Jobs That Matter Most: Driving Economic Growth in New Orleans’s Post Katrina Economy

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Moderator: Welcome to the Federal Reserve Bank of Atlanta’s Economic Development podcast series. I’m Nancy Montoya with the Federal Reserve Bank of Atlanta, and today, we’re talking with Dr. Allison Plyer, co-deputy director with the Greater New Orleans Community Data Center. Dr. Plyer joined the Data Center in 2001, and she is recognized as an expert in post-Katrina demographics and New Orleans recovery trends. Started in 1997, the Data Center gathers, analyzes, and disseminates data to support the work of nonprofits, government agencies, and civic leaders.

As New Orleans began the work of recovering from Hurricane Katrina, the Data Center began tracking post-Katrina demographics and recovery trends to create a resource for rebuilding the region’s communities, businesses, and infrastructure. In 2009, the Data Center and the Brookings Institution embarked on a comprehensive assessment of recovery in New Orleans, culminating in The New Orleans Index at Five, which was released on Aug. 4, 2010.

Employment and workforce development have long been a challenge for New Orleans, but the economic and natural disasters of the past five years have only exacerbated the situation. While the index analyzes 20 key regional indicators, including job growth and economic drivers, Dr. Plyer took a deeper look at New Orleans’s export industries in her report titled “Jobs That Matter The Most,” which was also released in August 2010.

Dr. Plyer, thanks for joining me today.

Allison Plyer: Thanks for the opportunity.

Moderator: Even before the hurricanes, New Orleans was losing jobs, and your “Jobs That Matter The Most” report indicates that Katrina accelerated the trend. Can you talk to us about the factors that led to job losses before the storm and how they’re different after Katrina?

Plyer: Yes. Before the storm a couple of the major drivers of economic growth in our region were oil and gas and shipping, that is, port-related jobs—freights, railroads, that sort of thing—and both of those were losing jobs pretty significantly before Katrina hit, over the last two and a half decades that we were measuring. And then after the storm, those sectors held pretty steady because oil and gas prices spiked, as everyone recalls, in 2005 and then in 2008. But what fell in our region were tourism jobs. We lost tourism jobs at a dramatic pace after Katrina partly because the workforce could not return because of the high price of housing, and many of the tourism businesses learned to cope with fewer workers. And then the recession hit, and that had a dampening effect on the tourism industry here as well. So tourism had been pretty strong before the storm, but really took a big hit after Katrina.

Moderator: So, Dr. Plyer, how do you define an export job or industry, and why did you choose to devote a separate report just to this topic?

Plyer: In your report, New Orleans’s export industries include oil and gas and shipbuilding, but there were some other industries that were a little surprising. Higher education and motion pictures were also identified as export industries. Can you talk about why those would be export industries?

Plyer: Any time an industry brings in revenue from outside the region it’s considered an export industry. So, in the case of higher education, we have students coming to our universities from all over the country, all over the world, in fact. And then, of course, the motion picture industry serves customers all over the country and all over the world.

It’s obvious with oil and gas we’re serving folks well beyond the New Orleans region. Of course, with shipping and tourism that’s the case. With higher education, we use some of our local knowledge and talk to folks locally, and of course we know that we have a lot of students coming here for higher education.

A couple that were very surprising were heavy construction and engineering. We have a large number of heavy construction and engineering jobs, and what we came to learn is that many of them are to support work that’s being done outside our region in terms of levy building and in terms of reconstruction of utilities after disasters, or at any point.

Moderator: In your report you emphasized export specializations as being ripe opportunities for job growth efforts. Can you talk about what an export specialization is, and how might local economic development encourage the development of these specializations?
Plyer: Well, export specializations are particularly interesting. The definition we used was any export industry that represents a larger share of jobs in the New Orleans region than the share it represents of nationwide employment. And also, any export industry that has a large number of jobs in the region—more than 1,000 in the analysis we did. These are important because export specializations really distinguish one region from other regions. So government jobs, for example, are an important export industry here in New Orleans because we have a lot of federal and state government jobs, but it's not a specialization because our proportion of these jobs is not higher than the national average. We really specialize in oil and gas, tourism, shipping, shipbuilding, and essentially we identified the top 10 export specializations as things that are most important for our economy.

