

**SECOND REVIEW OF LOUISIANA 2018 EMPLOYMENT
INDUSTRY FORECAST**



February 2011

EXECUTIVE SUMMARY

This document summarizes the suggested revisions to the current 2018 employment forecasts. With regard to the adjusted forecasts, key observations were:

- Includes input from the Louisiana Driver Firms, which is a list of 150 firms that have either top 100 direct employment or top 100 economic impact.
- Includes economic development projects and major announcement from employers through the state.
- While specific forecasts may have been changed significantly in a few cases, the overall effect of all recommended changes is relatively modest with the 2018 forecast for statewide employment increasing by only 2,422.
- The New Orleans, Shreveport, and Lake Charles RLMAs had increases in overall forecasted employment relative to the current 2018 forecast.
- While the forecast still projects employment growth for all regions, the Baton Rouge, Alexandria, and Monroe RLMAs had modest decreases to the 2018 forecast resulting from this year's review.
- Total forecasted 2018 employment for the Lafayette and Houma RLMAs remained unchanged after this year's review, though changes were recommended to the staffing patterns.

This document summarizes suggested revisions to the current 2018 employment forecasts for Louisiana. Last year, new 10-year forecasts were developed for the period 2008-2018. The preliminary statistical forecast implied average annual growth for the state of 0.6% during the forecast period. Because new models had been developed for every industry-region combination, the initial review last year included many recommendations for the use of alternate models to accommodate nuances in the data as well as recommendations based on driver firm input and major announcements or developments. After that review, changes were recommended to 223 of the 846 regional industry forecasts. The revised forecast implied average annual growth for the state of 0.8% during the forecast period.

This year's forecasting effort consists of a more limited review of the data given that new statistical models have not been developed for all industries in each region. While the past year was a busy one for economic news that has impacted employment, in many cases the one additional year of data that is now available may not change the long-term outlook for a particular industry in a particular region. To maintain the statistical integrity of the forecasts, we have only recommended changes where there is a clear reason to do so. With that in mind, the revisions this year do not have as large of a net impact on projected employment at the state level, but can be thought of as fine tuning or refreshing the current forecast. In fact, the proposed revisions on net leave the average annual growth rate for the state at roughly the same level, 0.8% when rounded.

However, some significant changes were made in several important industries to reflect new information that has emerged over the last year. Not only

did we recommend changes to the overall level of employment, but we have also considered the staffing patterns and replacement rates more carefully than in the past and have recommended changes to these critical numbers as well. Staffing patterns and replacement rates are used to translate industry forecasts into occupational forecasts. Based on the general recommendations included in this report, LSU will work closely with LWC to refine the staffing patterns and replacement rates as the forecasting process moves forward.

The remainder of this document includes a short section on methodology and a summary of results by region and industry, which includes a discussion of major changes to a few key industries. The attached appendix contains detailed discussion of the review for the specific industry/region combinations that were considered as part of this year's review.

I. Methodology

Every two years, a new 10-year forecast is developed. Last year, a new forecast was developed for the period 2008-2018. The basic approach for developing a new 10-year forecast is to first create employment forecasts for up to 94 industries at the 3-digit NAICS level for both the state and its eight regional labor market areas (RLMAs). These forecasts will later be converted to occupational forecasts based on anticipated staffing patterns and replacement rates.

A total of 846 forecasts must be generated to cover all of the industry-region combinations in Louisiana. The process of generating these forecasts begins with creating 846 preliminary statistical forecasts using the MicroMatrix software

package. These forecasts are then subjected to an exhaustive review based on contacts with business leaders, economic development professionals, and knowledge of upcoming projects in the state. Based on information gathered in these interviews and a comparison to other plausible trends, changes are recommended for a subset of the forecasts. Once this nearly year-long process has been completed, a new 10-year forecast is available.

Because users of the forecast desire a continuous flow of high quality data, the two-year forecasting cycle that has been used historically has been supplemented with an “off-year” review to update the existing forecast and ensure that the 2018 forecast continues to provide reliable information about the long-term employment outlook in Louisiana. It should be noted that this review did not consider new statistical models for many industries. The process instead focuses on input from driver firms and changes anticipated due to economic development or other major announcements affecting employment. In addition, we expanded our review to consider more carefully potential changes to staffing patterns and replacement rates.

