

Household economic resilience in metropolitan New Orleans after Hurricane Katrina

by Stacey Roussel and Christina LeBlanc
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Overview

The Greater New Orleans region is widely recognized as a cultural and economic driver for Louisiana, yet too many of its residents do not share in this prosperity—leaving the region and its people vulnerable to economic shocks. Twenty years after Hurricane Katrina and the failure of the federal levees, many investments have been made in state and regional economic development, but the recovery has been uneven. Economic opportunity and outcomes vary greatly by race, age, gender, and ZIP code.

In the two decades since Hurricane Katrina, Greater New Orleans has embarked on a complex and uneven path toward economic recovery. Billions of dollars in federal aid, philanthropic investment, and public-private partnerships have helped rebuild the region's infrastructure and maintain its brand as a cultural and economic destination. Yet for the workers who form the backbone of this economy, the story is more complicated. From the Deepwater Horizon oil spill in 2010, to the COVID-19 pandemic of 2020 to 2023, to Hurricane Ida in 2021, residents have weathered repeated economic shocks—each one revealing and exacerbating long-standing structural weaknesses in the New Orleans metropolitan region's labor market. While New Orleans is globally known for its resilience, many of its workers remain vulnerable to financial instability, low wages, and limited access to opportunity.

This report reviews the progress and investments made after Hurricane Katrina as measured by indicators of household economic resilience—such as the mix of regional jobs and industries, wages and benefits, labor force participation, and unemployment—to surface both successes and areas for future growth and improvement. The report highlights both progress and persistent challenges, including the region's dependence on lower-wage clusters, its racial



Photo source: Shutterstock

and gender wage gaps, and an erosion of some higher-wage opportunities. The report also examines the role of state and local policies such as preemption laws and tax structures, and how these frameworks shape local government capacity and worker outcomes.

Despite periods of economic expansion, the region has yet to fully recover the number of jobs lost since Hurricane Katrina, and it offers limited pathways to economic mobility. At the same time, Louisiana's regressive tax system, shrinking public sector workforce, and state preemption laws constrain local governments' ability to pursue policies that would strengthen economic resilience for working families. Still, progress has been made in areas such as local funding for quality affordable early care and education, improvement in the availability of some workplace benefits, and job recovery in some growing industry clusters.

Strengthening New Orleanians' household economic security and promoting strong public policies will lead to a more resilient and sustainable region. Without sufficient earnings, benefits, or savings, many households remain one emergency away from

financial crisis and erosion of wealth.¹ Research shows that many households in the region struggle to cover even modest emergency expenses, highlighting the importance of building a stronger financial safety net before the next crisis occurs.²

Resilience at the regional level depends on the stability of individual households, requiring jobs with sustainable wages and benefits, access to affordable education and training, and a strong public safety net. A thriving New Orleans economy must be one

where all workers have a fair shot at stability, mobility, and shared prosperity. Resilience must go beyond recovery to encompass greater opportunity for the

people who live and work in the region. A resilient regional economy is one in which households can withstand and recover from disruptions and where communities can adapt to future challenges with equity and sustainability at the center.

This report aims to center that vision by evaluating the past and charting a path forward that prioritizes workers and household economic security as key to the region's resilience and prosperity and then offering several policy recommendations.

Jobs trends in metropolitan New Orleans since Hurricane Katrina

This section examines job trends across multiple measures since Hurricane Katrina. These measures include overall job growth in metropolitan New Orleans and the recovery of jobs in specific regional job clusters.

Jobs in the New Orleans metro area remain below levels registered before Hurricane Katrina

In the 20 years since Hurricane Katrina, metropolitan New Orleans has experienced myriad economic shocks, including the Great Recession of 2007–2009, the COVID-19 pandemic of 2020–2023, and multiple hurricanes. Each major event impacted the number of jobs in the region. Overall, the metropolitan area shed about 60,000 jobs—a decrease of 9.6 percent—from 2004 to 2024 (see Figure 1).

This decrease stands in stark contrast to job trends in the majority of the nation's 50 largest metro areas. Forty-six of these metro areas saw positive job growth from 2000 to 2024, while four metro areas lost jobs. Of those that lost jobs, the New Orleans metro area lost the largest number (see Figure 2).



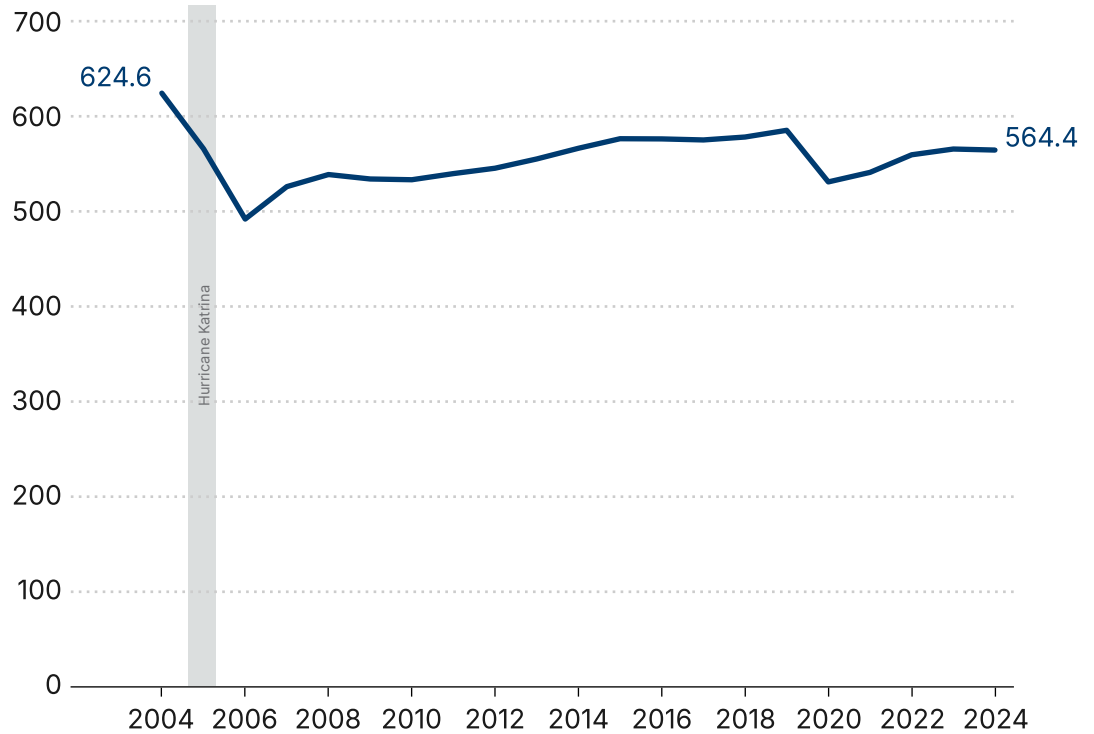
In this report, "metropolitan New Orleans," "Greater New Orleans," "metro area New Orleans," and "Metro New Orleans" are used interchangeably, and represent the 8-parish area including Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany parishes.

FIGURE 1

The number of jobs in metropolitan New Orleans remains lower than before Hurricane Katrina

The number of jobs, in the hundreds of thousands, in the New Orleans metropolitan region, 2004 to 2024

Source: U.S. Bureau of Labor Statistics nonfarm jobs data for the 8-parish metropolitan area



The jobs recovery since Hurricane Katrina in metropolitan New Orleans is mixed between local, traded, and government industry clusters

Over the past 20 years, the region’s mix of jobs in traded, local, and government clusters has shifted slightly, with jobs in local clusters increasing its share of total jobs. Traded industries are those that sell goods and services beyond the local area, bringing in outside revenue and driving metropolitan economic growth. In contrast, local-serving and government jobs typically follow economic growth rather than spur it, as they depend on local demand and resources rather than generating income from external markets.

