REAL

REGIONAL ECONOMIC ANALYSIS OF LOUISIANA

REPORT

WINTER QUARTER 2025

CENTER FOR ECONOMIC RESEARCH
LOUISIANA TECH UNIVERSITY®
COLLEGE OF BUSINESS

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Dean's Message

Each quarter, the Regional Economic Analysis of Louisiana (REAL) Report offers valuable perspectives on the economic trends shaping Louisiana. Published by the Center for Economic Research in collaboration with business students at Louisiana Tech University, issues are developed in the Regional Economic Analysis (ECON 425) course, an applied learning experience. Under the guidance of faculty in the Center for Economic Research, students conduct in-depth analysis of economic data and trends impacting regions across the state.

The Center for Economic Research plays an important role in connecting Louisiana Tech with economic development efforts throughout Louisiana. In addition to producing the REAL Report, the Center conducts economic impact studies, partners with local governments and businesses, and serves as a resource for media seeking expert insight on economic issues.

For more information about the REAL Report, the Center for Economic Research, or the ECON 425 course, contact Dr. Patrick Scott at PScott@LATech.edu. Questions regarding specific sections of the report should be directed to the respective authors, and media inquiries may be sent to Waldroup@LATech.edu. Current and past issues of the REAL Report are available online at **Business.LATech.edu/RealReport**.

We hope this issue provides you with useful insights into Louisiana's evolving economy and serves as a valuable resource for understanding regional economic developments.

Sincerely,

CHRISTOPHER L. MARTIN, PH.D.
Dean and Chase Endowed Professor
College of Business
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The views contained herein reflect the analysis of the authors and not necessarily those of Louisiana Tech University.

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National and Louisiana Economic Indicator Forecasts

BY C. PATRICK SCOTT, PH.D.

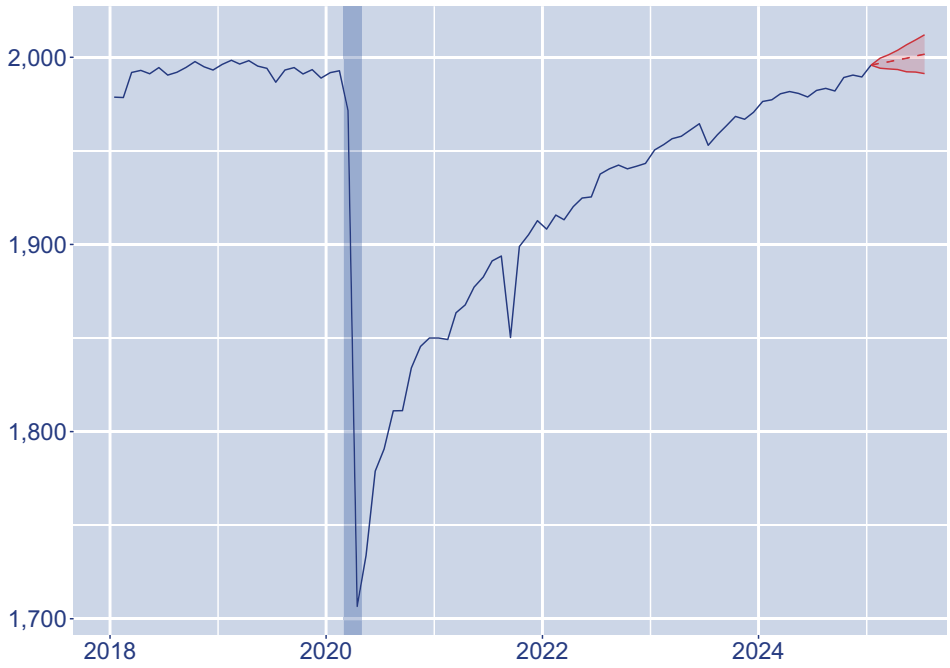
Forecasts are provided using a Bayesian model averaging approach from hundreds of statistical models. This method is utilized to capture the relative uncertainty that any one individual model is not properly specified and thus accounting for that uncertainty in our analysis.

Louisiana Non-Farm Employment

As of January 2025, total Louisiana employment has finally recovered from the COVID pandemic shock of 2020. Nearly five years after the first infection showed up in Louisiana, the distribution of jobs and cross-section of employment is quite different than before. Barring any major shocks at the federal-level, total employment is expected to grow by about 5,000 jobs over the next six months. Most model forecasts predict above average growth for 2025.

Punchline: Full employment recovery is finally here, but a s olid two years behind the nation as a whole.

Figure 1: Forecasted Non-Farm Employment (Thousands)



Louisiana Unemployment Rate

The unemployment rate for Louisiana appears to be holding steady. Uncertainty around federal workforce cuts has firms hesitant to fill vacant jobs too quickly, but that uncertainty also means that workers are less likely to change jobs. Most models expect the unemployment rate to appreciate modestly but stay in a relatively low holding pattern. Larger trade policy shocks may unsettle this relatively stable trend.

Punchline: If federal policymakers keep their hands at 10 and 2 o'clock, the good times will keep rollin'.

Figure 2: Forecasted Unemployment Rate (Percent)

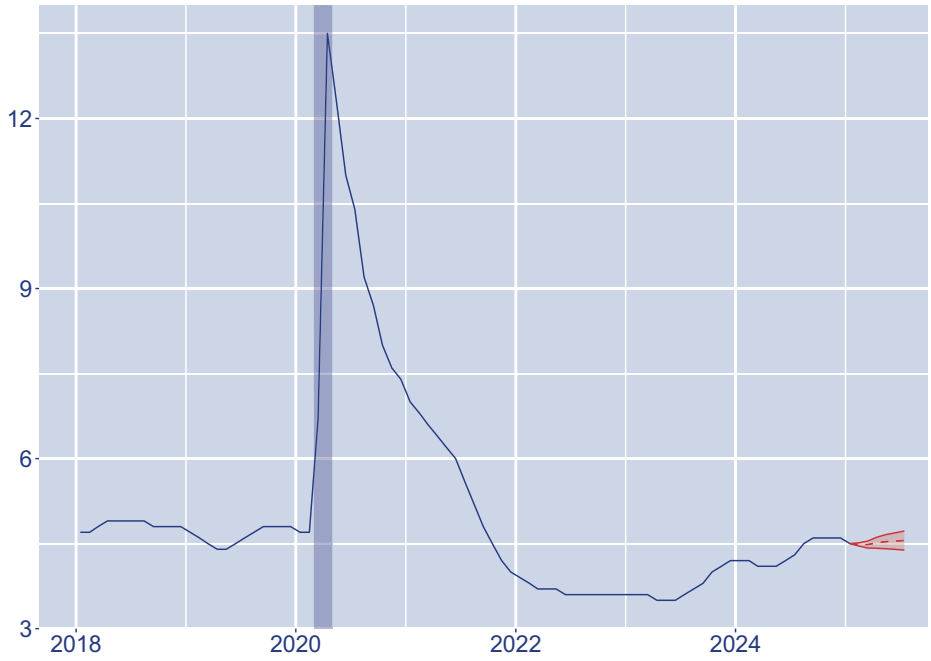
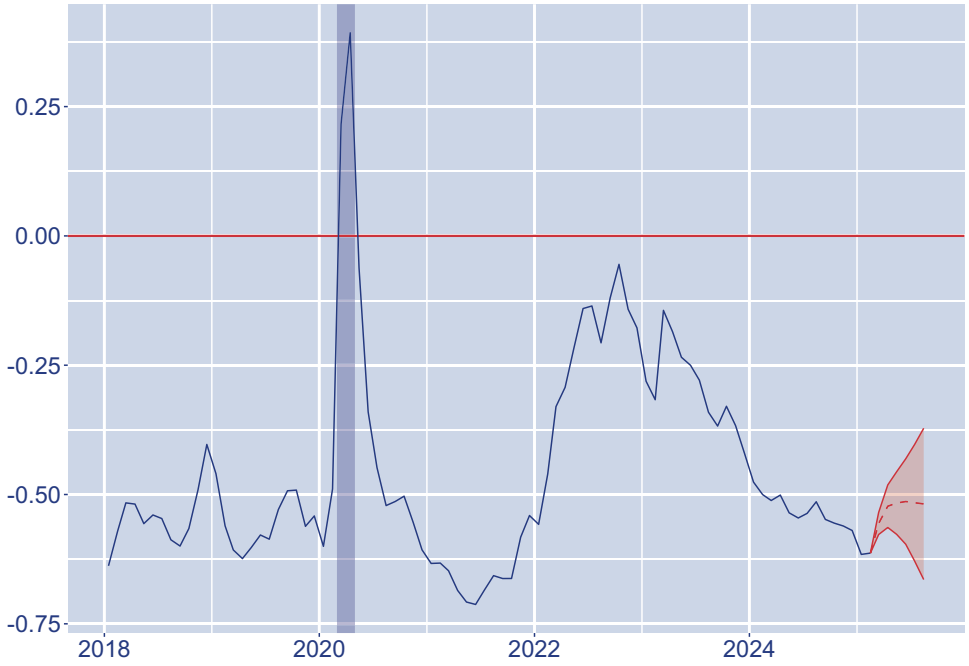


Figure 3: Forecasted Financial Conditions Index (0 = Neutral)

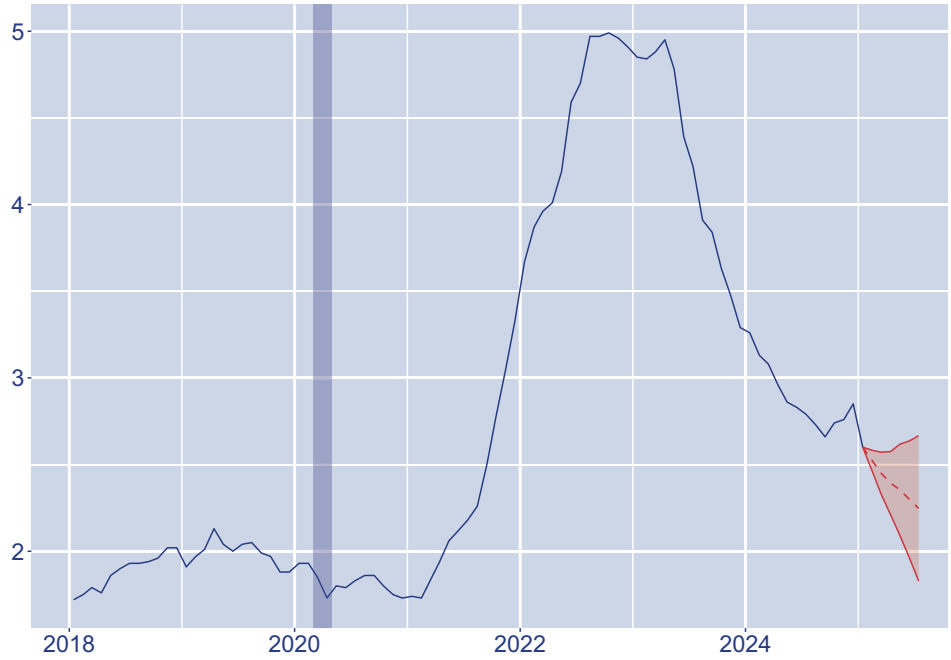


National Financial Conditions Index

The financial conditions index measures overall banking risk in both traditional and shadow banking systems. The index centers around 0 with loose conditions producing negative values. Relative financial uncertainty has grown over the past 60 days, but Fed policy has remained unchanged. The uncertainty of other sectors is bleeding into liquidity markets. This is reflected in a wide range of forecasts that indicate either (near historic) loose conditions, or conditions similar to pandemic recovery period.

