. The population of Jefferson Davis County is shrinking, while both the state and the nation continue to gain population.

Table 1
Population Age Distribution Change from 1990 to 2000

Age Segment	1990 Population	Percent of Total	2000 Population	Percent of Total
Under 18	4,360	31.0	3,964	28.4
19-24	1,503	10.7	1,385	9.9
25-64	6,162	43.9	6,685	47.9
65 and over	2,026	14.4	1,928	13.8
County Total	14,051	100.0	13,962	100.0

Source: U.S. Bureau of the Census

It is also important to look at the age of the population. The 65 and over age group accounted for 13.8 percent of Jefferson Davis County's population in 2000, according to the Census Bureau. This was higher than the comparable figure for the state (12.1 percent) and the nation (12.4 percent). This indicates that, on average, the county has a higher proportion of the elderly in its population than the state or the nation. The median age for Jefferson Davis County in 2000 was 35.0, which is also higher than that for the state (33.8) but slightly lower than that for the country (35.3).

Conversely, Jefferson Davis County's population in the under 18 age group was estimated to be 28.4 percent of the total in 2000, which was above the 27.3 percent figure for the state as a whole and the 25.7 percent figure for the nation.

As of 2000, the working age population of the county (ages 25 to 64) was 47.7 percent of the total population, which was below the state's figure of 49.7 percent. The working age population grew by .44 percent annually between 1990 and 2000 in the county, which was slightly lower than the .47 percent annual growth rate observed for this age group statewide.

Based on this information, it can be concluded that, although Jefferson Davis County's working age population is proportionately smaller than that of the state of Mississippi, growth over the last ten years has kept pace with the state. The retirement age segment of the population, although declining, continues to be larger than the retirement age segment of the state of Mississippi, or the nation.

Income

Effective buying income, or EBI, is defined as total personal income minus taxes, and is similar to disposable income. Median household EBI in Jefferson Davis County during 2001 was \$20,289, according to *Claritas/Market Statistics*. This was \$8,100 below the EBI of the state (\$28,389), and \$18,841 below the national EBI (\$39,130).

Jefferson Davis County's per capita income was \$15,441 in 2000 (Table 2), compared with \$20,900 for the state as a whole and \$29,469 for the U.S. While county per capita income growth on a percentage basis is greater than that of Mississippi from 1994 to 2000, the income remains over \$5,000 less than the state per capita income. County per capita income growth continues to be significantly less than national growth.

Table 2
Per Capita Personal Income Comparison, 1994-2000

Area	Per Capita Personal Income (\$)							Change (%)
	1994	1995	1996	1997	1998	1999	2000	
Jeff. Davis	12,109	12,648	12,966	13,917	14,963	15,001	15,441	27.52
Mississippi	16,932	16,984	17,793	18,580	19,635	20,109	20,900	23.43
United States	22,340	23,255	24,270	25,412	26,893	27,843	29,469	31.91

Source: U.S. Bureau of Economic Analysis (BEA)

It is also very important to look at the source of income, as this is a good indicator of the economic health of a community. The population of the county receives, on average, a substantially larger percentage of income from transfer payments (funds from a government sources) than that of the state or nation. U.S. Bureau of Economic Analysis data from 2000 shows that Jefferson Davis County receives 28.65 percent of its total personal income from transfer payments, while Mississippi receives 19.07 percent from transfer payments. Both of these figures are significantly higher than the national percentage of 12.87 percent. This indicates that a larger percentage of the personal income in Jefferson Davis County consists of federal assistance, whether it is from Social Security, Medicare, Medicaid, or welfare, than the state or U.S. personal income.

With a large percentage of the personal income consisting of transfer payments, it is no surprise that a relatively small percentage of income is from wages and salaries, and this percentage is decreasing with time. Jefferson Davis County's income from wages and salaries made up only 21.87 percent of the overall income in 2000 (down from 27.38 percent in 1994). This again is less than half of Mississippi's 51.71 percent (51.63 percent in 1994) and the United States' 58.16 percent (54.98 percent in 1994). This figure is significantly lower than the percentage of income from transfer payments. The government, through transfer payments, makes more of a contribution to local personal income than employment does through wages.

Labor Force

In the previous section, it was mentioned that Jefferson Davis County's population is declining, although growth has been observed in the working age population. As a result, the labor force of the county increased from 6,162 in 1990 to 6,685 in 2000, according to the U.S. Census Bureau.

Jefferson Davis County had an unemployment rate of 9.7 percent in April 2002, which was above the Mississippi rate of 6.5 percent, and the U.S. rate of 6.0 percent. This clearly reflects the loss of employment that the county has recently experienced. The unemployment rate was at a ten year low of 8.6 percent in 1997, but unemployment in the county has been above 10 percent for eight of the last 10 years. This rate in the county had declined to 9.6 percent by March 2002, which could reflect some of the workforce

finding other employment, or a migration out of the county (possibly the result of plant closing, or other job loss), or the loss of unemployment benefits due to the length of time of being out of work.

Employment Base

According to the Mississippi Employment Security Commission, there were 130 manufacturing jobs, on average, in Jefferson Davis County during 2001 (Table 3). This represents 5.8 percent of the county's total employment, a figure approximately substantially less than the 31.7 percent of employment in manufacturing in 1990, and just over half the 18.8 percent of the state's total employment in manufacturing. Following state and national trends, the county is experiencing a dramatic reduction in manufacturing employment.