In 2004, metro area New Orleans had 425,218 local-

cluster jobs (representing 63 percent of all jobs), 211,106 traded-cluster jobs (31 percent of all jobs), and 34,143 government-cluster jobs (6 percent of all jobs).³

By 2023, the region had 397,290 local-cluster jobs (representing 67 percent of all jobs), 173,483 traded-cluster jobs (29 percent of all jobs), and 23,784 government-cluster jobs (4 percent of all jobs) (see Figure 3). Meanwhile, the national share of local-cluster jobs remained relatively steady, from 62 percent in 2004 to 63 percent in 2023. This regional shift is important to workers because wages vary by cluster type. The average annual wage in metro area New Orleans for each cluster type in 2023 was \$51,519 for local, \$82,968 for traded, and \$68,352 for government.⁴

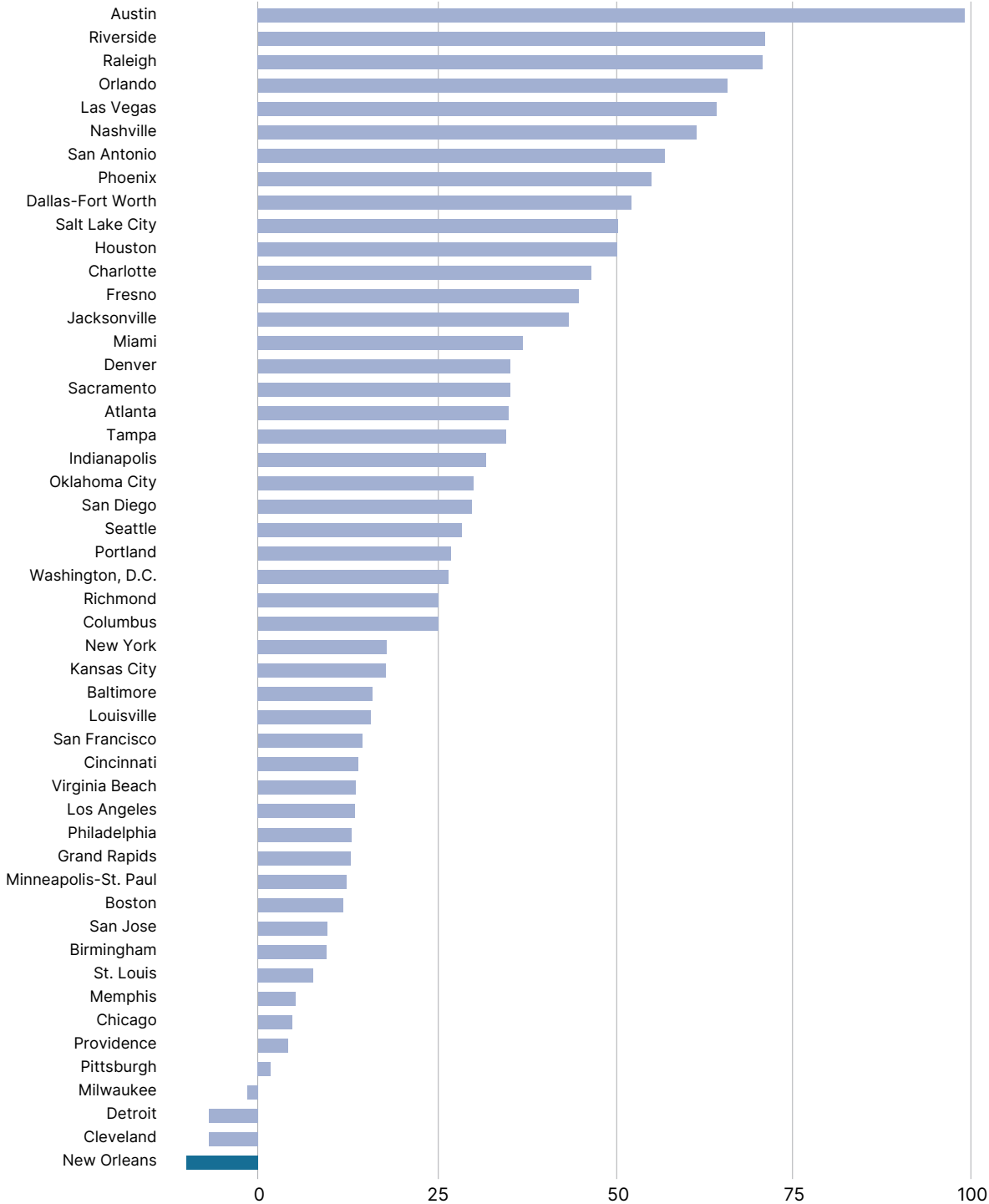
While local-cluster jobs in metropolitan New Orleans decreased by 27,928 jobs overall from 2004 to 2023,

FIGURE 2

New Orleans leads the nation's largest metro areas in job declines since 2000

Job growth and decline, by 50 largest metropolitan areas, 2000 to 2024 (annual averages)

Source: U.S. Bureau of Labor Statistics



there was positive growth in four local clusters. Health services added 3,770 jobs, with an average annual wage of \$69,974; hospitality establishments added 3,524 jobs, with an average annual wage of \$26,377; community and civic organizations added 1,209 jobs, with an average annual wage of \$36,657; and non-medical personal services added 3,335 jobs, with an average annual wage of \$34,244 (see Figure 4).

National economic trends during this time were positive, suggesting the region would have experienced growth in all local industry clusters if national trends had prevailed. Where the region experienced positive local-cluster growth, it followed broader positive industry trends to overcome local shifts.

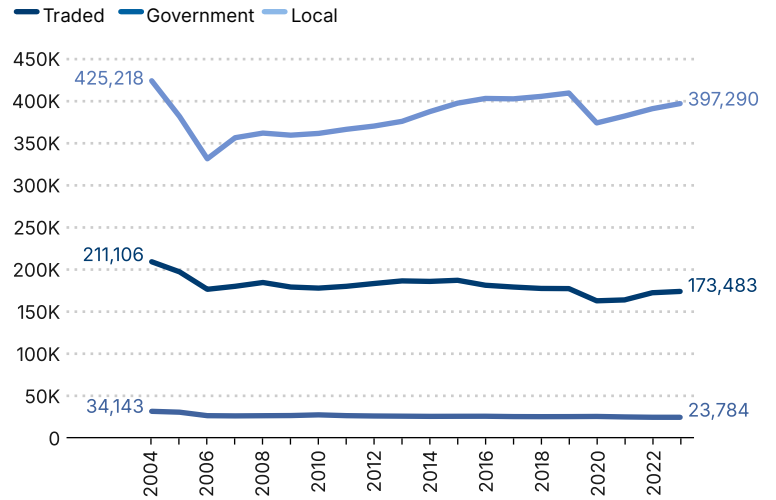
Traded-cluster jobs represent an important growth opportunity for metropolitan New Orleans

Overall, traded-cluster jobs have a higher average annual wage (\$82,968) and represent areas of specialization and economic growth. Of the 14 traded clusters with a location quotient (a measure of jobs compared to the national average) of 1 or greater in 2023, eight collectively gained

FIGURE 3

Metropolitan New Orleans' local-cluster job growth is mixed and represents a slightly greater share of all jobs than before Hurricane Katrina

The mix of job clusters in the New Orleans metropolitan region by government, traded, and local jobs, 2004 to 2023

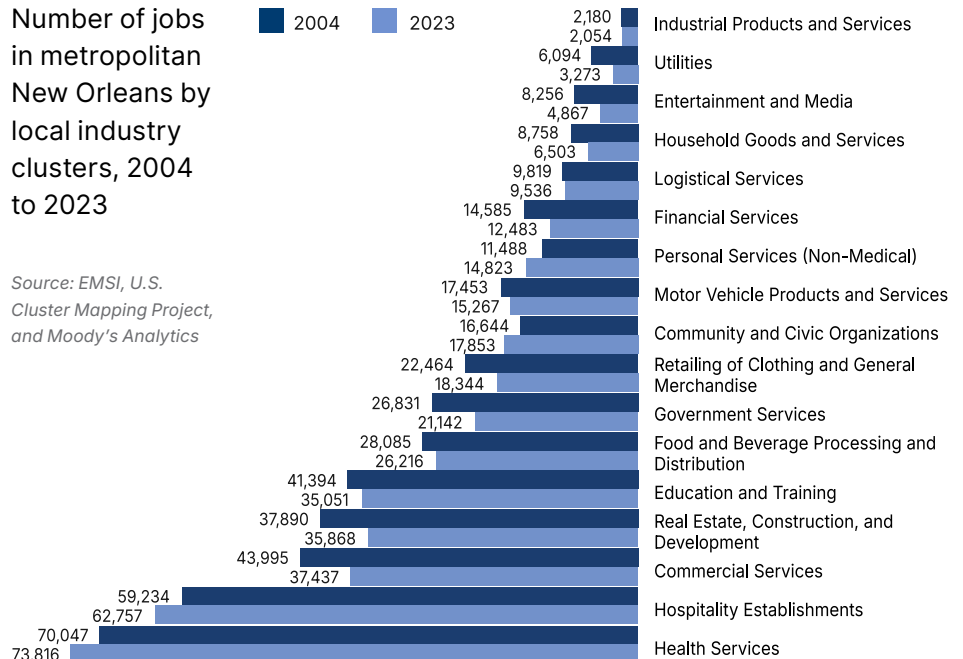


Source: EMSI, U.S. Cluster Mapping Project, and Moody's Analytics

FIGURE 4

The number of local-cluster jobs is down overall in metropolitan New Orleans, but has seen some growth since Hurricane Katrina

Number of jobs in metropolitan New Orleans by local industry clusters, 2004 to 2023



Source: EMSI, U.S. Cluster Mapping Project, and Moody's Analytics

a total of 5,177 jobs from 2004 to 2023 in metro area New Orleans. These clusters were environmental services; fishing and fishing products; video production and distribution; performing arts; vulcanized and fired materials; electric power generation and transmission; water management; and food processing and manufacturing.