Punchline: The consistency of Fed policy is steering financial conditions for now. Tariffs may undo this.

Figure 4: Forecasted Trimmed Mean Personal Consumption Expenditure Inflation (Percent)



National Trimmed Mean PCE Inflation

Trimmed mean inflation continues its downward march. The current instability of federal policy has introduced more volatility to future business investment plans. Since most of the current trend is dictated by the Federal Reserve, and not the executive or legislative branch, the trend is expected to continue over the next six months, but at the cost of a wider range of uncertainty given the erratic nature of policy. Realistic models forecast annualized inflation descending from 2.6% to around 2.3% over the next six months.

Punchline: The uncertainty of trade and federal policy is impacting the variance of forecasting accuracy.

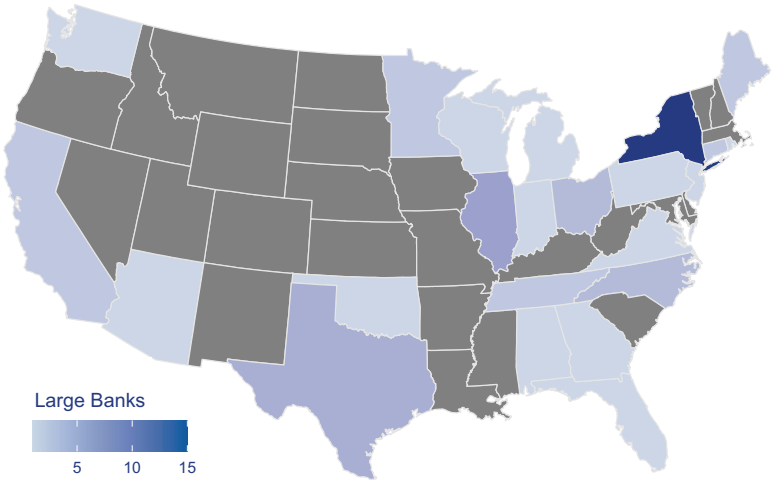
Monthly employment, unemployment rate, and inflation rate data for this section extend to January 2025. Financial conditions data extend to February 2025. All variables include the most current releases at the time of publication. .

Monetary Policy and Small Banks: Analyzing Interest Rate Effects in Louisiana

BY HENRY MESSINGER

The Federal Reserve's (Fed) monetary policy decisions are often tailored to the dynamics of large banking institutions, given their outsized influence on the national economy. However, the effects of interest rate changes on smaller banks, particularly in states with predominantly small banking institutions, receive far less attention. With 46% of U.S. states headquartering large banks, the remaining 54%—including Louisiana—are shaped by policies designed with larger institutions in mind. This implies that the Fed operates under a "one size fits all" approach when determining interest rates. This report examines how fluctuations in interest rates impact the change in Louisiana's small bank lending growth.

Figure 5: Distribution of Large-Asset Banks by State (Number of Banks)



The Federal Reserve determines monetary policy primarily through its dual mandate of promoting maximum employment and maintaining stable prices. It does this by adjusting the federal funds rate, which influences borrowing costs throughout the economy. When inflation is high, the Fed raises interest rates to slow economic activity and curb price increases. Conversely, during economic downturns, it lowers rates to encourage borrowing and investment. The Federal Open Market Committee (FOMC) meets regularly to assess economic indicators—such as inflation, employment, and GDP growth—before deciding on rate adjustments. The model in this report considers the same factors as the Federal Reserve when determining the impact on small banks.

To analyze the impact of interest rate changes on small bank lending, a data-driven approach is used, incorporating historical economic indicators and econometric modeling. Data is sourced from the Federal Reserve Economic Database (FRED) and includes historical federal funds rate data, real GDP, inflation data, and small bank loans and leases over the same period. These inputs provide a view of economic conditions affecting small banks. A vector autoregressive (VAR) model is used to assess the relationship between federal funds rate changes, real GDP growth, inflation, and small bank lending. This model estimates how shocks to interest rates propagate over time across the other variables, offering insights into the effects of monetary policy on small bank lending behavior.

The VAR model estimates indicate a significant impact on small bank lending growth though the response is notably delayed. The shock from changes in interest rates takes about 2.5 years to become noticeable to small banks, with the full effect occurring around the 16th quarter. This time frame coincides with when the national effects of monetary policy shocks typically begin to fade, suggesting that Louisiana's banking sector primarily experiences the second-order effects of changes in monetary policy. This means that Louisiana's small banks are just now beginning to feel the full effect of changing interest rates in 2022.

A correlation analysis is conducted for real GDP growth, inflation, and small bank lending to further quantify the impact. The main conclusion of this analysis is that changes in the federal funds rate have an inverse effect on small bank lending. The results indicate that a 0.25% change in the federal funds rate corresponds to an approximate -0.55% effect on small bank lending growth, highlighting the sensitivity of small banks to monetary policy adjustments. Given the role that small banks play in local economies, this information is particularly important for policy makers to consider since small banks have limited revenue streams, with the largest being loans and leases.

This analysis indicates that changes in the federal funds rate have a measurable inverse effect on small bank lending growth, with a notable delay in response. While large banks experience the immediate first-order effects of monetary policy adjustments, small banks primarily face second-order effects, as shifts in borrowing costs, economic conditions, and business activity take time to influence their lending behavior. The results indicate that small banks in Louisiana begin to experience the effects of interest rate changes approximately 2.5 years after implementation, with the full impact materializing around the 16th quarter. This delayed response suggests that monetary policy decisions, which are primarily designed with large institutions in mind, may not align with the economic realities of states where small banks play a dominant role. Given that small banks rely heavily on loans and leases as a primary revenue source, these findings highlight the importance of considering how monetary policy affects financial institutions of varying sizes and their role in sustaining local economies.

Figure 6: Effective Fed Funds Rate and Small-Asset Lending Growth (Percent)

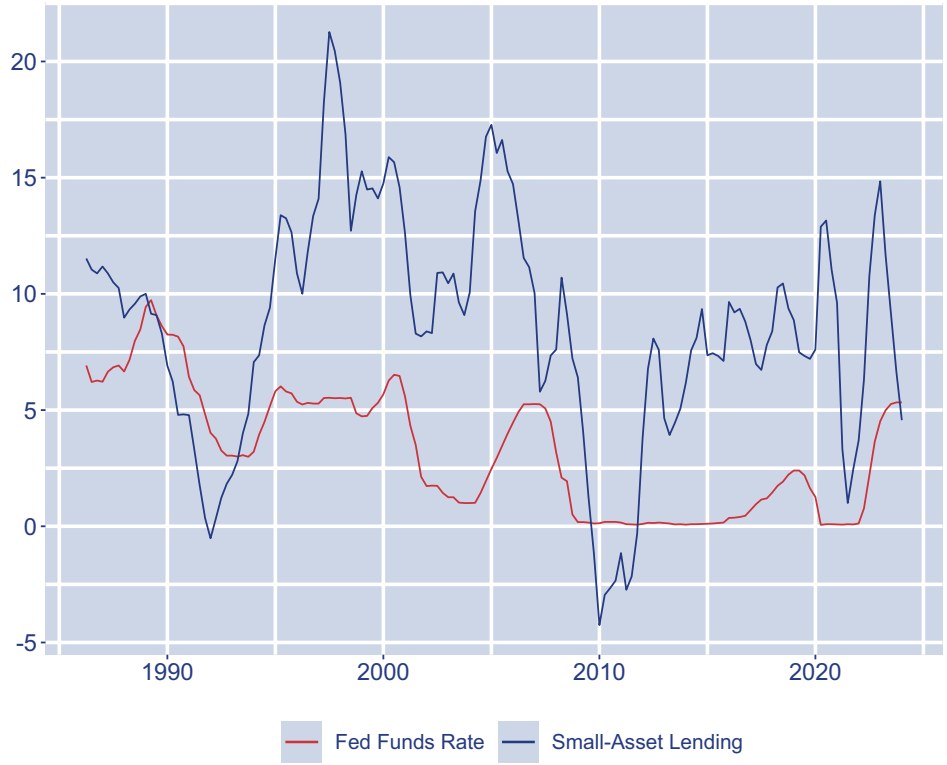
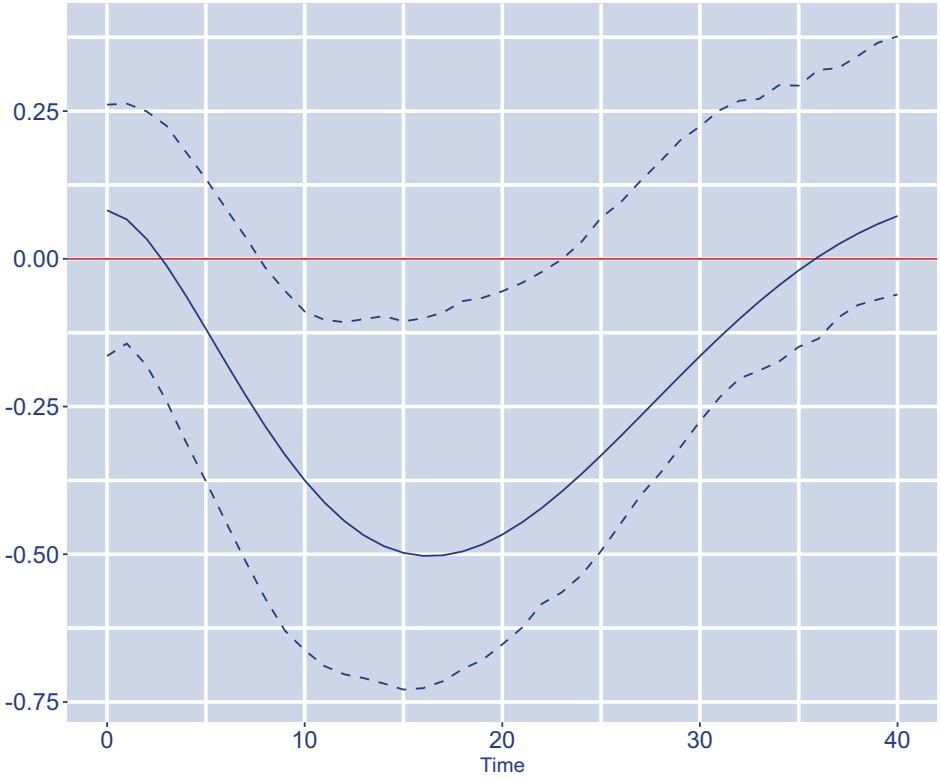


Figure 7: Estimated Effect of 0.25% Increase in Fed Funds Rate on Small-Asset Lending Growth (Percent)



Data for the empirical estimations is provided by the Federal Reserve Economic Database (FRED) and extends to the second quarter of 2024 in order avoid large data revision issues. Data on bank locations provided by Federal Deposit Insurance Corporation.

A Chip Off the Old Block: How Parish Economies Resemble the State

BY ZACC LANDRY

Each region across the state has its own specific strengths and challenges that contribute to or inhibit economic growth. Average education levels, access to certain natural resources, entry points to larger transportation infrastructure, and a multitude of other factors all contribute to the makeup of industries in a region. Louisiana has long struggled to maintain economic growth parity with the nation for many reasons. One of these reasons is that only about 91% of the nation's industrial base is represented within Louisiana. By this logic, certain regional locales also struggle to maintain parity with the broader state. This report discusses industry penetration at the parish-level and how it has changed from 2019 to 2023.