1. Contact Driver Firms

The first step toward reviewing the statistical models is gathering information from key firms in Louisiana. The list of “driver firms” is a combination of the 100 firms with the most employees and the 100 firms with the biggest economic impact in terms of payroll. Not surprisingly, many firms with high employment also have a significant economic impact. Last year’s list was revised

slightly to account for several firms that were no longer operating in the state and to add some new firms whose employment or payroll was large enough based on more recent data to be included in the top 100 lists. Therefore, this year’s list of “driver firms” includes a total of 150 contacts. Additional detail regarding these firms is provided in Table 1.

Table 1: Driver Firms

| | |
|------------------------|----------------|
| Number of firms | 150 |
| Direct Employment | 218,947 |
| Total LA Jobs Created | 613,967 |
| Direct Wages | \$3.2 billion |
| Total LA Sales Created | \$46.4 billion |

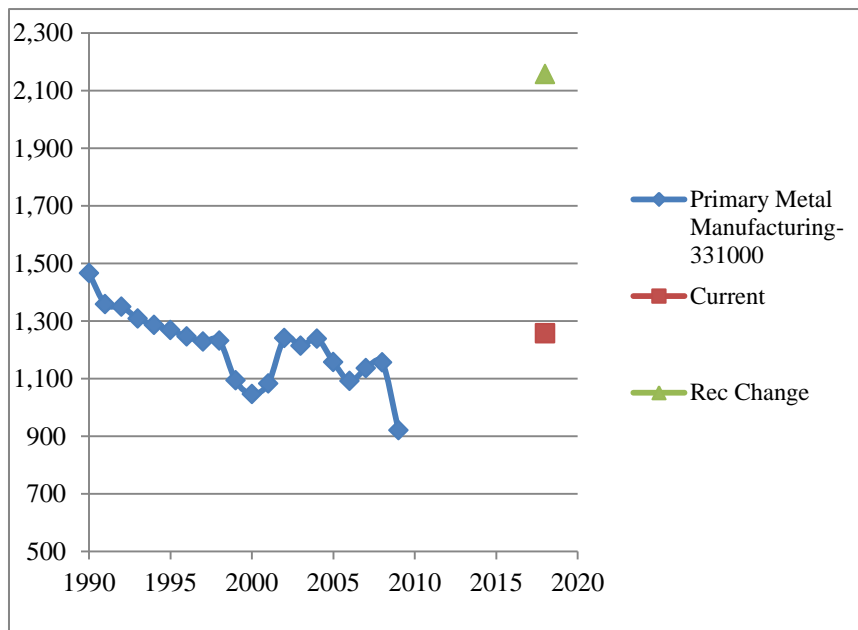
Information obtained from these driver firms provides insight into the future direction of important industries as well as the direction of the Louisiana economy as a whole. Just over eleven percent of Louisiana workers are employed by one of these firms. More broadly, these firms create an estimated total 613,967 jobs through direct employment and indirect economic impact, which constitutes roughly 32.5% of statewide employment. Total payroll of these firms is \$3.2 billion with annual sales estimated to be \$46.4 billion. By reaching out to representatives of this relatively short list of firms, we are able to efficiently acquire information about large portions of the Louisiana economy.

That information in combination with information from industry associations and representatives was used to assess how well the statistical models mirrored the future expectations of Louisiana businesses. In some cases, firms asked that detailed information about future plans not be released. In others, the effects of publicly-announced projects were discussed.

2. Economic Developments and Major Announcements

Outside of our interviews, we work each year to incorporate economic development wins and other major employment-related announcements from Louisiana employers. An example of using well-publicized projects to recommend a revision is the Primary Metal Manufacturing sector in the New Orleans RLMA. This sector's employment has shown a general pattern of decline over the entire historical series back to 1990. But, a major economic development win has recruited Nucor to build a \$3.4 billion iron and steel production complex in the region. Therefore, a recommendation was made to increase the statistical forecast to account for that expected increase in employment.

Figure 1: Sample Industry Adjustment for Development Project, New Orleans



3. Recheck Model Trends

A second major area of focus is the potential for structural breaks from historical trends. In recent years, the ability of statistical models to handle the dramatic fluctuations in employment related to the 2005 hurricane season has been of particular concern. Since last year's review, two major events have raised concerns about possible structural breaks from the historical trends. First, the passage of federal healthcare reform legislation is expected to dramatically change the healthcare landscape. Second, the BP oil spill in the Gulf of Mexico has created concern about the potential for significant job losses.