During that same time, six of these traded clusters experienced job losses totaling 28,327 jobs: hospitality and tourism; water transportation; oil and gas; education and knowledge creation; upstream metal manufacturing; and construction products and services. Together, the 14 traded clusters with

a location quotient of 1 or greater had a net loss of 23,150 jobs. All traded clusters, including those with a location quotient of 1 or less in 2023, had a net loss of more than 37,000 jobs from 2004 to 2023.

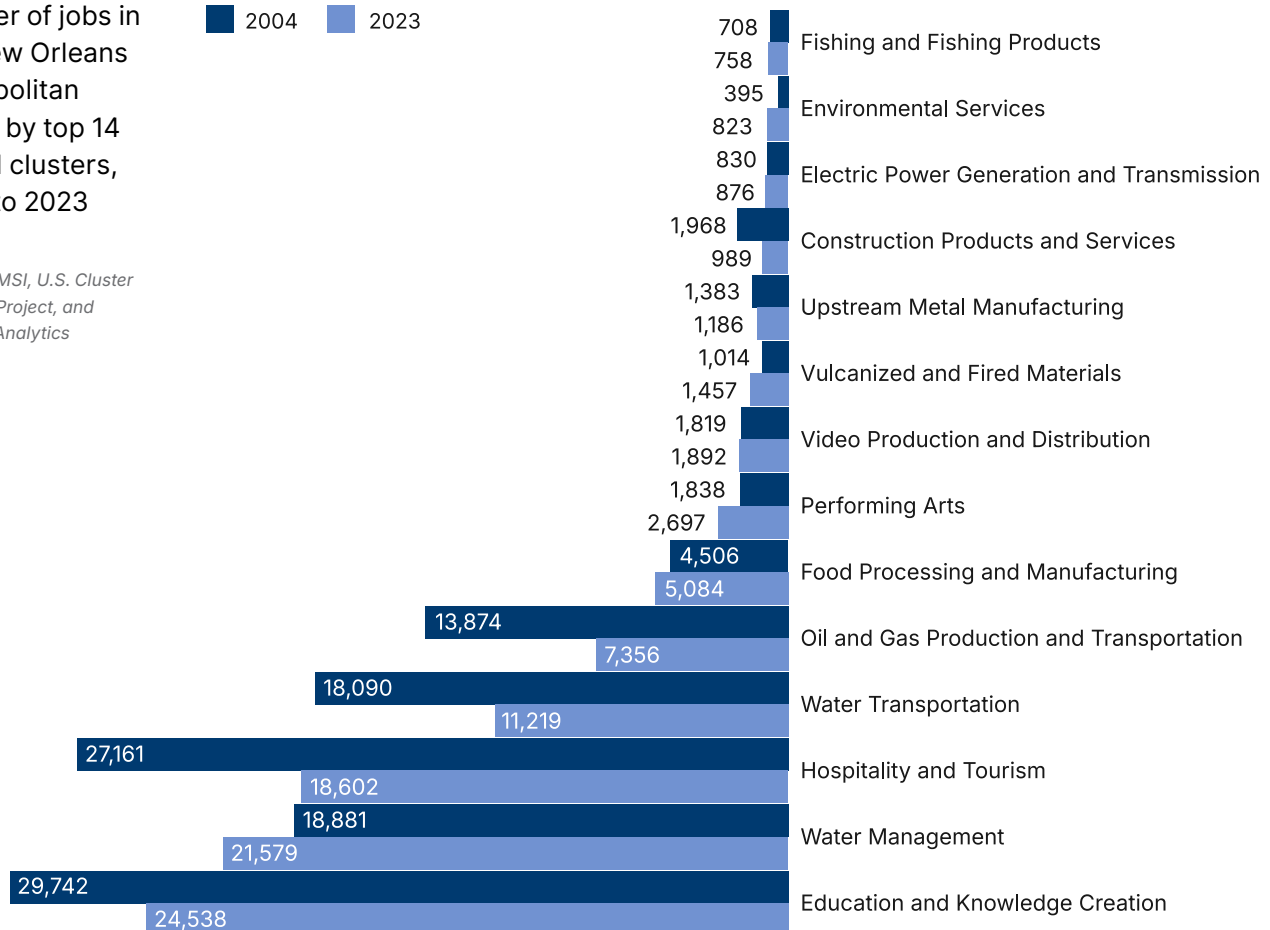
In 2010, Louisiana Economic Development (LED) introduced a statewide strategy called the Blue Ocean Initiative. The targeted industries in this initiative aligned well with those of the major regional economic development organizations, including Greater New Orleans, Inc., in metropolitan New Orleans, where five priorities for future growth and development were identified.⁵

FIGURE 5

Traded-cluster jobs in metropolitan New Orleans experienced mixed recoveries after Hurricane Katrina

Number of jobs in the New Orleans metropolitan region by top 14 traded clusters, 2004 to 2023

Source: EMSI, U.S. Cluster Mapping Project, and Moody's Analytics



These five priorities are energy (upstream chemical products and oil and gas production and transportation clusters); advanced manufacturing; emerging environmental (water management, construction products and services, and environmental services clusters); software and digital (information technology and analytical instruments cluster); and biosciences (biopharmaceutical and medical devices clusters). Additionally, Greater New Orleans, Inc., also identified trade and logistics (water transportation cluster) in its regional economic

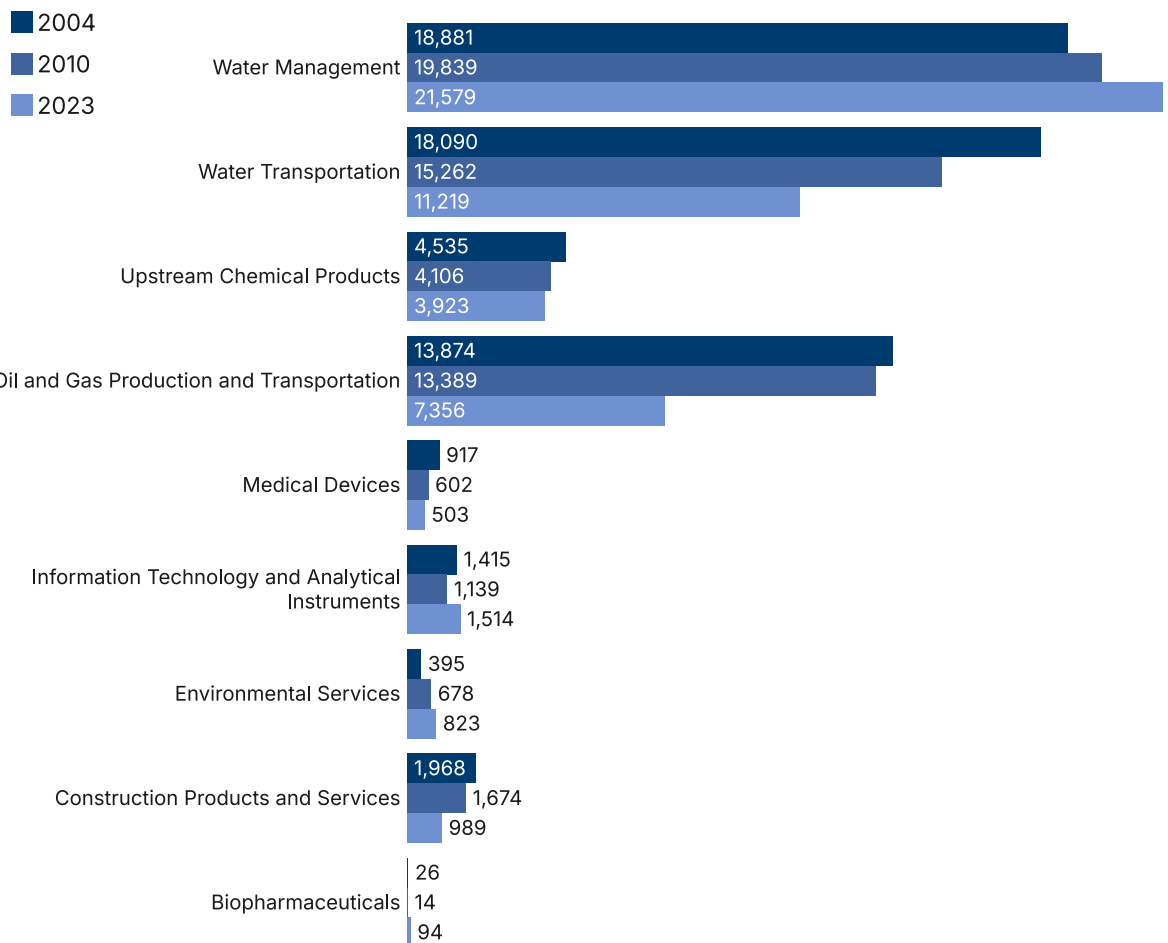
development priorities.⁶ Job growth in these priority areas saw mixed success.