Industry diversity is an important metric when assessing regional economic growth. The greater the amount of diversity, the greater the spectrum of opportunity for citizens in the region. Additionally, greater industry representation means that there are increased supply chain connections that occur due to proximity. This means that economic impacts tend to be larger as more of the indirect effects from various shocks accumulate in the region of impact. Thus, greater values of industry penetration represent an increased likelihood of economic prosperity. The reader is cautioned to keep in mind that this is just one way to measure this effect. No one calculation for economic diversity is "right," per se.

Industry data at the parish-level are reported by the Bureau of Economic Analysis at the annual frequency, and 2023 is the most recent data year available. Figure 8 summarizes industry penetration ratios across the parishes of the state. The figure shows the percent of industries in a parish relative to the total number of industries in the state. No one parish looks like a smaller version of the state economy. Forty-one parishes are below the average industry penetration rate of 41.2% and 52 parishes have a penetration rate of less than half of the state's industrial base. This one metric of economic reality highlights a political reality, too. No one district is perfectly representative of the joint spectrum of viewpoints within the

Figure 8: 2023 Industry Representation by Parish (Percent)

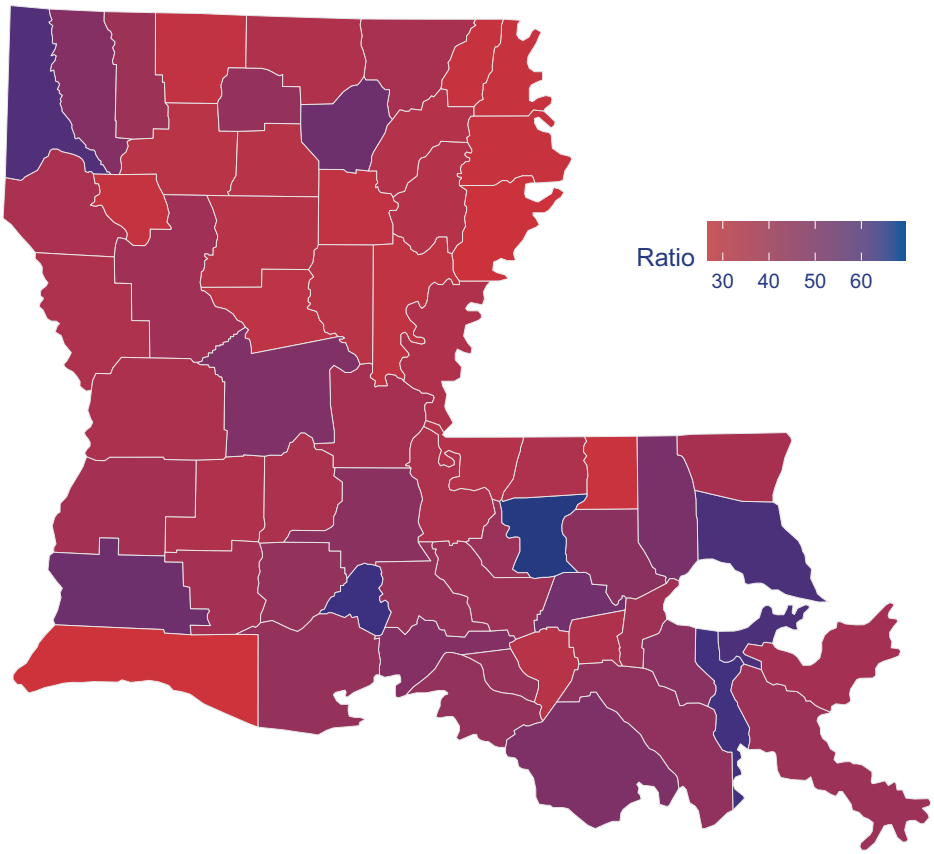
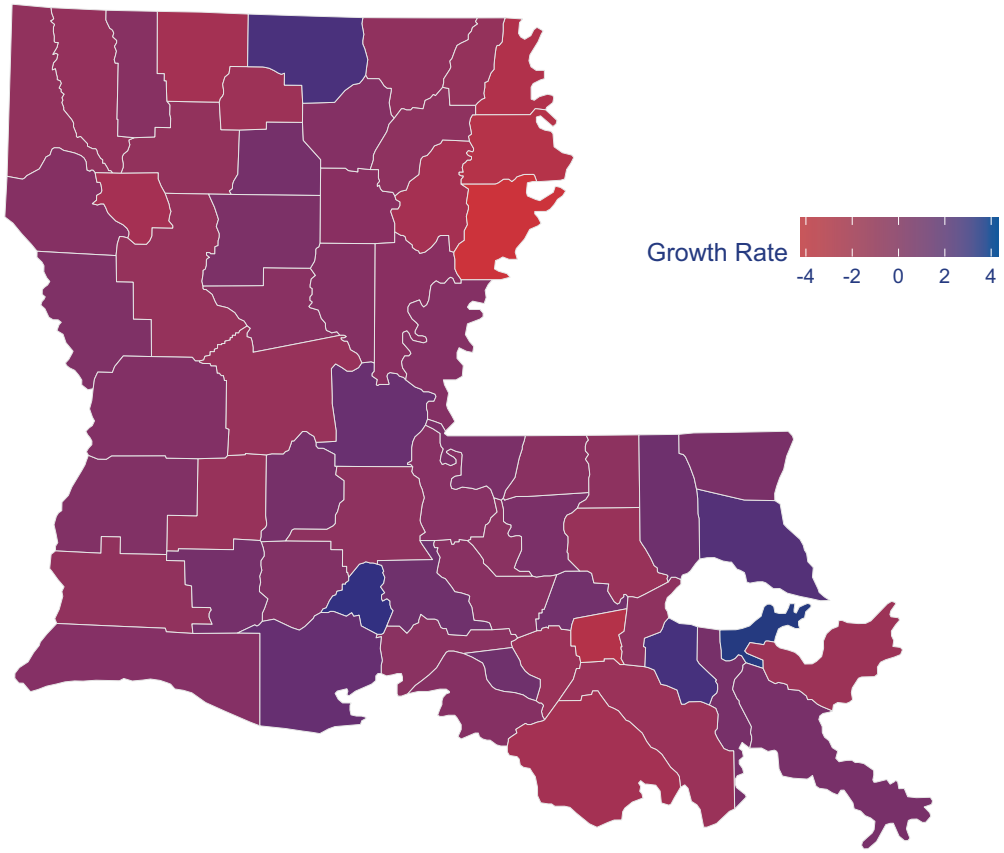


Figure 9: Five-Year Change in Industry Representation by Parish (Percent)



whole state. The median of this data is 2.1% lower than the average, indicating that there is a broader economic development opportunity to ensure equal access to the American dream.

Of all 64 parishes in the state, East Baton Rouge Parish has the highest industry penetration percentage with 69.4% of all industries in the state represented in the parish. This high percentage is likely the combined result of both population (about 448,000 in 2023) and the seat of state government housed there. The parish with the smallest industry penetration is Cameron Parish, about 26.6%. Cameron Parish has undergone an exodus of population in the years following the peak of the housing bubble around 2005. The lack of economic opportunity there has led to a vicious cycle of population loss which further hurts efforts to attract new business development and driving down industry representation.

Industry representation does not remain stagnant over time. The Louisiana economy has changed in unexpected ways over the last five years. Figure 9 expresses the difference in industry penetration ratios between 2019 to 2023. Over the last five years, 32 parishes became less economically diverse while the remaining 32 parishes did not change much of improved diversity. Orleans, Lafayette, St. Charles, Union, and St. Tammany Parishes all increased diversity, and by the largest amounts. The reasons for each of these cases are all relatively different, though. Tensas, Madison, St. James, East Carroll, and Franklin Parishes experienced the worst losses in economic diversity over the last half-decade. They all currently have less than 35% of the state's economic base represented in their locales. These parishes represent economic development opportunities where targeted policies can return relatively larger gains for the state.

Data for this report are provided by the Bureau of Economic Analysis. Parish level data are produced with a year-long lag. Current annual data extend to 2023. 2024 estimates are expected in December 2025. 2019 estimates of the same data are used in this report.

Runway to Success – Airline Contributions to Louisiana

BY JACE R. HONEYCUTT

Few industries shape Louisiana's economy as profoundly as aviation. From the bustling terminals of Louis Armstrong New Orleans International Airport to the cargo hubs that connect the state to global markets, air travel is a cornerstone of economic growth, job creation, and regional development. Airlines and airports generate billions of dollars in revenue, support thousands of jobs, and facilitate tourism, trade, and transportation. Beyond that, they drive growth in supporting industries, further bolstering their economic impact.

Table 1: Louisiana Airline Industry Economic Indicators by Impact Type

Impact	Employment	Labor Income	Value Added	Output
Direct	3,405.28	$463,561,265.06	$782,362,481.67	$1,738,110,501.73
Indirect	3,688.50	$265,396,764.50	$432,048,541.58	$841,125,232.31
Induced	3,158.09	$161,194,769.75	$317,619,040.45	$533,473,413.06
Total	10,251.87	$890,152,799.32	$1,532,030,063.70	$3,112,709,147.10

The approach to measuring an industry's economic impact is typically based on its primary output and impact on adjacent industries. A contribution analysis approach is used with an input-output table to measure this effect. This analysis considers key economic drivers, including employment and labor income, to provide a comprehensive view of the overall reach of the airline industry. Broad-level estimates are reported in Table 1 for the direct effect of the airline industry, the indirect (supply chain) effect, and the induced (consumer spending) effect. Value added, equivalent to gross domestic product (GDP), accounts for roughly half of total economic output. Subtracting the total value added of $1.53 billion from the total output of $3.11 billion shows intermediate processes contribute $1.58 billion, meaning GDP makes up about 49.2% of total output. This indicates that the intermediate processes play a significant role in the total output of the airline industry.