3.1 Health Care Reform

In last year's review, we recommended upward revisions to many of the health care related sectors. Spending on health care has grown rapidly in recent years with personal health care spending in Louisiana growing from \$13.7 billion to \$22.7 billion from 1994-2004, the ten years prior to Hurricane Katrina.¹ However, because of the ageing population, demand is expected to grow relative to historical trends. While that anticipated increase in demand was incorporated in last year's review, federal health care reform legislation was signed into law on March 23, 2010 and was not incorporated into the existing forecast.

The new federal law contains numerous provisions that are sure to change the employment landscape in health care. One of the largest effects of the law is a

¹ Office of the Actuary, CMS. (September, 2007). U.S. State Estimates by State of Residence—Personal Health Care. Retrieved from <https://www.cms.gov/NationalHealthExpendData/downloads/res-us.pdf>

major expansion of insurance coverage by increasing the income threshold for Medicaid and subsidizing insurance purchases through regional exchanges. In 2018, the Congressional Budget Office estimates that the Medicaid expansion alone would cost the federal government \$91 billion nationally and that \$106 billion would be spent subsidizing purchases on the exchanges.² Expanded coverage surely leads to increased demand for newly insured individuals, though at lower levels than average demand among those currently insured. The effect of these expansions alone would be to increase employment in health related sectors.

At the same time, the federal government is expected to exert significant downward pressure on spending by reducing reimbursement rates. The Congressional Budget Office estimates that provisions aimed at curbing costs for Medicaid and Medicare will save the federal government \$92 billion in 2018.³ Some of those costs may well be passed on the privately insured, but the ultimate effect of this provision will be to limit supply leading to fewer jobs.

There are a number of other smaller provisions that will also impact employment. The Center for Medicare and Medicaid Studies estimates that the net impact of the health care reform legislation will be a slight increase in the growth of National Health Expenditures with average annual growth for 2009 to 2019 equal to 6.3 percent, or 0.2 percent faster than their pre-reform estimate.⁴ Relative to the nation as a whole, Louisiana has a similar proportion of Medicare-eligible

² Congressional Budget Office. (March 20, 2010). Cost estimate for the amendment in the nature of a substitute for H.R. 4872. Retrieved from <http://www.cbo.gov/ftpdocs/113xx/doc11379/AmendReconProp.pdf>

³ Ibid.

⁴ Office of the Actuary, CMS. (September, 2010). National Health Expenditure Projections 2009-2019. Retrieved from <http://www.cms.gov/NationalHealthExpendData/downloads/NHEProjections2009to2019.pdf>

population but lower average incomes leading to both higher enrollment in Medicaid and higher prevalence of uninsured individuals. This means that the state may well see larger expansions of coverage than many states while facing only the typical amount of downward pressure due to Medicare restrictions. Of course, the high rate of coverage for children on Medicaid, including LaCHIP, and potentially large number of new adult enrollees would mean that any cuts to reimbursements for that program would negatively affect health-related employment in Louisiana. There continues to be a great degree of uncertainty about the net effect of the various components of health reform legislation on overall employment, underscored by rather evenly split responses from Louisiana driver firms about how the competing forces balance out within the state. This, combined with the potential for significant additional changes to the current law, leads us to conclude that the net effect on total employment remains too uncertain to factor into the current forecast.

However, it is important to remember that the overall demographic trends will create a fundamental level of demand for care that will continue to have a dominant impact on employment in this sector. Therefore, we feel comfortable that the overall employment levels for the health care sector in the current forecast continue to be reasonably accurate.

There are, however, several provisions of the law that will have a predictable impact on the mix of workers, or staffing patterns, within industries. There will be considerable downward pressure on reimbursements, both from the federal government and from insurance companies. This is likely to lead to greater

utilization of allied health professionals relative to historical trends. There are several provisions that encourage greater utilization of primary care physicians relative to hospital or emergency care, or use of specialists. In addition, accountable care organizations may lead to increased demand for case managers or social workers.