Job growth across these clusters was mixed, with four clusters collectively gaining 3,293 jobs from 2004 to 2023: water management (2,698 jobs, 14 percent growth); environmental services (428 jobs, 108 percent growth); information technology (99 jobs, 7 percent growth); and biopharmaceutical (68 jobs, 262 percent growth). The other five clusters lost a total of 15,392 jobs from 2004 to 2023: oil and gas production and

FIGURE 6

Selected statewide economic development priorities for traded-cluster jobs saw mixed success in metropolitan New Orleans

Number of jobs in metropolitan New Orleans in select traded clusters aligned with regional economic development strategy, 2004, 2010, and 2023



Source: EMSI, U.S. Cluster Mapping Project, and Moody's Analytics

transportation (6,517 jobs lost, 47 percent decrease); construction products and services (978 jobs lost, 50 percent decrease); water transportation (6,871 jobs lost, 38 percent decrease); medical devices (414 jobs lost, 45 percent decrease); and upstream chemical products (612 jobs lost, 14 percent decrease). Taken together, these nine clusters totaled 60,101 jobs in 2004, 56,702 jobs in 2010, and 48,000 jobs in 2023. Certainly, these clusters also represent large capital investments in the region, though this did not translate into job growth for local workers.

Government-cluster jobs declined, yet remain important contributors to communities' resilience

In the nearly 20 years since Hurricane Katrina, the New Orleans metropolitan area registered a decline in government-cluster jobs of 16,048 jobs, or 26 percent

in combined local, state, and federal jobs. The number of these jobs fell from 60,975 in 2004 to 44,927 in 2023 (see Figure 7).

The loss of these public sector jobs affects the economic security and resilience of communities in multiple ways. Inadequate staffing can make it more difficult for public agencies to deliver the programs and services communities need to thrive, including preparation for and recovery from natural disasters and other economic shocks. Underfunding and understaffing also can jeopardize community safety even in the absence of disasters.

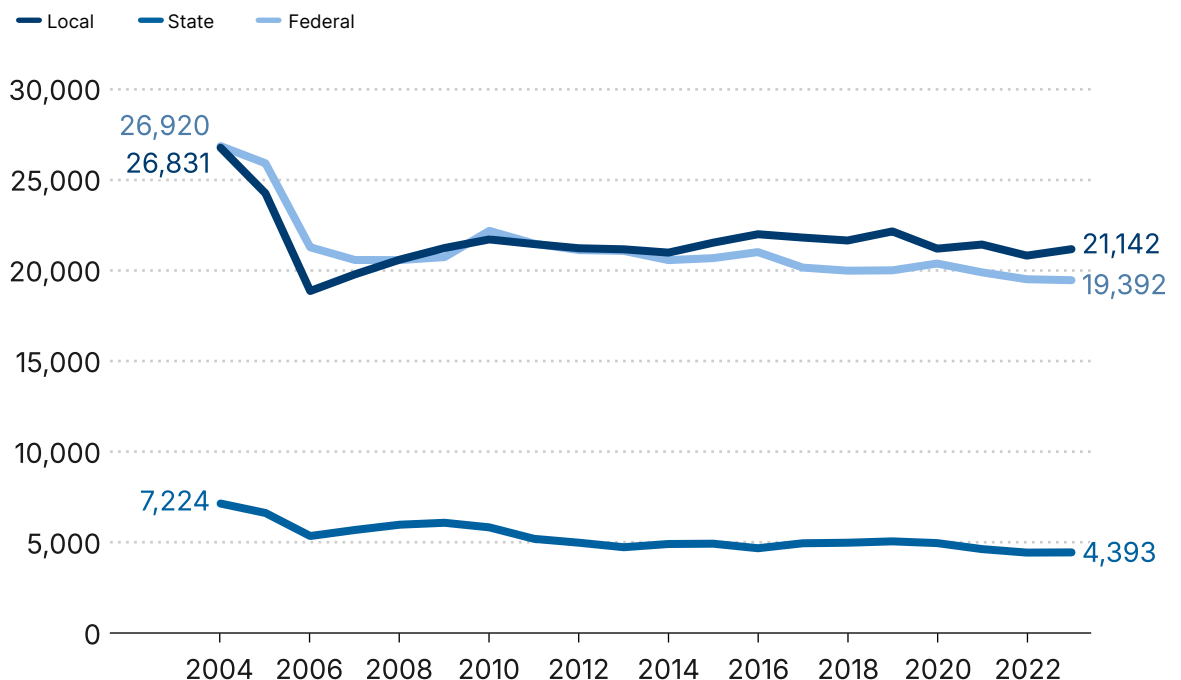
Looking forward, current and forecasted federal job losses threaten preparedness for natural disasters as critical climate- and environment-related jobs and programs are cut or remain unfilled.⁷

FIGURE 7

Government-cluster jobs declined across metro area New Orleans after Hurricane Katrina

The number of federal, state, and local government-cluster jobs in the New Orleans metro area, 2004 to 2023

Source: EMSI, U.S. Cluster Mapping Project, and Moody's Analytics



Wages and benefits: An uneven regional recovery

Since Hurricane Katrina, the New Orleans metropolitan area has been a major economic driver for the state as it rebuilt after the storm. Yet the region’s workers benefited from this wealth generation to differing degrees. Too many workers in the New Orleans region experience stagnant wages in low-wage industries, lack access to adequate benefits, and face inequities in pay by race and gender.

In 2023, median earnings across the eight metropolitan parishes ranged from \$37,309 in St. John the Baptist Parish northwest of the city to \$47,040 in St. Charles Parish west and south of the city—a difference of just under \$10,000 a year. Six of the eight parishes in the New Orleans area have median earnings above the state average, with only St. John the Baptist Parish and Orleans Parish (which includes the city of New Orleans) falling below the state average (see Figure 8).

Workers have steadily increased their productivity over time, but that productivity has not paid off in

higher earnings for the majority of workers.⁸ Louisiana workers’ median earnings in 2010 were \$36,911 when adjusted for inflation, compared to \$39,482 in 2023. That’s a raise of just \$2,571 over 13 years.

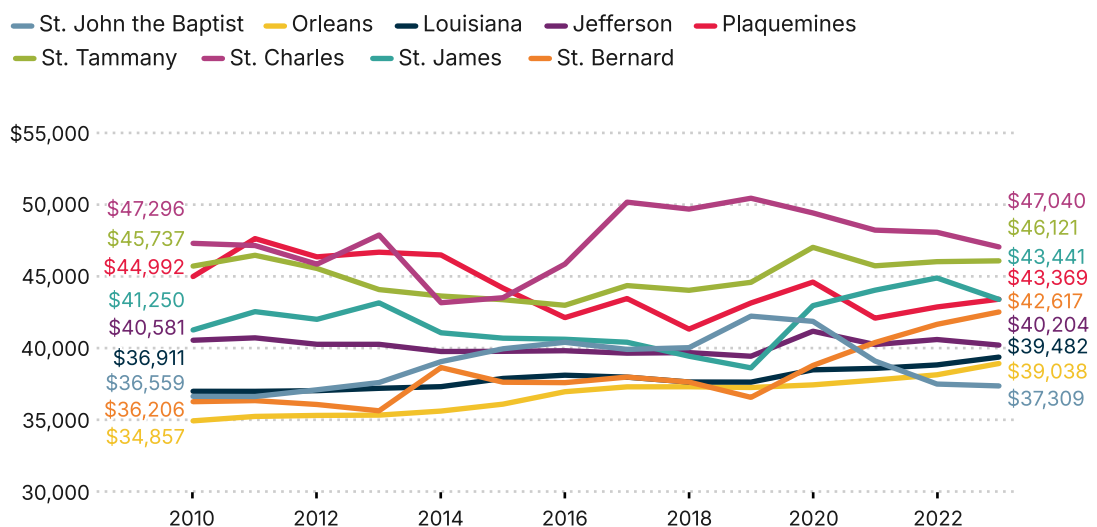
This same income stagnation occurred in the majority of the eight metro area parishes over the past 13 years. Workers in St. Charles Parish, Plaquemines Parish southeast of the city in the lower Mississippi River Delta, and Jefferson Parish directly west and south of the city make slightly less than they did in 2010 when adjusting wages for inflation. Only workers in Orleans Parish and St. Bernard Parish east of the city saw wages increase by more than \$2,500 annually over the 13-year timespan.