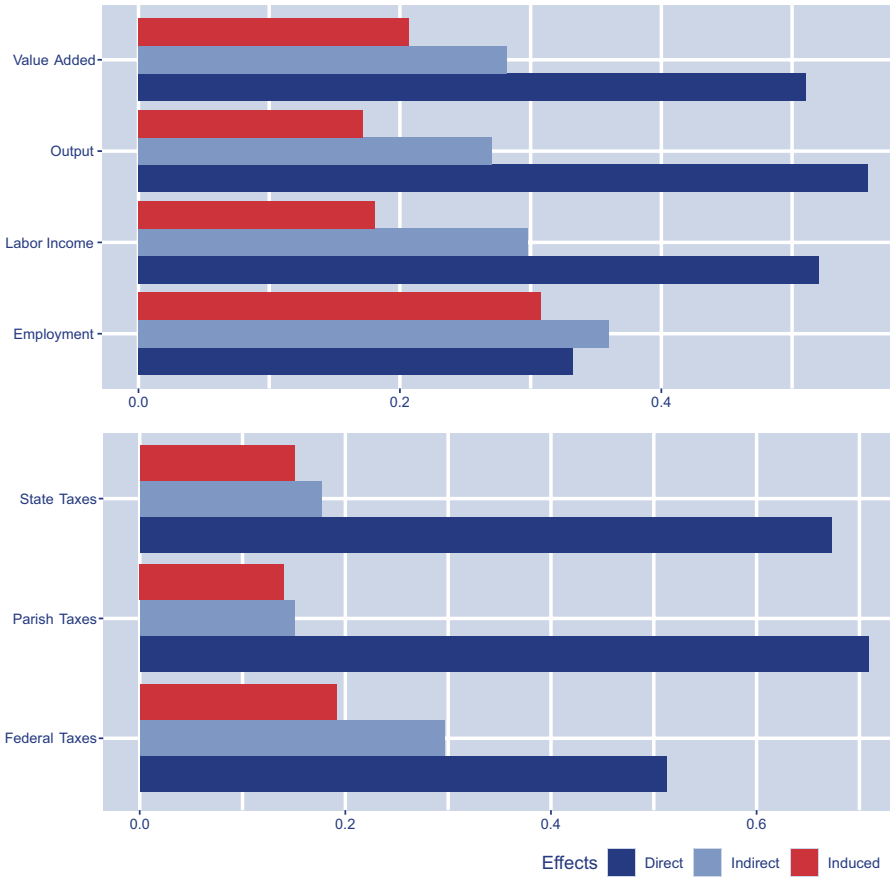
Figure 10 highlights the substantial contribution of the direct impact on value added and output. Direct impact accounts for 51% ($782 million) of total value added and 55.8% ($1.74 billion) of total output. Direct effects on value added, output, and labor income make up the majority in each respective category, each contributing slightly above 50% of the total. The key takeaway is that without the aviation industry, Louisiana would lose billions of dollars in economic activity, underscoring its vital contribution to the state.

Employment figures hover in the mid-3,000s, with a standard deviation of just 265. This consistency suggests that the impact of employment is more evenly distributed between direct, indirect, and induced effects (also shown in Figure 10). Unlike for the other economic variables, indirect employment surpasses direct employment by over 200 jobs. This shows the degree to which the airline industry reinforces existing supply chain connections. Ultimately, employment represents a significant economic benefit, with the aviation industry supporting a total of 10,251 jobs in Louisiana. Of these, 3,405 are directly tied to the industry.

Direct labor income constitutes 52% of the total, with indirect and induced income as secondary contributors. In total, the aviation industry generates $890 million in labor income (Table 1), contributing nearly a billion dollars in salaries, contracts, and other forms of compensation, with more than half of that stemming from direct labor income. While labor income follows a more conventional distribution, it's important to highlight that, given the near-identical employment levels across direct, indirect, and induced sectors, both indirect and induced employment have significantly lower average labor income than direct employment. For instance, the average labor income for direct employment is $136,130 per person, whereas indirect employment, despite having a higher employment count, averages just $71,952 per person.

The tax data, shown in Table 2, highlights the total revenue generated by the industry at federal, state, and parish levels. If the industry were absent, these tax contributions would be lost, impacting not only local communities but also state and federal governments. As shown in Table 2, the total tax

Figure 10: Proportion of Total Economic Impact by Effect Type



contribution amounts to $447 million, with $195 million going to the federal government and $126 million to the state government. The remaining $126 million is collected at the parish-level.

Carbon emissions, a major concern for many, are often cited as a drawback to air travel. However, data in Table 3 presents an optimistic outlook. Projections indicate that carbon emissions 1,000 years into the future are comparable to those expected in the next 20 years and, notably, emissions are lower in the long term. To support the claim, the Global Warming Potential (GWP), measured in kilograms of CO^2, shows a decrease of 56 million kg of CO^2 from GWP20 to GWP1000. It is also important to note that direct effects account for approximately 90% of the total GWP. This suggests that the growth effects from the industry-lead carbon reducing benefits greater than the first-order pollution of that air travel.

Table 2: Louisiana Airline Industry Tax Revenue Estimates by Impact Type

Impact	Employment	Labor Income	Value Added	Output
Direct	$25,817,366.99	$84,847,581.28	$100,024,173.46	$274,193,887.46
Indirect	$5,490,996.78	$22,288,945.58	$57,846,999.68	$99,134,287.24
Induced	$5,117,987.91	$18,983,607.64	$37,383,904.48	$74,074,872.61
Total	$36,426,351.68	$126,120,134.50	$195,255,077.62	$447,403,047.31

Table 3: Louisiana Airline Industry CO^2 Emission Absorption Rates

Impact	Employment	Labor Income	Value Added	Output
Direct	917,518,465.66	918,576,552.77	911,755,406.23	$274,193,887.46
Indirect	102,724,096.67	81,621,197.24	67,824,422.92	$99,134,287.24
Induced	75,713,830.50	66,972,323.37	59,439,506.25	$74,074,872.61
Total	1,095,956,392.83	1,067,170,073.38	1,039,019,335.41	$447,403,047.31

In conclusion, the airline and air travel industry plays a vital role in Louisiana's economy. Contribution analysis data highlights its significant economic impact, demonstrating not only its essential role in the state but also its sustainability and long-term growth potential.

Data for this report are provided by the Bureau of Economic Analysis. Parish level data are produced with a year-long lag. Current annual data extend to 2023. 2024 estimates are expected in December 2025.

Unpacking Population Growth, Employment Shifts, and Housing Slack in North Louisiana

BY LANDRY WORSHAM

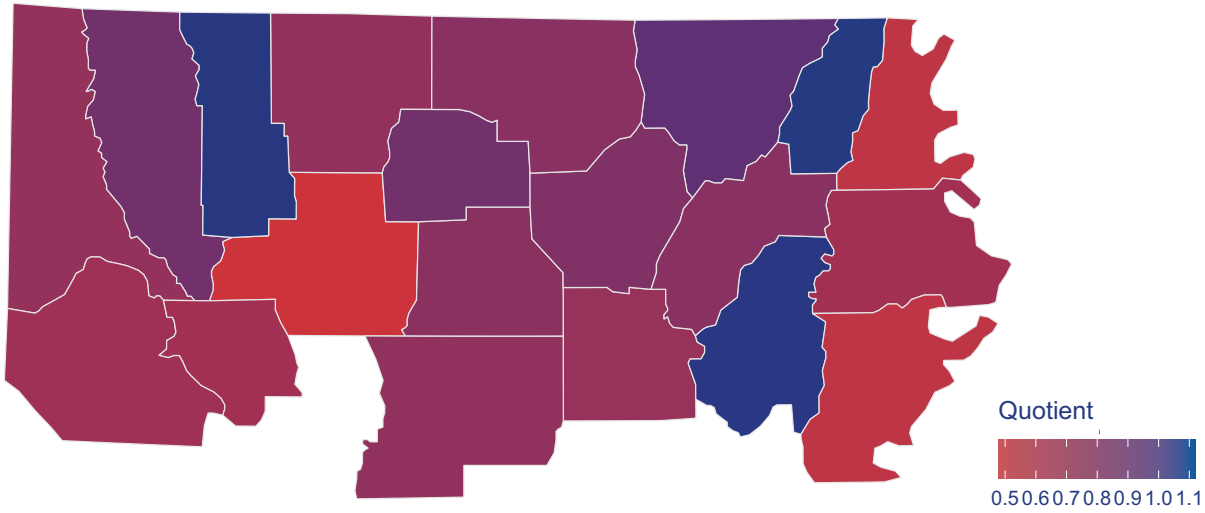
U.S. Census data show that currently an estimated 83% of the population resides in an urban area. This number is up 64% from 1950. Within Louisiana, about 92% of employees reside in our metropolitan statistical areas. Conversely, the rural half of the parishes in Louisiana employ approximately 8% of total workers. While most rural areas are in danger, most of the relatively rural parishes across North Louisiana are exhibiting stable population levels. This report is designed to inform about expected population growth, housing occupancy, and retail employment growth for the next year.

Table 4: Retail Employment, Population, and Housing Trends to Relative Various Groups

	Retail Employment Growth Trends			Population Growth Trends			Housing Occupancy Slack	
Parish	**National**	**Industry**	**State**	**Southeast**	**State**	**Parish**	**National**	**State**
Bienville	321	318	320	12,431	12,262	12,101	-4.0288%	-2.5418%
Bossier	7,628	7,550	7,612	130,473	128,699	130,335	5.5382%	7.0253%
Caddo	14,240	14,094	14,209	227,569	224,475	221,284	1.3703%	2.8574%
Caldwell	310	307	310	9,438	9,310	9,278	-3.5782%	-2.0911%
Claiborne	412	408	411	13,741	13,555	13,459	-9.3678%	-7.8807%
DeSoto	1,080	1,069	1,078	27,256	26,885	27,250	-0.9988%	0.4883%
E. Carroll	164	162	164	6,865	6,771	6,562	-9.3578%	-7.8708%
Franklin	1,026	1,015	1,023	19,386	19,122	19,074	-0.6958%	0.7912%
Jackson	535	529	534	14,823	14,622	14,622	-5.3916%	-3.9045%
Lincoln	2,936	2,906	2,930	48,213	47,557	47,789	5.8690%	7.3561%
Madison	382	378	381	9,294	9,168	8,923	-14.1253%	-12.6383%
Morehouse	1,082	1,071	1,080	24,080	23,753	23,234	-0.7384%	0.7487%
Ouachita	9,799	9,698	9,778	158,391	156,238	156,312	3.0936%	4.5807%
Red River	330	327	329	7,394	7,294	7,246	0.4627%	1.9497%
Richland	953	943	951	19,815	19,546	19,557	0.4146%	1.9017%
Tensas	105	104	105	3,784	3,732	3,603	-24.8538%	-23.3668%
Union	864	855	862	20,758	20,476	20,432	-3.7731%	-2.2861%
Webster	2,125	2,103	2,120	35,422	34,941	34,443	-2.4685%	-0.9814%
W. Carroll	463	459	462	9,372	9,244	9,142	-0.3444%	1.1427%
Winn	549	543	548	13,285	13,104	12,971	-6.3172%	-4.8302%

Table 4 is divided into the three main categories discussed above. Retail employment and population growth trends are reported according to the growth rates of larger reference groups. For example, if retail employment in Lincoln Parish grows according to the national total employment rate, next year Lincoln Parish will have 2,936 retail employees. If it grows at the national industry growth rate, it will have 2,906 retail employees. Similarly, at the state total employment growth rate, Lincoln Parish will employ 2,930 employees next year. The population growth trends are analogous, but the references groups are all southeastern states, Louisiana, and individual parish growth rate. The housing slack columns are calculated by subtracting the overall occupancy rate of the reference group (national or state)

Figure 11: Retail Employment Location Quotients Relative to Louisiana (1=Parity)



from the parish occupancy rate. The occupancy rate is the ratio of occupied housing units to the total number of housing units (unoccupied and occupied), in each region. Negative slack numbers indicate when local occupancy is less than the reference group and thus unable to accommodate immediate migration of workers to that parish. This comparison communicates how much slack, or underutilization, exists within the housing market at the local level. In essence, this metric measures the balance between housing demand and the total housing stock available in the near term. This is a short-term measure. In the long-term, housing demand will equal housing supply and the market will adjust.

Caddo, Bossier, and Ouachita Parishes, being the metropolitan centers of North Louisiana, are poised to capitalize the most on population growth and thus overall employment growth. Bossier Parish, Lincoln Parish, and Ouachita Parish demonstrate a positive utilization of housing occupancy, meaning these areas can withstand relatively large population shocks. This is probably due to the presence of higher education institutions in these areas. On the other hand, Tensas Parish, Madison Parish, and Claiborne Parish display lower housing occupancy utilization, indicating less efficient use of available housing. These differences suggest that while some parishes have a more balanced housing market, others may face challenges such as lower housing demand, overbuilding, or slower growth.

