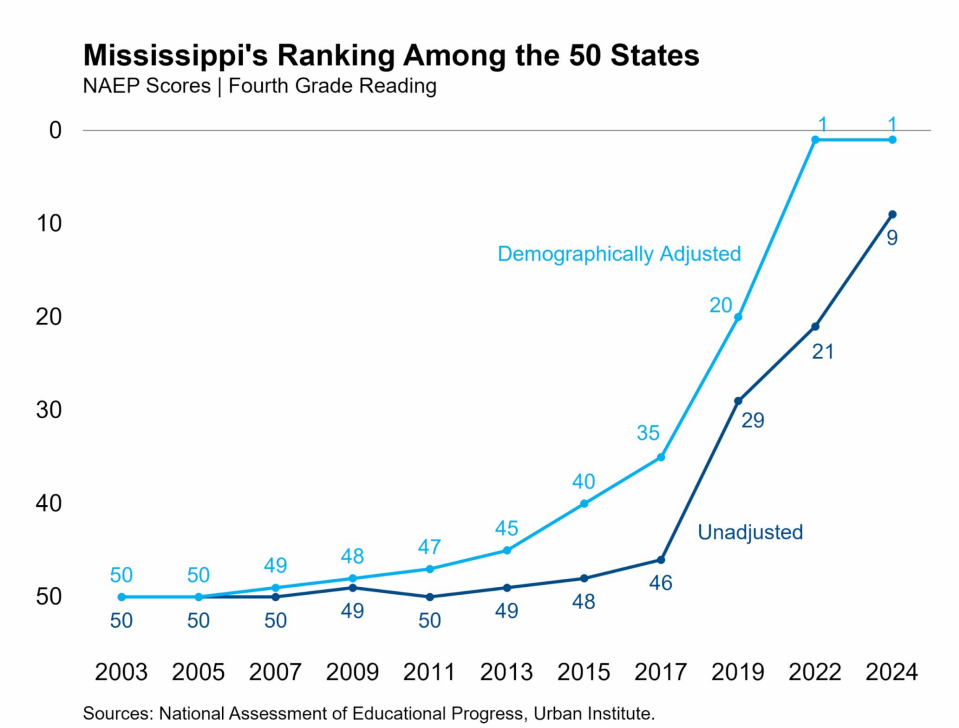
CHIEF ECONOMIST UPDATES

From Worst to First: The Mississippi Miracle

November 25, 2025
Author: Stephen Douglass



Literacy rates may not drive asset allocation decisions this quarter, but we're all invested in America's public school system. The deficiencies of that system lead to a less productive workforce, slower growth, greater inequality and a narrower path to solving our fiscal problems. We'd even argue that these dynamics put downward pressure on the real neutral interest rate and, consequently, long-term Treasury yields.

Thankfully, the state of Mississippi is here to provide a glimmer of hope that this Gordian knot of a policy challenge is solvable. Starting with the 2013 Literacy-Based Promotion Act (LBPA), the Magnolia State has overhauled its approach to early childhood literacy education and rocketed past its peers. In just 11 years, Mississippi's state ranking has risen from 49th place to 9th place for fourth grade reading scores on the National Assessment of Educational Progress (NAEP). Mississippi ranks dead last among the 50 states in terms of income per capita, public health outcomes, racial inequality and single parenthood rates. When adjusting for these demographic disadvantages, the results could not be any better: the state's demographically adjusted ranking

improved from worst to first in one generation.

Successful public policy action requires tradeoffs. Most elements of the reform—a reading curriculum that emphasizes phonics, specialized teacher training and intensive interventions for struggling K-3 readers—are widely supported. These additional resources have not required a significant increase in spending—Mississippi's per pupil spending has remained around 75% of the national average before and after the reforms. The most controversial element of LBPA is the requirement that schools hold back third graders who fail multiple reading proficiency exams, with exemptions for children in challenging circumstances. Mississippi has held back about 8-9% of third graders in recent years. Studies suggest these retained students enjoy substantially better outcomes, and a policy of advancing unprepared students doesn't strike us as a better alternative.

We'll leave it to education policymakers to debate these particulars and optimize the reform agenda. In the meantime, Mississippi has proven that the obstacles to education reform are surmountable. For that, we can all be grateful.

Disclosure Information

This material has been prepared by NISA Investment Advisors, LLC (“NISA”). This material is subject to change without notice. This is for information and illustrative purposes only. It is not, and should not be regarded as “investment advice” or as a “recommendation” regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. This information is provided with the understanding that with respect to the material provided herein (i) NISA is not acting in a fiduciary or advisory capacity under any contract with you, or any applicable law or regulation, (ii) that you will make your own independent decision with respect to any course of action in connection herewith, as to whether such course of action is appropriate or proper based on your own judgment and your specific circumstances and objectives, (iii) that you are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently, and (iv) to the extent you are acting with respect to an ERISA plan, you are deemed to represent to NISA that you qualify and shall be treated as an independent fiduciary for purposes of applicable regulation. NISA does not purport to and does not, in any fashion, provide tax, accounting, actuarial, recordkeeping, legal, broker/dealer or any related services. You should consult your advisors with respect to these areas and the material presented herein. You may not rely on the material contained herein. NISA shall not have any liability for any damages of any kind whatsoever relating to this material. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of NISA except for your internal use. This material is being provided to you at no cost and any fees paid by you to NISA are solely for the provision of investment management services pursuant to a written agreement. All of the foregoing statements apply regardless of (i) whether you now currently or may in the future become a client of NISA and (ii) the terms contained in any applicable investment management agreement or similar contract between you and NISA.