In metropolitan New Orleans, earnings have increased slightly when adjusted for inflation, from \$35,872 in 2010 to \$40,944 in 2023 (see Figure 9). However, in 2023, two adults making the metro area median earnings would not meet the ALICE Household Survival Budget of \$82,764 for a family of four with one school-aged child and one preschool child.⁹ The gap between earnings and costs is often even larger for many single-earner households in the metro area (see box below).

FIGURE 8

Median wages are largely stagnant across the parishes of metropolitan New Orleans, but are mostly above the state average

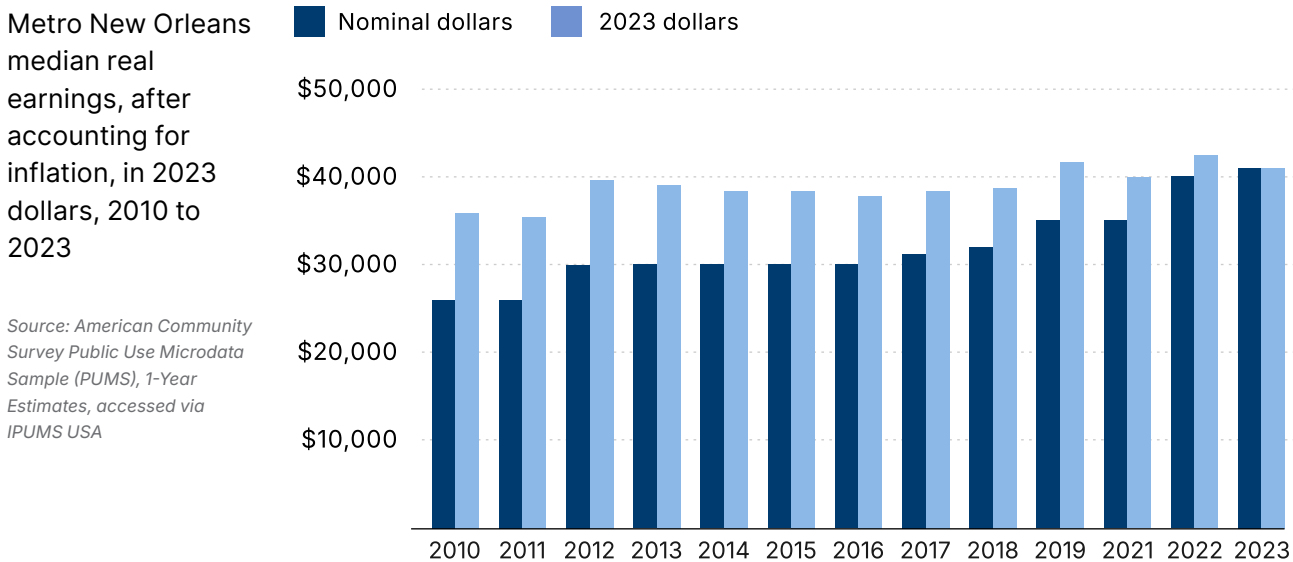
Median real earnings, after accounting for inflation, in Louisiana and the eight parishes of Greater New Orleans, in 2023 dollars, 2010 to 2023



Source: American Community Survey 5-Year Estimates Subject Table, S2001

FIGURE 9

Earnings for workers in metropolitan New Orleans remained relatively stagnant between 2010 and 2023



Source: American Community Survey Public Use Microdata Sample (PUMS), 1-Year Estimates, accessed via IPUMS USA

The ALICE Household Survival Budget

Produced by United Way, ALICE, which stands for “Asset Limited, Income Constrained, Employed,” is a measure of household economic well-being. In 2023, 50 percent of Louisianans earned below the ALICE threshold for their household size, including the 19 percent of Louisianans who live below the federal poverty level. Put another way, about half of Louisiana residents are not earning enough to make ends meet at the end of the month, let alone save for an emergency.

The ALICE Household Survival Budget is calculated using the average costs of housing, child care, food, transportation, health care, and technology, plus taxes and a 10 percent miscellaneous category at the parish and statewide level.¹⁰ The prevalence of lower-wage jobs blunts the economic opportunity and mobility of workers in metropolitan New Orleans.

In 2023, metro area New Orleans incomes were more unequal than incomes nationally. Incomes for metropolitan New Orleans’ highest earners were 12 times as high as those who earned the least, compared to 10-1 nationally. This leaves many families struggling to afford basic necessities (see Figure 10).

Moreover, the bottom 20 percent of metropolitan New Orleans’ earners make \$9,852 less than the \$32,952 that a single adult needs to survive in metro area New Orleans, according to the ALICE threshold. If these low-income earners are providing for children or other dependents, this gap in resources to support a basic standard of living only becomes more severe (see Figure 10).¹¹

In metropolitan New Orleans, earnings distributions varied slightly across parishes. In 2023, St. John the Baptist Parish had the highest percentage of earners (16 percent) making less than \$25,000 annually, with Plaquemines, Jefferson, St. James (west of the city), and St. Bernard parishes all reporting close to 15 percent of their earners in this low-wage category.

St. Tammany Parish on the north shore of Lake Pontchartrain and St. Charles Parish had the lowest percentages of earners in this category: 10.5 percent and 9.5 percent, respectively. St Tammany also had the highest percentage of workers (38.4 percent) earning more than \$75,000 annually, followed by Plaquemines (33 percent), Orleans (32.9 percent), and St. Charles (32.9 percent). St. Bernard and St. John the Baptist had the lowest percentages of high-wage earners: 26.2 percent and 27.1 percent, respectively (see Figure 11).

Since 2010, certain parishes saw greater shifts in their earnings distributions than others, with Plaquemines, Orleans, and St. Bernard parishes substantially increasing their proportion of high earners. Since earnings categories are not adjusted for inflation, the earnings distributions in 2023 indicate increasing earnings across all parishes. Yet the data show that even though all parishes witnessed increased earnings, they did not all grow at the same rate.