The bulk of retail employment for North Louisiana is located in Caddo, Bossier, Lincoln, Ouachita and Webster Parishes. These parishes are also important across the other dimensions already discussed. However, all of these parishes are below parity with the larger employment trends in the state. We can measure this effect by calculating location quotients at the parish-level. Location quotients are a statistical measure used to compare the concentration of a particular industry, occupation, or demographic in a specific region relative to a larger reference area, such as the state or national level (a more mathematical definition can be found on page 20 of this report). Figure 11 shows parish location quotients compared to the state for the same parishes in Table 4. By examining the location quotients for each parish, we can gauge how specialized a parish is relative to the state.

West Carroll Parish exhibits the highest location quotient of 1.12, meaning retail employment and/or population growth are more concentrated in this region relative to the state. Similarly, Webster Parish follows closely with a location quotient of 1.11. In contrast, Bienville and East Carroll Parishes have location quotients of 0.48 and 0.55, respectively. In all cases though, these numbers are most likely due to lack of diversification (a topic discussed on pages 8 and 9 of this report). This industry highlights that the extremes of some metrics for economic growth can point to unintuitive results and may point to underlying economic struggles or slower growth. These findings provide critical insights for policymakers and businesses in North Louisiana, allowing for more targeted strategies to optimize housing utilization, address regional disparities, and foster balanced economic growth throughout the region.

Data for this report are provided by the U.S. Census and the Bureau of Economic Analysis (BEA). Parish level data are produced by the BEA with a year-long lag. Current annual data extend to 2023. 2024 estimates are expected in December 2025.

Sky-High Impact! How Barksdale Air Force Base's Employment Drives the Local Economy

BY KENNEDY STEVENS

Barksdale Air Force Base (BAFB) has been a part of Bossier Parish since 1933 and is home to the 2nd Bomb Wing that operates the B-52 Stratofortress. Since World War II, it has been a key military instillation and continues to strengthen our nation's security. Not only is the base important for the security of the United States, but it is also a major economic contributor to Bossier Parish.

This report employs the use of an input-output table methodology to estimate the economic effects of BAFB specifically for Bossier Parish. A contribution analysis is calculated to approximate the various economic effects of BAFB. While Bossier Parish is one part of the larger Shreveport-Bossier City metropolitan statistical area, BAFB is primarily located within Bossier Parish. Some of the estimates may change in magnitude if the broader statistical area is considered in the analysis.

Barksdale is vital to Bossier Parish with a total economic output of $1.4 billion. This number includes the direct and indirect impacts, reflecting the spending on operations and personnel as well as monetary circulation in the local economy. Barksdale Air Force Base employs thousands of men and women, with an impact of $797 million in employee compensation, making this workforce a crucial piece in growing the community's economy. The Base not only provides stable, well-paying jobs for military personnel and civilian employees, but also supports a wide range of businesses and industries in the surrounding community. Local retailers, restaurants, healthcare providers, and service industries all benefit from the spending power of Barksdale's workforce.

The tax results for Barksdale are a total of $229 million (direct and induced). For direct taxes (state and federal), the total is estimated at $181 million which includes income tax on wages, property tax, and sales tax. The indirect tax results (sub parish, parish, state, and federal) total $47 million which gives insight to the secondary spending of the employees in the parish.

Figure 12: Total Dollars of Induced Impact by Industry (Real 2023 Dollars)

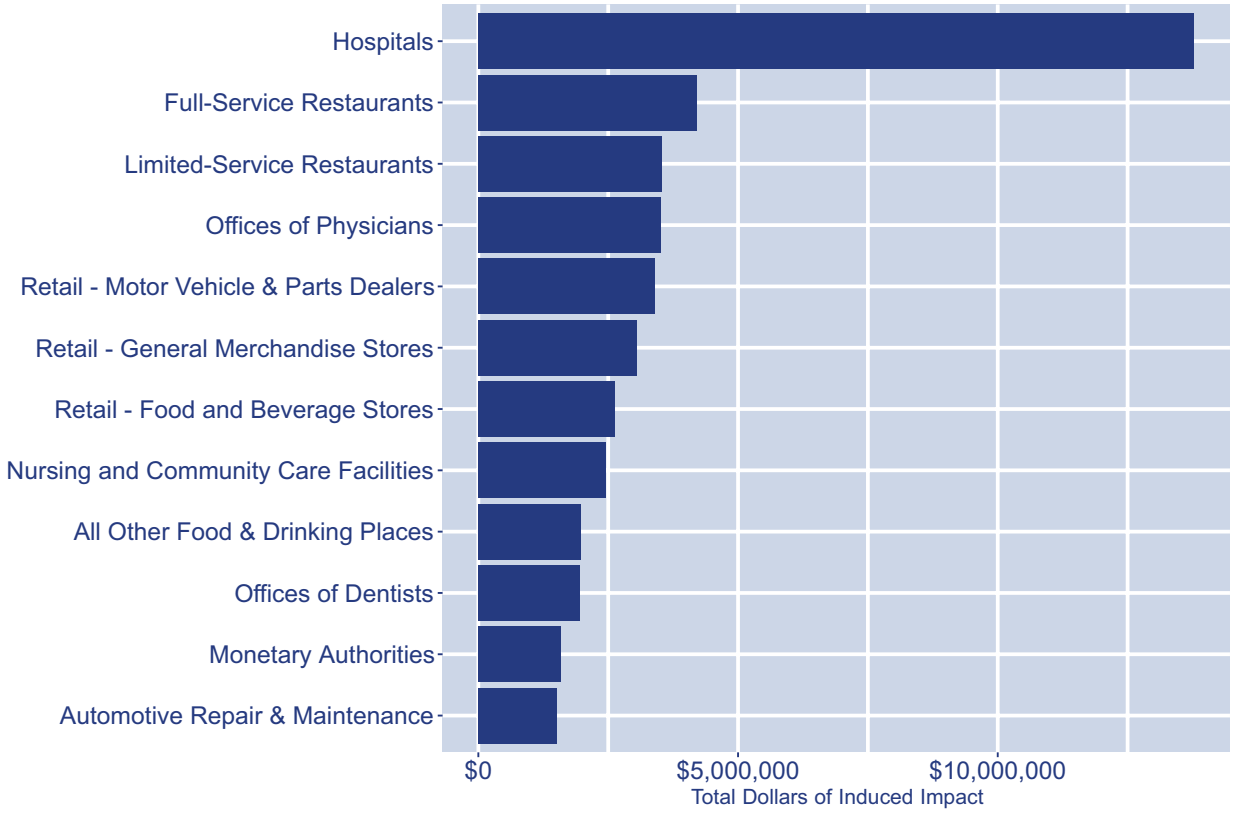


Figure 13: Induced Employment and Compensation (Workers and Real 2023 Dollars)

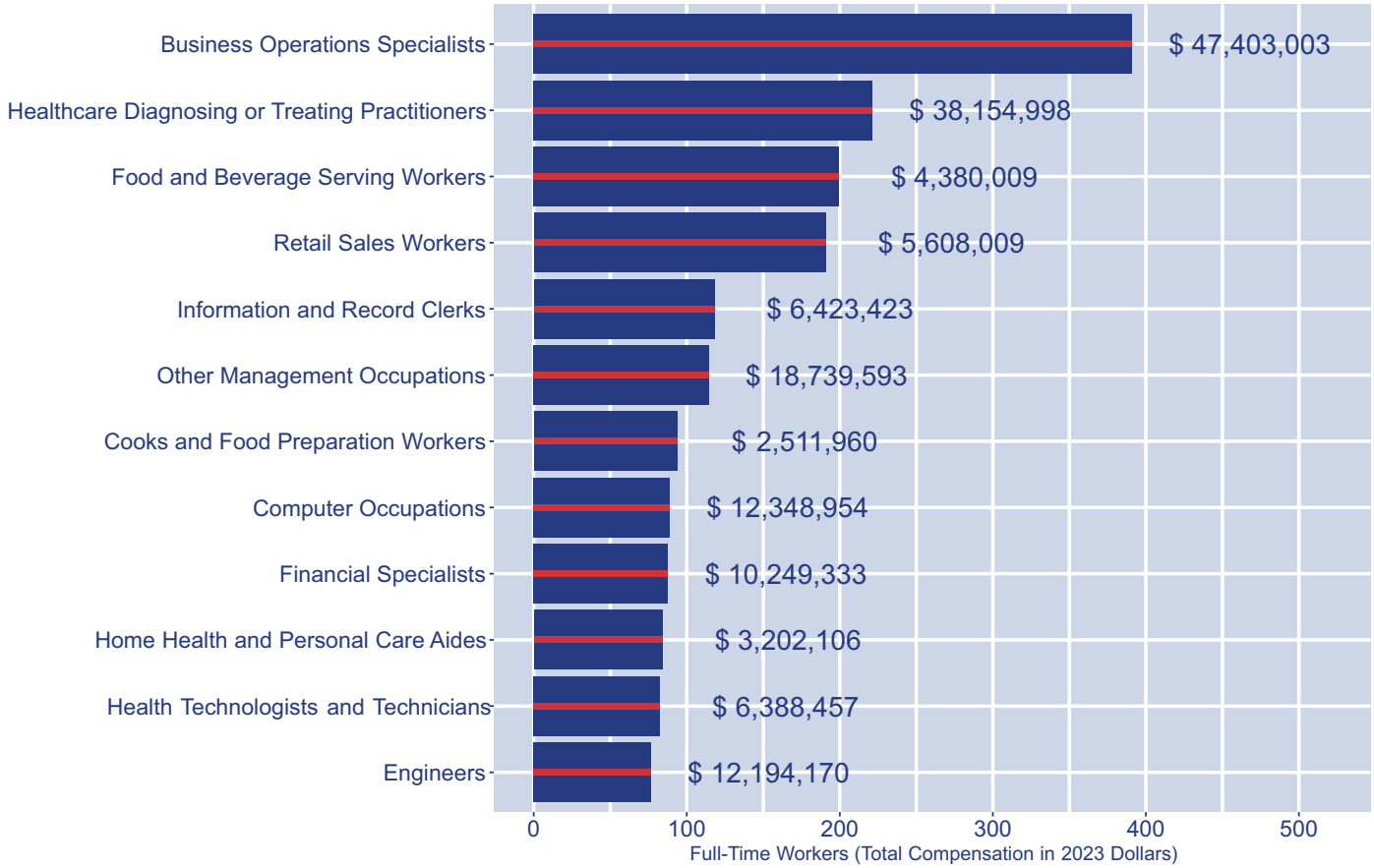


Figure 12 provides data that shows multiple industries in Bossier Parish and the impact of employment spending by BAFB employees. Waves of spending from BAFB employees throughout different industries, primarily hospitals, creates a total induced impact of $43.6 million (only factors in industries shown in Figure 12). This demonstrates the role BAFB plays in growing the local economy through supporting businesses, creating jobs, and driving demand for goods and services.

Hospitals have a relatively larger induced impact because of a more inelastic demand (as opposed to discretionary or elastic demand, which is more sensitive to changes in income). Other factors include personnel having relatively stable income which allows for more frequent visits and is conducive to preventative and, in some cases, specialized care. With such a large, induced impact, these secondary economic effects ripple throughout the community and stimulate businesses, promote even more job creation, and support economic expansion throughout the region.