It's useful if our economic development efforts really focus on those things we specialize in. The things that we have that are really unique outside of government jobs are these specializations: tourism, oil and gas, shipping, higher education, etc. It makes sense for us to focus our economic development efforts on the kinds of jobs associated with our port, with our railroads, looking at how we can perhaps modernize them, looking at multimodal freight strategies. And there are some real opportunities there, potentially, because the president, President Obama, has called for the doubling of international exports in the next five years. And to the extent that we really organize our shipping sector, we can really capitalize on the potential for these great increases in international exports that have been called for.

Moderator: Some of the occupations that have higher representation in New Orleans are the tourism and food-processing industries, which have a tendency to pay lower wages. How might your focus on export industry specializations respond to the workforce needs of those with low or moderate incomes?

Plyer: You make a really good point, which is that building export jobs in sectors that don't have high wages has the disadvantage of potentially not growing the economy as much as you could when you build jobs in export industries that have higher wages. But what's also true is that the tourism sector was arguably well suited to the workforce here because we've had adult educational attainment levels that have been generally lower than the U.S. average. And in any metropolitan area that's transitioning from an industrial economy, there's concern about developing jobs that are well suited to the education levels of the adult population. So at the same time that we are seeing a rise in higher education and some knowledge industries, which is a good thing and an important thing, we also need to consider what industries would be well suited to the adult workforce that we have right now. And one potential that I'll just happen to point out again here is our shipping industry, around our port and freight, is a place where, potentially, we could employ a lot more workers who might not necessarily have to have a college degree to participate in that sector of our economy.

But we also, at the same time, really need to focus on building a more educated workforce because our industries of the future are definitely going to be knowledge based. And so the good news is that we do have real growth in our knowledge-based sectors: higher education, legal services serving clients outside our region, and also insurance agencies serving clients outside our region. And so those are all areas that we need to look to grow and build our workforce for.

Moderator: What kinds of strategic investments need to be made in infrastructure and workforce development that would improve the economic health of New Orleans and our surrounding areas?

Plyer: Well, I think that the recent disaster here surrounding the oil spill has really brought all of our attention to the dependence of our local economy on oil and gas and some of the challenges associated with that. So I think that there's also a great opportunity to begin thinking about how can we take that energy sector and diversify it. We also have a large number of entrepreneurs, and entrepreneurship has really spiked since Katrina, and so these entrepreneurs could be challenged to think of bold and sustainable new business ideas that really strengthen our energy sector. And as I mentioned, there's the possibility of greatly increasing international exports and our shipping industry playing a big part in that. Our higher education institutions could be utilized to really help retrain and improve the quality of our workforce for some of the more knowledge-based sectors of our economy, which are growing. And really, in the short term, New Orleans is lucky. We have still some billions of dollars coming into our economy from postdisaster funding from Katrina, and there may be even more from the oil spill. So we need to make sure that we build capacity of small businesses, especially minority- and woman-owned businesses, to participate in some of those contracts so that some of that wealth is retained here.

And the last thing that's also a potentially medium-term opportunity is the rebuilding of our wetlands. And rebuilding wetlands is very much an engineering task, and so some of the engineers associated with our oil and gas sector or our heavy construction sector could be redeployed for rebuilding of the wetlands, and that could be a real important and useful activity in our economy.

Moderator: Dr. Plyer, thank you for joining us today.

Plyer: I was happy to be here.

Moderator: This concludes our podcast. We've been speaking with Dr. Allison Plyer, co-deputy director for the Greater New Orleans Community Data Center. To read the New Orleans Index at Five and the "Jobs That Matter The Most" reports, visit www.gnocdc.org. For more podcasts on economic development, visit the Atlanta Fed's Web site at www.frbatlanta.org. If you have any comments or questions, please e-mail podcast@frbatlanta.org. Thanks for listening.