However, 31.47 percent of manufacturing income in Jefferson Davis County in 2000 involved durable goods, and data on personal income from the BEA indicate that manufacturing durable goods pays higher wages than manufacturing non-durable goods. In 1998, 80.7 percent of total durable goods income came from electronic equipment, but this industry closed down in 1999.

According to the Mississippi Employment Security Commission, Mississippi lost 47,200 manufacturing jobs from 1994 to 2001, which is an 18.08 percent decrease for that time period. Over the same period, Jefferson Davis County lost 880 manufacturing jobs, which translates to a decline of 87.13 percent. On the other hand, job gains in mining (30 jobs) and construction (180 jobs) partially offset the loss.

Mississippi gained 78,600 jobs overall between 1994 and 2001, which was an increase of 7.45 percent. From 1994 to 2001, Jefferson Davis County experienced a loss of 700 jobs, for a decrease of 23.73 percent. By comparison, the U.S. growth in total employment during this period was 10.7 percent, which demonstrates the rapid growth in services across the nation. Service employment in Jefferson Davis County remained flat at 1,840 jobs on average from 1994 to 2001, which is consistent with state and national trends.

Average employment by major industry sector during 2000 in Jefferson Davis County is shown in Table 2, and the relative proportions are compared for the county and the state of Mississippi. Although employment in wholesale and retail trade is one of the highest percentage categories for the county, it still is at a level below state and national percentages. On the other hand, Jefferson Davis County's employment in manufacturing is above the state and national figures. The category of government is much higher in employment than the state and national level, indicating a high percentage of workers are engaged in jobs that do not bring new income into the community.

Table 3
Average Employment by Industry Sector, 2001

Industry Sector	Jefferson Davis County	percent of total	avg. percent for MS
Total	2,260	100.0	100.0
Goods Producing	420	18.6	23.9
Manufacturing	130	5.8	18.8
Mining	70	3.1	0.5
Construction	220	9.7	4.6
Service-producing	1,840	81.4	76.1
Transportation and Pub. Util.	90	4.0	5.0
Wholesale and retail trade	480	21.2	22.3
F.I.R.E.	60	2.7	3.8
Services	380	16.8	23.9
Government (incl. Pub. Ed.)	830	36.7	21.1

Source: Mississippi Employment Security Commission

Retail Trade Activity

Jefferson Davis County lags both state and national trends in the area of retail sales growth. According to the 1997 Census of Retail Trade, the most recent figures available, retail sales per capita in the county were \$3,275, which was well below the state level of \$7,605. Personal income derived from retail trade in 2000 in Jefferson Davis County was 4.0 percent, compared to 6.5 percent of the total for the state as a whole.

Sales and Marketing Management estimates that 30.3 percent of the county's retail sales are from food and beverage stores, which is well above the 13.6 percent figure for the state as a whole. The BEA estimates that 29.2 percent of retail trade income in the county is derived from food stores, while only 14.3 percent of the state's retail trade income came from that source in 2000. The gross sales information from the state of Mississippi indicates that 26.6 percent of Jefferson Davis County's sales (which includes all sales, not just retail) were in the food and beverage area, as compared to the state's 18.01 percent.

According to BEA data, Jefferson Davis County's retail income grew by 6.79 percent between 1994 and 2000. This is far less than the 36.00 percent growth that the state experienced during that same time period.

Employment in wholesale and retail trade in Jefferson Davis County grew by 17.07 percent from 1994 to 2000, a total of 70 employees, according to the Mississippi Employment Security Commission. This is slightly higher than the 15.18 percent growth in that category experienced by the state.

Jefferson Davis County appears to be capturing increased regional trade for food stores. However, a retail trade analysis would be necessary to make an accurate retail opportunity/gap assessment, and that is beyond the scope of this study.

Conclusions

This economic base analysis is designed to be a “snapshot” of the Jefferson Davis County economy as it exists, or recently existed. It is part of the overall assessment of the County completed by the Center for Community & Economic Development at USM for the target industry analysis.

Some conclusions appear reasonable, based on this analysis:

- The size of the population is declining, which runs counter to trends for the state as a whole.
- The county workforce has grown over the last ten years, and this growth has kept pace with state growth over the same period.
- The gap in per capita income between the county and the state continues to be significant.
- The county is more dependent on transfer payments and less dependent on wages and salaries than the state as a whole.
- Unemployment rates are significantly higher than state and national rates.
- Manufacturing employment in the county has declined sharply since 1994, but these losses are partially offset by jobs created in mining and construction.
- The only other significant employment growth in the county is derived from retail trade; however, retail sales in the county are well below those of the state on both a per capita basis and in terms of growth.

It is important to note that between 80 percent and 90 percent of the jobs created in the U.S. over the next ten years will be in service-oriented industries. The past dependence by Jefferson Davis County on manufacturing and the subsequent loss of that base has placed the County in jeopardy regarding its future growth. Certainly, it is desirable to continue to try to attract moderate to high wage manufacturing jobs into the community, but attention also needs to be paid to attracting and retaining business services, health care services, and other high wage service jobs if the community is to achieve a healthy and balanced economy.

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