Figure 12 illustrates the total dollar amount of employee compensation, total number of employees, and the occupation. This excludes Barksdale's estimated 5,922 employees and $797 million in compensation. Occupations such as business operation specialists (analyze data, troubleshoot, regulate policy), healthcare practitioners (treat, diagnose, prevent illness), and food/beverage servers (take orders, handle customer requests) make up $89.9 million in compensation. These three categories of occupations, especially business operation specialists, are vital to the local economy in the instance BAFB is taken out.

Figures 12 and 13 highlight the vital role of the Base and its dedicated men and women, whose hard work impacts Bossier Parish in major ways. With a total induced impact of $43.6 million, the spending power of the BAFB workforce fuels a thriving economy. Their contributions not only support local businesses but also promote growth, boost tax revenues for better schools and roads, and inspire further investment. This economic momentum keeps money circulating, strengthening the entire community. Their impact is not just important—it's essential to Bossier Parish's prosperity.

Data for this report are provided by the Bureau of Economic Analysis. Parish level data are produced with a year-long lag. Current annual data extend to 2023. 2024 estimates are expected in December 2025.

Driving Louisiana's Economy II: A Spatial Analysis of Trucking Employment and Wages

BY LAUREN NITEN

Understanding the distribution of trucking employment activity and income across Louisiana's parishes is essential for gaining insights into regional and state-level economic dependencies on the trucking industry. This report uses location quotient analysis to examine the spatial concentration of employment and labor income within the trucking sector throughout Louisiana's parishes. Additionally, a shift-share analysis is conducted to examine the factors driving changes in the trucking industry, distinguishing between national trends, industry-specific growth patterns, and local competitive advantages. This varied approach provides a comprehensive view of the industry's economic impact and development patterns across the state.

Figure 14 displays location quotients for trucking employment across Louisiana parishes. The location quotient compares the concentration of trucking employment in each parish to the state average. A quotient less than one indicates that a parish has a lower concentration of trucking employment relative to the state average, while a quotient greater than one indicates a higher concentration. The color gradient from dark to light red visually represents these concentrations, with lighter shades indicating higher employment location quotients.

The employment location quotients displayed in Figure 14 reveal a relatively inconsistent distribution of trucking employment across Louisiana. The northern and southern regions of Louisiana demonstrate particularly strong employment concentrations, as indicated by the lighter shades of red, which are in some cases more than 2.5 times the state average. This pattern reflects the importance of major transportation corridors, particularly Interstate 20 and Interstate 10 which connect major distribution centers across northern and southern Louisiana.

Figure 14: Trucking Employment Location Quotients by Parish (1=Parity)

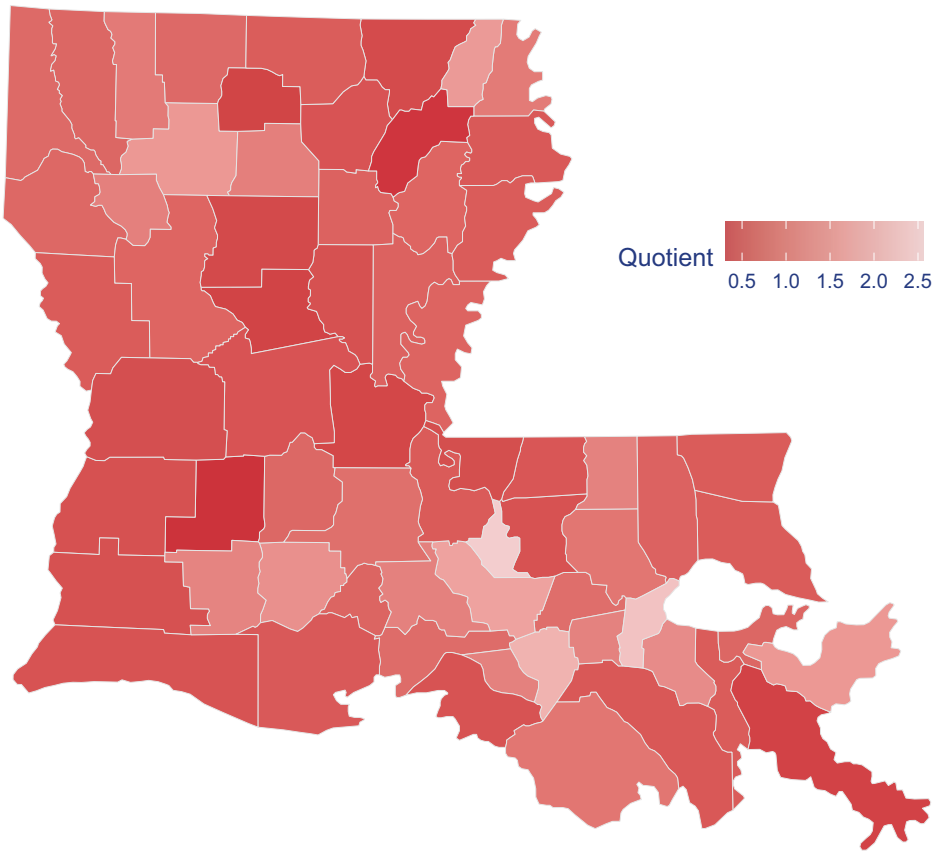


Figure 15: Trucking Wage Location Quotient by Parish (1=Parity)

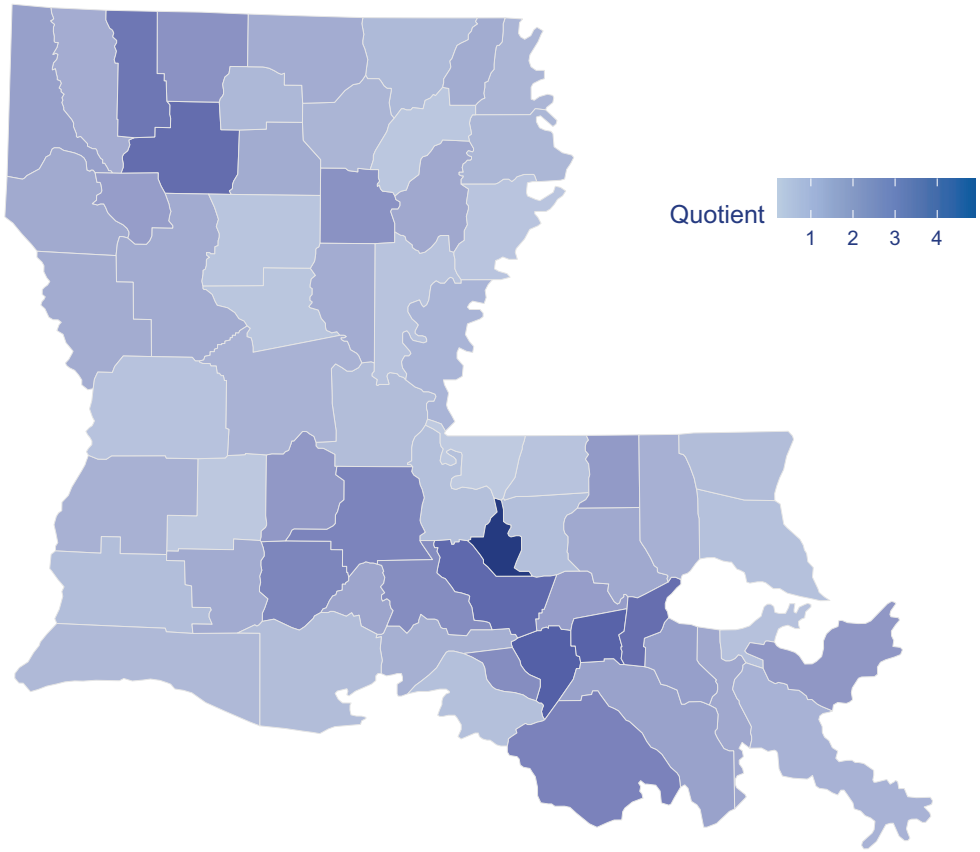


Figure 15 illustrates the wage location quotients for the trucking industry across Louisiana parishes. The map displays a blue gradient scale, where darker blue shades represent higher wage quotients. This visualization reveals significant wage variations across the state, with particularly high concentrations (quotients of 3-4) in several south-central parishes. Notable wage concentrations appear in East Baton Rouge Parish and surrounding regions. This indicates these parishes offer more competitive compensation within the trucking sector relative to the state average. The spatial distribution of wage quotients correlates notably to the employment patterns shown in Figure 14, suggesting that areas with high employment concentrations also correspond to areas with higher wages.

Comparing Figures 14 and 15 reveals a relatively strong correlation between employment and wage patterns in many regions. Areas with lighter red shading in Figure 14 (higher employment concentration) often correspond to darker blue areas in Figure 15 (higher wage concentration), particularly along major transportation corridors. This correlation suggests that regions with stronger industry presence also tend to offer higher compensation, creating self-reinforcing economic clusters that behave in response to hyper-localized market forces.

Table 5 provides a detailed quantitative breakdown of the patterns visualized in Figures 14 and 15, offering precise location quotient values for both employment and wages across parishes. These data reveal several important insights about the Louisiana trucking industry's geographic distribution. Table 5 highlights significant disparities between employment and wage quotients in several parishes, with East Baton Rouge Parish demonstrating a moderate employment quotient but a substantially higher wage quotient. This indicates that while the concentration of trucking jobs is close to the state average, the compensation for these positions significantly exceeds the state norm, which indicates the presence of higher-skilled or specialized trucking operations in this area. The highest combined employment and wage quotients appear in parishes with strategic transportation infrastructure, with areas intersected by major interstate highways (I-10, I-20, I-49) and those containing significant railway hubs displaying quotient values 1.5-3 times the state average for both metrics.

Table 5: Top 5 and Bottom 5 Employment and Wage Location Quotients with Labor Market Dynamics

Region	National Effect	Industry Effect National	Local Share National	Actual Difference National	State Effect	Industry Effect State	Local Share State	Actual Difference State
Alexandria	14	-20	48	44	34	5	3	44
Baton Rouge	102	-151	370	339	262	39	31	339
Hammond	13	-19	21	16	34	5	-23	16
Houma-Thibodaux	27	-42	201	203	68	11	114	203
Lafayette	49	-75	277	270	125	19	116	270
Lake Charles	19	-29	96	92	50	8	32	92
Monroe	19	-28	63	57	49	7	0	57
New Orleans-Metairie	140	-192	-99	-153	358	50	-563	-153
Shreveport-Bossier City	55	-84	305	297	140	22	124	297

This evidence confirms the visual patterns observed in Figures 14 and 15, demonstrating the critical role of transportation networks in industry development. The table also reveals distinct regional specialization patterns, with northern parishes (particularly those along I-20) showing balanced employment and wage quotients, indicating stable industry presence, while southern parishes along the Gulf Coast display higher wage quotients relative to their employment quotients. This indicates that these areas have developed into premium wage markets despite having moderate employment concentrations, due to specialization in the energy sector and port-related logistics.