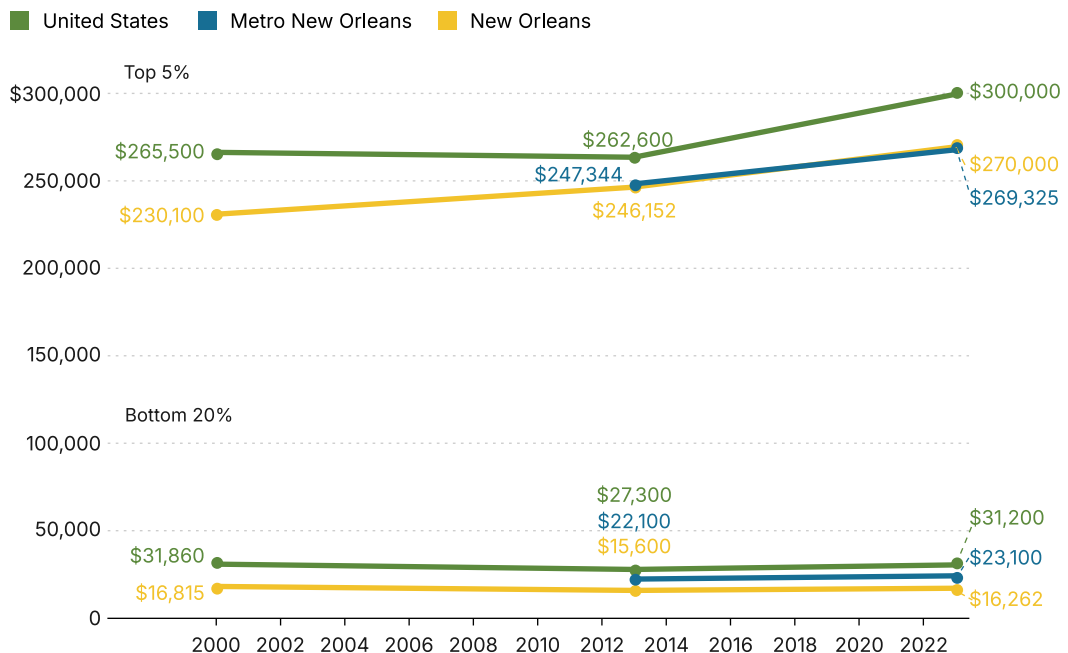
Louisiana's state minimum wage

Louisiana is one of only five states without a state minimum wage law.¹² Without this, Louisiana defaults to the federal minimum, which has been \$7.25 per hour since 2009. Congress must act to increase the federal minimum wage as it does not automatically increase with inflation. And as prices have increased, the federal minimum wage has lost more than 30 percent of its purchasing power.¹³ If it had kept up with inflation, the minimum wage would have been \$10.45 in 2024. Working full time, a person making \$7.25 per hour would earn about \$14,500 a year, which is below the federal poverty level. If the minimum wage had kept up with inflation, a person working full time would earn about \$20,900 annually, which is above the federal poverty level for one person.¹⁴

FIGURE 10

Metropolitan New Orleans has wider income gaps than the nation

Real incomes, after adjusting for inflation, in the United States, metropolitan New Orleans, and the city of New Orleans, in 2023 dollars, 2000 to 2023



Source: IPUMS USA, as pulled by The Data Center

Note: Data for 2000 are not available for metro area New Orleans due to PUMA definitions that split St. Tammany Parish data

Wage disparities in metro area New Orleans between Black and White households increased from 2010 to 2023, with Black households experiencing a slight decline in income, while White household income rose. The median income for Black households in metropolitan New Orleans is less than half that of White households, at \$38,815 and \$82,922, respectively (see Figure 12).

Regardless of how the economy is performing overall, Black people in greater New Orleans experience higher unemployment rates and lower wages. Black unemployment in Louisiana is persistently double that of White workers: 6.5 percent versus 3.2 percent in May 2025.¹⁵ Structural and historical racism create barriers for Black households, as they work to not only pay their bills today, but also to build wealth for their families tomorrow.

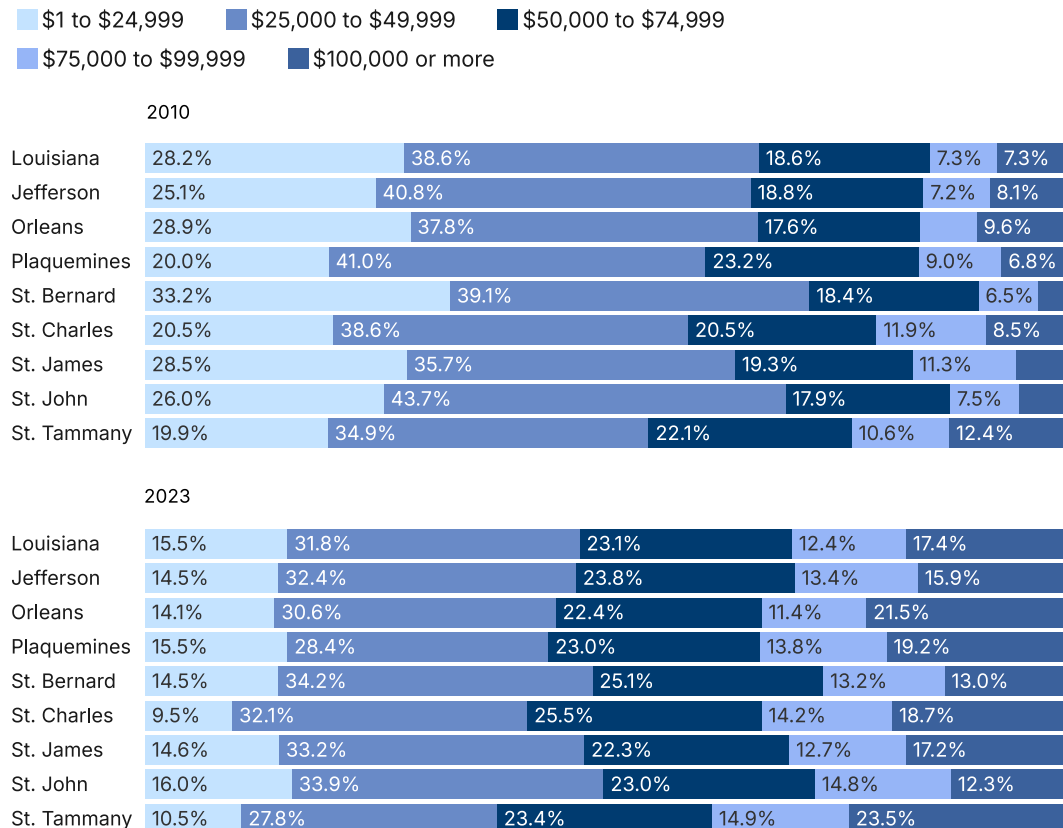
In metro area New Orleans, gender pay discrepancies persist, with women workers making only 72 cents for every dollar paid to their male counterparts. Women are often over-represented in lower-wage industries, lack family-friendly workplace supports, and experience bias in the workplace, which contribute to this persistent gap in wages (see Figure 13).¹⁶

Female-headed families in Louisiana lived in poverty at a rate of 42.3 percent, compared to 30.6 percent of families headed by single women with children nationally.¹⁷ Supporting policies that close the gender pay gap and raising wages in industries where women have traditionally been over-represented would reduce poverty for thousands of New Orleans families, strengthen household financial stability, and make the local economy more resilient in the face of future challenges.

FIGURE 11

The unequal distribution of nominal earnings by parish in metropolitan New Orleans

Nominal earnings, not adjusted for inflation, across eight parishes and Louisiana, 2010 to 2023



Source: American Community Survey 5-Year Estimates Subject Table, S2001

Note: Earnings percentages are not adjusted for inflation

Statewide, the gender pay gap is similar, with Louisiana reporting the highest gender pay gap in the nation: Women workers earn only 71 cents for every dollar paid to men. This gap increases to 67 cents per dollar when including all part-time and seasonal workers.¹⁸

The 'college degree premium' results in higher-educated workers in Greater New Orleans earning more over their lifetimes

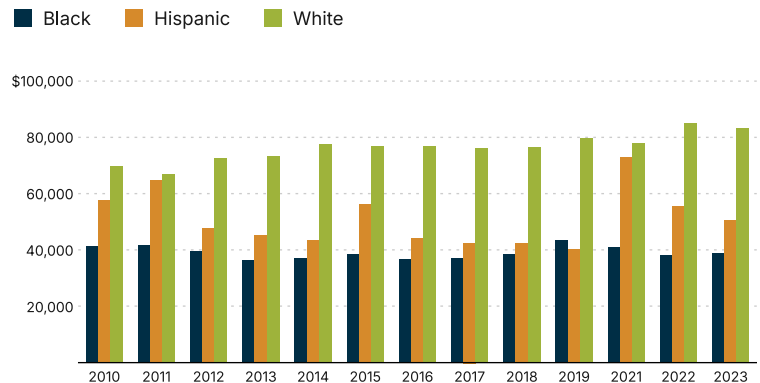
Education is an important indicator of a person's potential earnings and their ability to excel in the job market. Making educational opportunities accessible and equitable—from Pre-K to high school through higher education—has traditionally paid dividends both for households as well as local and state economies. In New Orleans, some of the largest gaps in earnings are between those with a college degree and those without. Therefore, it is essential that young New Orleanians have access to equitable and affordable pathways to higher education that lead to higher-earning jobs and increased labor force participation.

The college degree premium, however, may be stagnating in Greater New Orleans, with

FIGURE 12

In metro area New Orleans, Black households earn half of what White households make

Metro area New Orleans real median household incomes, after accounting for inflation, in 2023 dollars, 2010 to 2023

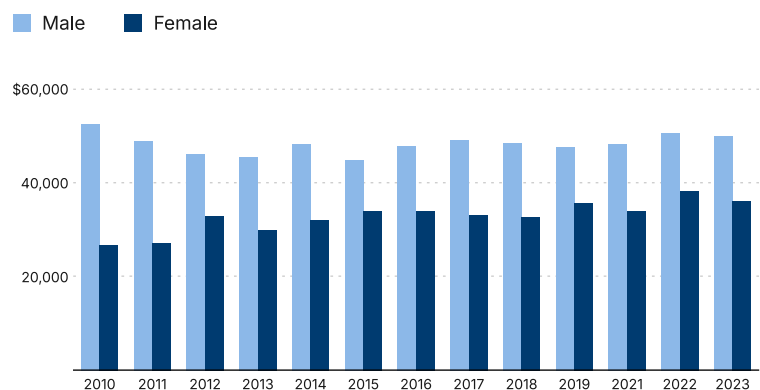


Source: American Community Survey Public Use Microdata Sample (PUMS), 1-Year Estimates, accessed via IPUMS USA

FIGURE 13

Persistent gender pay gaps make it difficult for women in the New Orleans region to make ends meet

Real median annual earnings, after accounting for inflation, in metropolitan New Orleans by gender in real 2023 dollars, 2010 to 2023



Source: American Community Survey Public Use Microdata Sample (PUMS), 1-Year Estimates, accessed via IPUMS USA

TABLE 1

Metro New Orleanians with a high school degree or some college saw wages decline over the last 13 years

Real earnings, after accounting for inflation, by educational attainment in Greater New Orleans, 2010 to 2023

Median earnings by educational level			
Metro area New Orleans	2010	2015	2023
Less than high school degree	\$25,000	\$24,302	\$26,000
High school degree (includes equivalency)	\$38,640	\$33,917	\$32,000
Some college or associate degree	\$44,160	\$40,960	\$39,217
Bachelor's degree	\$57,960	\$60,160	\$60,000
Graduate or professional degree	\$71,760	\$80,640	\$72,000

Source: American Community Survey Public Use Microdata Sample (PUMS), 1-Year Estimates, accessed via IPUMS USA

slowing earnings growth for those with a bachelor's degree or higher. Meanwhile, earnings have fallen for high school graduates and workers with some college or an associate degree when adjusted for inflation (see Table 1).

Though this stagnation in earnings for those with a college education suggests a plateauing of the degree premium, Table 1 also shows that workers with a bachelor's degree still make almost double that of high school graduates, and wages for those without a bachelor's degree either declined or remained largely flat. The consistently increasing educational attainment of the New Orleans metropolitan area workforce since 1980 may have reduced the degree premium in a more competitive talent pool (see Figure 14).

Over the past 40 years, the educational attainment of New Orleanians has more than doubled, substantially changing the workforce demographics of the city. As a growing share of the workforce attains college degrees, postsecondary education is increasingly viewed not as a competitive advantage, but as a baseline requirement for accessing stable, middle-income employment.

This shift underscores the urgency of making higher education more affordable and expanding access to multiple, flexible pathways—such as community colleges, credentialing programs, and registered apprenticeships—to ensure that educational attainment remains a viable and inclusive engine of economic opportunity.

Sparse workplace benefits leave low-wage workers in Louisiana vulnerable

Many people working low-wage jobs often lack access to basic benefits, making it difficult to care for their families and themselves and plan for the future. Nationally, those earning wages in the bottom quarter of all workers are about half as likely as those in top quarter to have access to paid sick days (58 percent of low-wage workers compared to 95 percent of the highest-wage workers), employer-sponsored health insurance (43 percent compared to 96 percent), and retirement benefits (52 percent compared to 93 percent).¹⁹

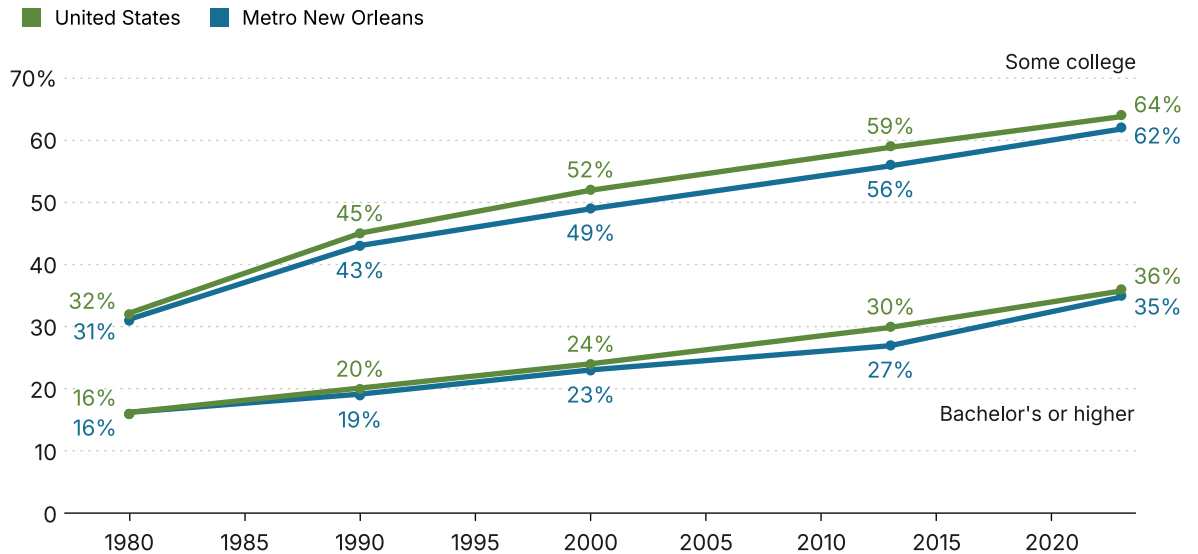
The difference between low- and high-wage workers

FIGURE 14

Educational attainment in metropolitan New Orleans has grown steadily since 1980, almost keeping up with national trend

The educational attainment of the Greater New Orleans population over the age of 25, 1980 to 2023

Source: The Data Center



increases when comparing not only access to benefits, but benefits participation rates. For example, 19 percent of low-wage workers participate in employer-sponsored health insurance, compared to 68 percent of high-wage workers; and 27 percent of low-wage workers participate in retirement benefits, compared to 83 percent of high-wage workers.²⁰ Fortunately, access to these benefits is trending in the right direction, with increased access among low-wage workers since 2010, when 35 percent had access to paid sick days, 41 percent to health insurance, and 43 percent to retirement benefits.²¹ While going in the right direction, overall access and participation rates among Southern states tend to lag behind national rates.²²

Labor force participation rates vary by age and education in Louisiana, and have changed over time

In order to build regional household economic resilience, workers of all ages need opportunities to

thrive. In metro area New Orleans, older workers not only represent an increasing share of the workforce, but they are also much more likely to be working than in the past. Workforce participation rates for older adults have increased in metro area New Orleans over the past several decades—a trend that has continued in recent years and is mirrored nationally.²³

In 2010, 32 percent of New Orleanians 55 years or older were working. By 2023, that number had increased to 40 percent. Unfortunately, working does not always equate to economic security for older adults, which has significant implications for regional economic resilience.

Prior to the COVID-19 pandemic in Greater New Orleans, 44 percent of all jobs were held by workers over the age of 45, and 56 percent of those jobs were in occupations with a median wage of less than \$20 an hour, making it difficult to save and prepare for emergencies. Low educational attainment contributed to lower wages, with three-quarters of the region's

population over age 45 not having a bachelor's degree.²⁴ In order for low-income older workers to advance, it is important to provide accessible, supportive, and affordable educational opportunities for workers to gain new skills and connections.

Additionally, according to a recent survey of working-age Louisianans who are not in the labor force (neither employed nor looking for work), the leading challenges that caused people to leave the labor force are family or child care and low wages.²⁵ Investments in affordable, quality child care, higher education and credentialing pathways, basic worker benefits, and access to jobs that pay enough to support a family can help people in the Greater New Orleans region reconnect to and thrive in the workplace.

Louisiana Opportunity Youth

In 2022, there were close to 20,000 young people (ages 16 to 24) in Greater New Orleans who were disconnected from both work and school. These individuals are sometimes called "Opportunity Youth." Disconnection rates vary by parish, from a high of 22.4 percent in Plaquemines Parish to a low of 13.4 percent in St. Tammany Parish.²⁶

Statewide, about 86,900 Opportunity Youth make up 15.5 percent of the state's 16- to 24-year-olds. While the percentage of disconnected youth has declined over the past decade (from 17.4 percent in 2012), Louisiana's share of Opportunity Youth is still among the highest in the nation, exceeding the national rate of 10.9 percent.²⁷ The state can support these young people on the steep climb to adulthood through investments in safety net and wraparound services, workforce and career training programs, and adequately funded programs targeted to serve them.²⁸ Setting up the next generation of households for economic opportunity and security builds regional economic resilience.