Furthermore, Table 5 highlights significant differences between rural and urban parishes, with urban centers like East Baton Rouge and Caddo showing moderate-to-high quotients for both metrics, whereas certain rural parishes demonstrate high employment quotients but lower wage quotients. This suggests rural areas host significant trucking activity but offer less competitive compensation. Parishes located alongside major infrastructure and major railways display the most significant trucking industry employment and wages in Louisiana. The relationship can be witnessed in Figure 14 and 15 and by a map of railways published by Louisiana DOTD. Interstates 10, 12, 20, 49, 55, and 59 are also major hubs of trucking activity. According to an article published by Port of South Louisiana, the vast interconnectedness of interstates offers the trucking industry a competitive advantage in Louisiana, explaining increased quotients in Figures 14 and 15.

A shift-share analysis was conducted and reveals complex dynamics in Louisiana's trucking industry across Metropolitan Statistical Areas (MSAs). This analysis examines employment changes using three components: state, industry, and local share effects at the state and national level, providing insights into the sources of regional employment changes. Table 6 reveals significant disparities in economic performance across Louisiana's regions. While some regions like Baton Rouge and Lafayette are thriving due to strong local advantages and alignment with national trends, others like New Orleans-Metairie face substantial challenges.

When overlaying the shift-share analysis results with the patterns displayed in Figures 14 and 15, several important correlations can be witnessed. Regions with higher base employment, shown as moderate red shading in Figure 14, typically experienced larger state effects in the shift-share analysis. New Orleans-Metairie's substantial state effect (358 jobs) and Baton Rouge's strong showing (262 jobs) align with the visible industry presence in Figure 14. The

local share component of the shift-share analysis corresponds strongly with intensity variations in both maps, with Shreveport-Bossier City's impressive local share growth (+124 jobs) correlating with the lighter red areas in northern Louisiana (Figure 14) and darker blue wage concentrations (Figure 15). Similarly, Lafayette's strong local advantage (+116 jobs) is reflected in the moderate-to-light red shading in the central-southern region of Figure 14, while New Orleans-Metairie's significant negative local share (-563 jobs) explains the darker red (lower concentration) areas in the southeastern region of Figure 14, despite its large economic base.

Regions displaying darker blue shading in Figure 15 (higher wage quotients) generally correspond to areas with positive local share effects in the shift-share analysis, suggesting that competitive wage levels contribute to regional competitive advantages for trucking employment. The total employment changes documented in the shift-share analysis are visually represented through the combined patterns of both maps. Baton Rouge's robust overall growth (339 jobs) corresponds to moderate-to-high quotients in both Figure 14 (employment) and Figure 15 (wages), while Shreveport-Bossier City's strong performance (297 jobs) aligns with the lighter red areas in the northern region of Figure 14. The struggling performance of New Orleans-Metairie (-153 jobs) is reflected in the darker shading in the southeastern portion of the employment map.

This geographic visualization effectively examines the shift-share findings by illustrating how regional industry concentrations and wage patterns influence employment dynamics. Areas exhibiting higher industry quotients typically align with regions that showed stronger local share effects and overall employment growth, providing a comprehensive understanding of the spatial distribution of trucking industry performance across Louisiana.

Table 6: National and State-level Shift Share Analysis for Trucking Industry

	Location Quotients (LQ)		Classifications		Labor Market Dynamics	
Parish	**Employment LQ**	**Wage LQ**	**Emp LQ Class**	**Wage LQ Class**	**Relative Demand**	**Relative Supply**
West Baton Rouge	2.559	4.891	High (>1)	High (>1)	High	Low
St John the Baptist	2.407	2.874	High (>1)	High (>1)	High	Low
Assumption	2.15	3.314	High (>1)	High (>1)	High	Low
Iberville	1.873	3.04	High (>1)	High (>1)	High	Low
West Carroll	1.763	1.083	High (>1)	High (>1)	High	Low
Lincoln	0.51	0.727	Low (<1)	Low (<1)	Low	High
Grant	0.504	0.329	Low (<1)	Low (<1)	Low	High
Plaquemines	0.488	0.898	Low (<1)	Low (<1)	Low	High
Richland	0.375	0.3	Low (<1)	Low (<1)	Low	High
Allen	0.321	0.277	Low (<1)	Low (<1)	Low	High

References:
http://wwwsp.dotd.la.gov/Inside_LaDOTD/Divisions/Multimodal/Marine_Rail/Pages/Documents%20and%20Projects.aspx
https://portsl.com/transportation/

Data for this report are provided by the Bureau of Economic Analysis. Parish level data are produced with a year-long lag. Current annual data extend to 2023. 2024 estimates are expected in December 2025.

The Place for You! Measuring Location Quotients for Occupation Hot Spots

BY NEAL LOPEZ

The Flower District in New York City is one example of how economic actors tend to group themselves to benefit from a more efficient market. Other businesses do this, too, and the workers that are employed tend to benefit from such clustering. We can measure the degree of clustering at the employee or occupation level through location quotients. Workers tend to self-select into desired occupations that align with their skill set. But perhaps just as important as what an individual wants to do, is their locale. Analyzing both aspects together is crucial to understanding the primary influences in an individual's future.

A location quotient can be calculated with the following formula:

$$\frac{\frac{\text{Regional Occupation in Industry X}}{\text{Total Region Occupation}}}{\frac{\text{National Occupation in Industry X}}{\text{Total National Employment}}}$$

For this report, we will analyze the nine metropolitan statistical areas (MSAs) in Louisiana: Alexandria, Baton Rouge, Hammond, Houma-Thibodaux, Lafayette, Lake Charles, Monroe, New Orleans-Metairie, and Shreveport-Bossier City. Table 7 reports the top ten occupations in each MSA, ranked by their location quotient number. The higher the location quotient, the more prominent that industry is in that MSA. When the location quotient is equal to 1, the MSA occupation is in relative parity with the nation. Thus, every occupation listed shows some degree of location specialization in each MSA.

Looking at our data, there are a few outliers. Specifically, Houma-Thibodaux has notably high quotients. Its top four occupations are denser than any other occupation in any other MSA. Seeing as it also has by far the largest range in location quotient, even Houma-Thibodaux's lowest occupation in its top ten (roustabouts, oil and gas) still has a relatively high location quotient compared to the rest of the MSAs. This tells us that Houma-Thibodaux is highly specialized in their occupations relative to the rest of the MSAs. While manual labor jobs are easily the most prominent type of occupation in all of Louisiana (if not the entire nation), Houma-Thibodaux's top ten occupations are all exclusively so. This may have long-run growth implications for this area of the state if population growth is not stable.

In contrast, Monroe seems to have the largest variety of occupations within its borders, with its highest location quotient at 8.72 and lowest at 3.46. It has a wide variety—from healthcare practitioners and licensed practical and vocational nurses to transportation and millwright workers. While these location quotient numbers are relatively smaller, this does not at all imply they have an unemployment problem. Their occupational diversity is more in line with overall U.S. occupation statistics.

If we were to take the means of these top ten location quotients for each MSA in order to compare each MSA to each other, we would be able to order them from most diverse (lowest location quotient) to least diverse (or most

Table 7: Louisiana Airline Industry Economic Indicators by Impact Type

Occupation	Location Quotient
Alexandria	
Psychiatric Aides	13.68
Personal Care & Service Workers, All Other	8.18
Community & Social Service Specialists, All Other	7.13
Logging Equipment Operators	6.55
Drafters, All Other	5.95
Automotive Glass Installers & Repairers	5.91
Healthcare Practitioners & Technical Workers, All Other	5.85
Healthcare Support Workers, All Other	5.14
Health Technologists & Technicians, All Other	4
Cardiovascular Technologists & Technicians	3.86

Occupation	Location Quotient
Baton Rouge	
Boilermakers	51.8
Chemical Plant & System Operators	46.81
Transportation Workers, All Other	10.86
Sailors & Marine Oilers	10.5
Helpers, Construction Trades, All Other	10.12
Occupational Therapy Aides	10.09
Material Moving Workers, All Other	9.84
Drafters, All Other	9.54
Petroleum Pump System Operators, Refinery Operators, & Gaugers	8.81
Miscellaneous Construction & Related Workers	8.33

Occupation	Location Quotient
Food Processing Workers, All Other	25.19
Healthcare Practitioners & Technical Workers, All Other	14.57
Postsecondary Teachers, All Other	12.69
Community & Social Service Specialists, All Other	12.28
Food Preparation & Serving Related Workers, All Other	10.48
Recreational Vehicle Service Technicians	6.45
Counselors, All Other	6.09
Healthcare Support Workers, All Other	5.23
Maintenance Workers, Machinery	4.85
Installation, Maintenance, & Repair Workers, All Other	3.42
Houma-Thibodaux	
Sailors & Marine Oilers	147.53
Captains, Mates, & Pilots of Water Vessels	102.79
Commercial Divers	90.88
Bridge & Lock Tenders	54.58
Service Unit Operators, Oil & Gas	39.07
Ship Engineers	34.44
Riggers	32.37
Extraction Workers, All Other	19.86
Helpers, Construction Trades, All Other	16.97
Roustabouts, Oil & Gas	16.78
Lafayette	
Extraction Workers, All Other	28.86
Roustabouts, Oil & Gas	19.04
Service Unit Operators, Oil & Gas	14.56
Transportation Workers, All Other	12.74
Riggers	11.14
Rotary Drill Operators, Oil & Gas	9.8
Captains, Mates, & Pilots of Water Vessels	9.27
Healthcare Practitioners & Technical Workers, All Other	8.88
Sailors & Marine Oilers	8.57
Bridge & Lock Tenders	7.61
Lake Charles	
Tank Car, Truck, & Ship Loaders	18.72
Chemical Equipment Operators & Tenders	18.52
Gambling Dealers	16.89
Millwrights	15.58
Gambling Change Persons & Booth Cashiers	13.62
Engineers, All Other	13.35

Occupation	Location Quotient
Captains, Mates, & Pilots of Water Vessels	11.34
Boilermakers	9.68
Sailors & Marine Oilers	9.35
Avionics Technicians	7.47
Monroe	
Transportation Workers, All Other	8.72
Electric Motor, Power Tool, & Related Repairers	8.16
Healthcare Practitioners & Technical Workers, All Other	8.04
Community & Social Service Specialists, All Other	6.51
Cooks, Short Order	6.14
Millwrights	4.25
Healthcare Support Workers, All Other	4.14
Material Moving Workers, All Other	4.02
Logging Equipment Operators	4.02
Licensed Practical & Licensed Vocational Nurses	3.46
New Orleans-Metairie	
Entertainers & Performers, Sports & Related Workers, All Other	30.53
Sailors & Marine Oilers	23.39
Captains, Mates, & Pilots of Water Vessels	18.39
Chemical Plant & System Operators	15.1
Ship Engineers	15.05
Healthcare Practitioners & Technical Workers, All Other	14.85
Tank Car, Truck, & Ship Loaders	14.08
Petroleum Pump System Operators, Refinery Operators, & Gaugers	12.9
Dredge Operators	12.27
Motorboat Operators	10.52
Shreveport-Bossier City	
Extraction Workers, All Other	29.09
Petroleum Pump System Operators, Refinery Operators, & Gaugers	10.9
Gambling Service Workers, All Other	10.66
Service Unit Operators, Oil & Gas	10.62
Gambling Managers	9.06
Chemical Plant & System Operators	7.32
Roustabouts, Oil & Gas	7.03
Healthcare Support Workers, All Other	6.97
Healthcare Practitioners & Technical Workers, All Other	6.3
Gambling Dealers	6.12

specialized; highest location quotient) like so: Monroe, closely followed by Alexandria, then Hammond, Shreveport-Bossier City, Lafayette, Lake Charles, New Orleans-Metairie, Baton Rouge, and finally Houma-Thibodaux. Averaging these numbers gives an average somewhere in the range of 5-20 for every MSA except for Houma-Thibodaux, which has an average of 55.5, pointing to how much of an outlier it is. While location quotients are helpful to explain why a region looks the way that it does, they reflect uncertainty about future economic conditions. Individuals looking to enter certain occupations may find their skills either in high demand due to the districting effect or in low demand because of an overabundance of experienced labor. The specific outcomes cannot be easily explained by this one calculation. Nonetheless, these ratios do help explain a host of other observed features of MSA economic regions.