A regressive tax structure makes it harder for Louisiana communities to thrive

Louisiana needs to raise adequate revenue to pay for important programs and services that communities need to thrive, including quality public education, safe roads and bridges, and accessible health care—all of which are critical for resilience. But it is important for the way revenue is raised to be fair and to not exacerbate existing inequalities. That is not the case today in Louisiana (see Figure 15).

Indeed, Louisiana's tax structure is among the more regressive in the nation.²⁹ This can make it harder for low-income households to build wealth, financial security, and resilience. In Louisiana, the poorest households pay the highest share of their income in combined state and local taxes (13 percent), while the highest-income households pay the lowest share (5.6 percent).³⁰ The largest driver of this inequity is the sales tax, as low-income households pay 10.2 percent of their income in combined state and local sales taxes; meanwhile, the highest-income households pay 2 percent of their income.

This over-reliance on regressive sales taxes to raise revenue also exacerbates racial economic disparities, as Black households pay 5.6 percent of their income in sales taxes while White households pay 4.2 percent.³¹ Louisiana has the highest combined state and local sales tax rate in the nation.³²

Earned income and child tax credits build more resilient communities

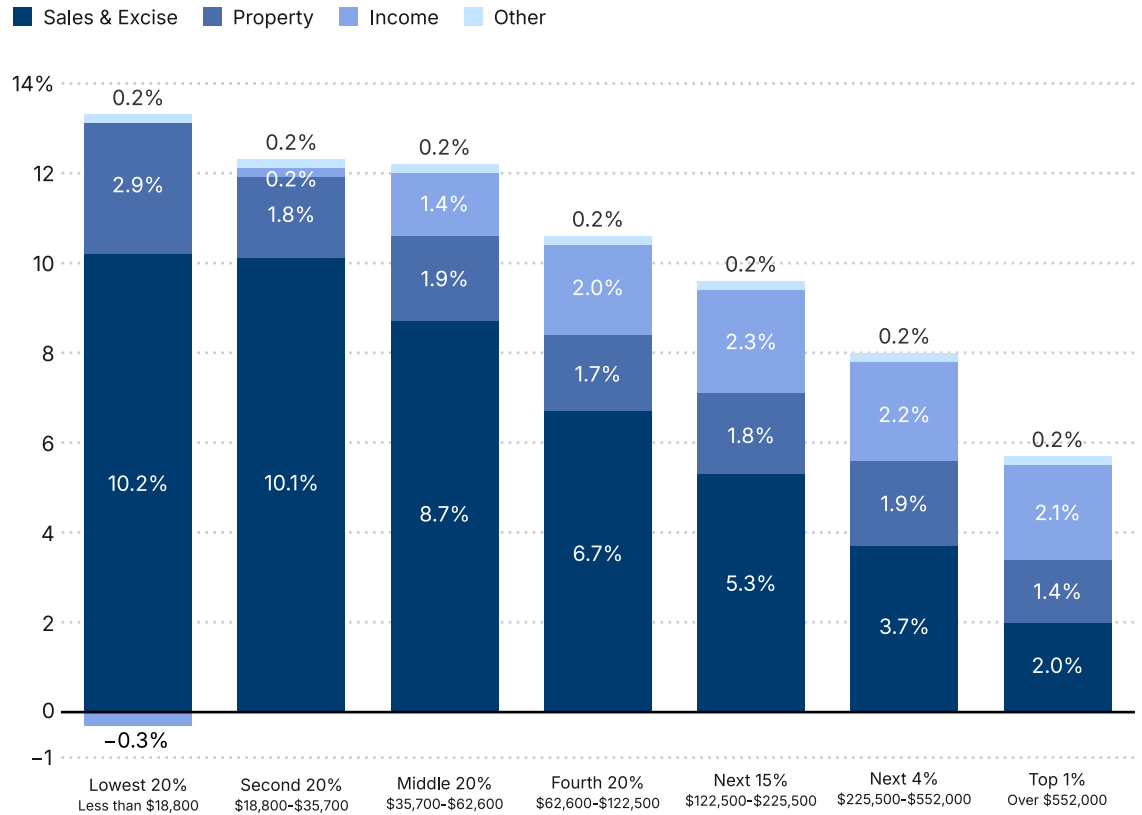
One area in which Louisiana has done well to support low-income households is the state's earned income tax credit (EITC). The federal EITC, established in the 1970s as a modest tax credit for working families, has become one of the nation's most important antipoverty programs.³³ This tax credit for working people with low or moderate incomes provides an annual boost to families. Of the approximately two-thirds of states

FIGURE 15

Louisiana's state and local taxes are regressive

Louisiana's combined state and local taxes as a share of household income by group, as of November 2024

Source: Institute on Taxation and Economic Policy



that have built on this national success by establishing state EITCs, Louisiana has room to grow; its credit is 5 percent of the federal credit, which is among the lowest.³⁴ State EITCs range from 4 percent in Minnesota to 125 percent in South Carolina.³⁵

Established in 2007, Louisiana's EITC provided roughly 440,000 households with low or moderate incomes about \$150 each in 2024.³⁶ This important poverty-fighting policy also supports local economies and family economic security, as people spend these dollars catching up on bills, paying down debt, and covering the cost of housing and transportation.³⁷ Louisiana can build on this foundation of economic security by increasing the state EITC and establishing a state child tax credit, as 17 other states have done to support young working families with children.³⁸

Preemption laws make it harder for Louisiana communities to shape economic growth

For many years, preemption laws—state laws that supersede the authority of local or city laws—across the South have limited communities' ability to pass policies that meet the needs of their workers.³⁹ In Louisiana, preemption has prohibited cities and parishes from enacting minimum wage ordinances (enacted in 1997), project labor agreements (enacted in 2011), prevailing wage ordinances (enacted in 2011), paid leave policies (enacted in 2012), and gig economy regulation (enacted in 2019).⁴⁰

Preemption laws are particularly challenging for the Greater New Orleans area, where the cost of living

is higher than in many other communities across the state and where the needs of workers vary. Because city and parish governments cannot respond to these needs by raising the minimum wage, regulating industry practices, or requiring workplace benefits for workers, they must rely on federal or state lawmakers to take action, which has left many workers struggling.⁴¹

Policy recommendations

Louisiana can build economic resilience by investing in workers and their families. Households that are financially stable and secure are better able to weather difficult economic shocks and stressors. When households have enough to meet their basic needs and save for the future, they thrive. Specifically, state and local policymakers should:

- Support regional household economic resilience by ensuring economic development incentives focus on producing sustainable jobs in order to grow the overall economy and retain and attract residents.
 - Focus regional economic development on local-, traded-, and government-cluster jobs that provide higher wages and economic opportunities for local workers.
 - Invest in higher education and workforce training to ensure programs are as affordable and accessible as possible, especially for those from low- and moderate-income households, and ensure people have the training and skills they need to succeed.
 - Expand access to workplace benefits, including statewide paid family and medical leave (as 13 other states have already done), to ensure workers have the support they need to thrive throughout their lives.⁴²
 - Focus on quality-of-life issues in the region, including: early care and education; K-12 and higher education; and affordable housing, transportation, and broadband to support economic opportunity and resilience for all residents regardless of age, race, or ZIP code.
- Support low-income working families by increasing Louisiana’s modest state Earned Income Tax Credit⁴³ and establishing a state Child Tax Credit⁴⁴ to build household economic security, as 31 and 17 other states, respectively, have done.
 - Establish a state minimum wage that keeps pace with inflation to help New Orleans’ lowest-wage workers’ paychecks keep up with the rising cost of living, as the vast majority of states have already done for their lowest-wage jobs.⁴⁵
 - Empower local leaders to respond to local needs by ending state preemption laws.

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FOR MORE INFORMATION**Stacey Roussel**

Chief Operating Officer

Invest in Louisiana

stacey@investlouisiana.org

Christina LeBlanc, Ph.D.

Senior Policy Analyst for Economic Opportunity

Invest in Louisiana

christina@investlouisiana.org

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FOR MORE INFORMATION

Lamar Gardere

Executive Director
The Data Center

lamarg@datacenterresearch.org

Andre M. Perry

Senior Fellow and Director, CCU
Brookings

officeofandreperry@brookings.edu

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