Data for this report are provided by the Quarterly Census of Employment and Wages compiled by Bureau of Labor Statistics. They are based on 2024, third quarter estimates and are the most recent at the time of publication.

How Louisiana's Tax Reform Impacts Us All

BY LAUREN HAYS

America's stance on progressive versus flat income taxes has fluctuated along with the political landscape over the course of history. Following major tax reform during the Reagan administration, states have largely embraced a progressive tax system until recently. The push at the state-level to adopt a flat tax has increased over the past few political cycles. Arguments in favor of the "Flat Tax Revolution" claim that this system promotes positive economic growth, increased simplicity, and fairness.

Louisiana is the most recent state to join in on this "revolution". The new tax code (HB10) updates policies pertaining to income, sales, and corporate taxes. The stated goal of the new bill is to transform Louisiana into the "Economic Powerhouse of the South" (Louisiana Department of Revenue, 2025.) The state argues that the reform will create jobs and increase investment. HB10 also claims to "increase the immediate take-home pay for EVERY taxpayer" as well as increase the number of standard deduction opportunities. While Louisiana's flat tax aims to increase take home pay and create a fairer system, each tax bracket does not receive equal benefit. Since some parish populations are wealthier than others, the tax burden is not shared equally at the parish level. How will taxpayers by parish be affected by this new bill? Supporters of either side of the progressive or flat tax debate believe that their system is the "fair" system. On the flat tax side, all taxpayers are treated equally under the law; it doesn't penalize success, and it eliminates special privileges. Those who believe a progressive system is fairer think that those who can afford to contribute a larger portion should, in an effort to reduce income inequality and promote economic stability. While this is a normative debate, both types of tax structures arbitrarily pick winners and losers. Both sides are arguing for their version of fairer taxes and who should bear the burden. Previously

Figure 16: Percent of Parish Taxpayers above $50,000 per Year

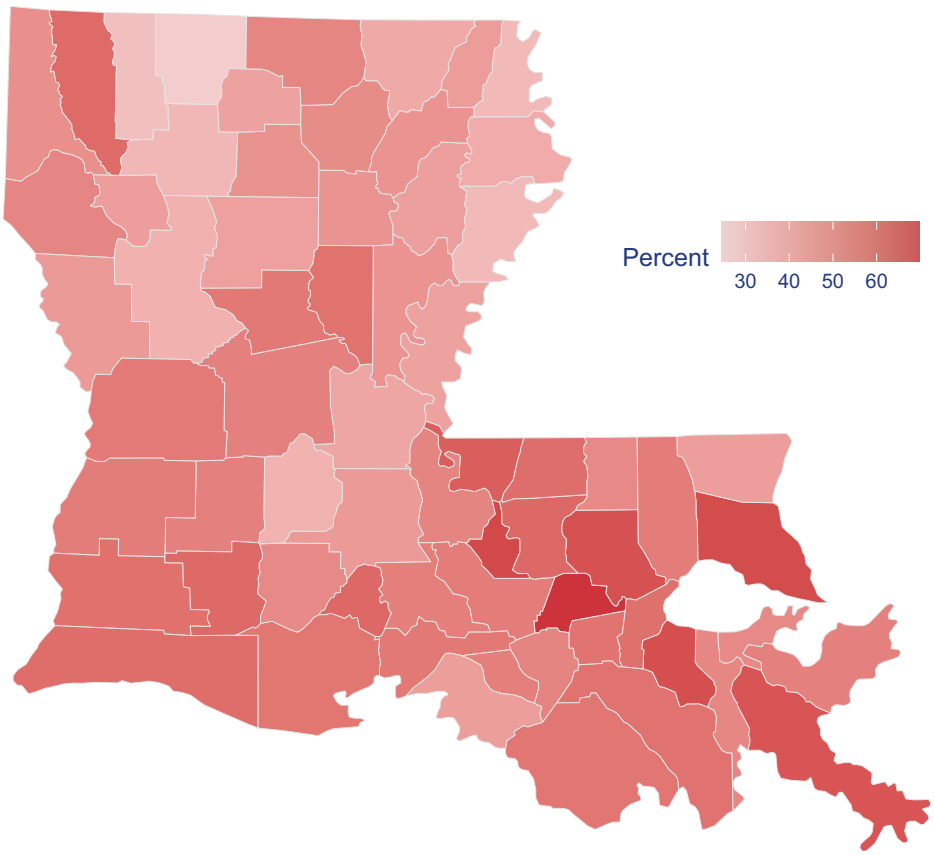


Table 8: Top 10 Parishes with Highest Percent of Taxpayers above $50,000 per Year

Parish	Percent of Taxpayers
Ascension	69.68%
West Baton Rouge	65.09%
St. Tammany	63.71%
St. Charles	63.15%
Livingston	62.14%
Plaquemines	60.98%
West Feliciana	58.39%
Lafayette	55.65%
East Baton Rouge	55.30%
Jefferson Davis	54.94%

Louisiana operated under a graduated or progressive tax system ranging from 1.85-4.25%. Under HB10, the burden of tax is dispersed amongst all income levels, but the benefit of that redistribution is not equal.

Figure 16 shows the degree of the redistributed tax benefit from HB10 using individual and household income data reported by the U.S. Census. The shaded areas represent the percent of the population in each parish that have an individual income above $50,000 per year. This group of people in each parish were in the highest marginal tax bracket before the flat tax was imposed. As a result, these people are expected to reap the largest return (gain more on the margin) from the new legislation. Areas in light red benefit the least at the community level since a higher proportion of the parish population does not have incomes that were taxed at 4.25%.

The light red parishes are expected to not benefit as much from the new tax law, thus not really improving the inequality that already exists locally. The parishes with a higher proportion of wealthier individuals and households are expected to benefit more as the overall state tax burden is shifted to sales taxes (which also passed in the same special session). While this is consistent with the messaging of a flat tax (the same tax rate for all), it is disproportionately felt by low-income earners. This group of people tends to not have post-secondary education or advanced skills training. Thus, they are the least likely to be able to improve their financial picture which would help with the flatter tax burden. This is viewed by some as punishing the poor for being poor.

Table 8 shows the ten highest parishes in Figure 16 by the percent of individual taxpayers that earn more than the 2024 highest marginal tax rate. All ten of these parishes are along (or in near proximity to) the I-10 corridor. HB10 serves to prop up the north-south divide of the state since the higher sales tax revenues in the north portion of the state will benefit the wealthiest in the southern part of the state. Since about 50% of the state's population resides in the parishes that make up the New Orleans-Metairie or Baton Rouge MSAs, HB10 represents an increase in taxes for the some of the poorest in the state.

Data for this report are provided by the U.S. Census for the 2023 data year. 2024 estimates are expected in Fall 2025.

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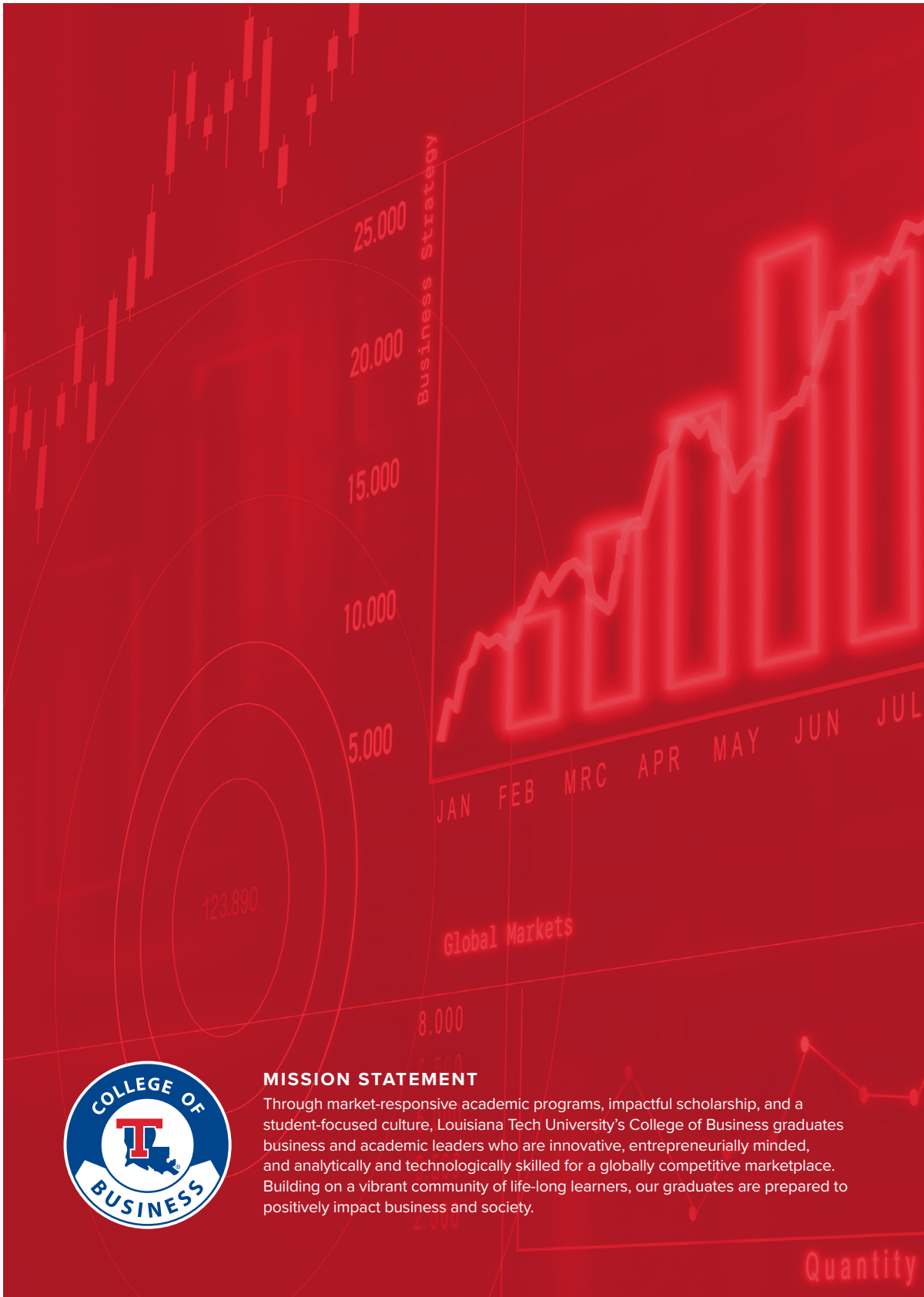

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MISSION STATEMENT

Through market-responsive academic programs, impactful scholarship, and a student-focused culture, Louisiana Tech University's College of Business graduates business and academic leaders who are innovative, entrepreneurially minded, and analytically and technologically skilled for a globally competitive marketplace. Building on a vibrant community of life-long learners, our graduates are prepared to positively impact business and society.