3.2 BP Oil Spill

While the BP oil spill in the Gulf of Mexico has undoubtedly had a disruptive effect on economic activity in Louisiana, its impact on long-term employment remains unknown. Fishing, shrimping, crabbing and oystering were all interrupted to some extent, but have already resumed along the coast. There could be long-term impacts of the oil on the ecosystem resulting in lower populations of commercially valuable species. The question of long-term biological impacts will only be answered as time passes. However, there should be considerably more evidence about those impacts during next year's review given that at least one full cycle of fishing, shrimping, crabbing and oystering seasons will have passed. Looking ahead to the forecast horizon of 2018, it is likely that the larger lasting effect of the event in terms of jobs will be the result of new regulations pertaining to activity in the Gulf of Mexico. For any future price of oil, more stringent regulations are likely to result in relatively lower levels of activity in the Gulf. However, because the ultimate set of regulations have yet to be determined, we are unable to account for the event in this year's review.

4. Conversion to Occupational Forecasts

While the employment numbers resulting from conversion of the industry forecasts to occupational forecasts is not reflected in this report, we did consider that process in our review. After industry-level forecasts have been developed, staffing patterns are used to determine how many people in each occupation are associated with the jobs projected for each industry. In addition, replacement rates are used to augment the overall employment forecasts and better estimate the need for new employees including not only the total workers needed for new positions in an occupation, but the number needed to replace current workers.

Based largely on input from driver firms and the information obtained while rechecking model trends, we determined that the current staffing patterns for two of the primary health care industries did not reflect the patterns that would likely emerge as a result of the federal health care reform legislation. In addition, through our conversations with driver firms, we identified a small number of industries where replacement rates needed updating.

II. Overall Results

This year's forecast focused on those industries and regions where significant new information was available. A formal review was conducted in all industries and regions where input was received from one or more driver firms or where a major development was identified. However, because the review also included efforts to gather information from economic development and industry groups as well as warn notices and economic-related news articles, we can be

confident that no major developments that would have significantly altered the overall forecast occurred for industries or regions where a formal review was not conducted.

This year's more focused approach did not attempt to estimate new statistical models for all 846 industries as is done during the 2-year forecasting cycle. Because of this, the number of recommended changes is notably smaller than during a complete initial review of a new preliminary statistical forecast. However, we expanded our scope to consider changes to the staffing patterns and replacement rates that are used to convert the industry forecasts to occupation-level forecasts. Where information was obtained suggesting a need, we recommended changes to staffing patterns and replacement rates in addition to our recommendations regarding overall employment levels.

This year's review offers a fine tuning of the 2018 forecast. In total, there were 71 regional industry forecasts with a formal review, as summarized in the appendix. Of those, nearly half required changes to the overall level of employment forecasted for 2018. In addition, we recommended changes to the staffing patterns to account for changes in the health care market brought on by the federal health reform legislation passed last year. Finally, there were a small number of industries where we are recommending increasing the replacement rates based on input from Louisiana driver firms. Again, because this year's review is more of a fine tuning of the existing forecast, the overall effects on employment are minor, even though recommended changes may lead to a significant revision for a particular industry. In

total, the recommended changes lead to a very modest increase in statewide employment forecast for 2018 of 2,422 jobs.

The New Orleans, Shreveport, and Lake Charles RLMAs had increases in overall employment resulting from this year's review. The New Orleans RLMA was one of the most active in terms of economic developments and major announcements and had the largest recommended revision to the overall forecast with forecasted total employment in 2018 growing from 577,386 to 580,074. While this revision is not enough to change the average annual growth rate for the region that we projected last year (0.3 percent), this is a remarkable increase given the weak performance of the overall economy during the last year and some of the big losses the region sustained.

While the BP oil spill has created temporary economic interruptions in both of these regions, in terms of the long-term employment outlook, the potential for long-term employment impacts remains unclear. Aside from that major news story, the Houma and Lafayette RLMAs saw a relatively quiet year for new developments. Total 2018 employment for the Lafayette and Houma RLMAs remained unchanged after this year's review, though changes were recommended to the staffing patterns. With no changes to overall employment levels in the forecast, these two regions continue to be projected to lead the state in terms of employment growth.

The Baton Rouge, Alexandria, and Monroe RLMAs all had modest decreases to the 2018 forecast resulting from this year's review. The Baton Rouge RLMA was quite active over the last year, though unfortunately with slightly more losses than gains. The overall 2018 employment forecast for the Baton Rouge RLMA was

reduced from 502,503 to 501,754. Despite the fact that this region's forecast was reduced slightly this year, the RLMA continues to be one of the highest growth regions in the state.

Appendix
Details of Changes

RLMA 1—New Orleans

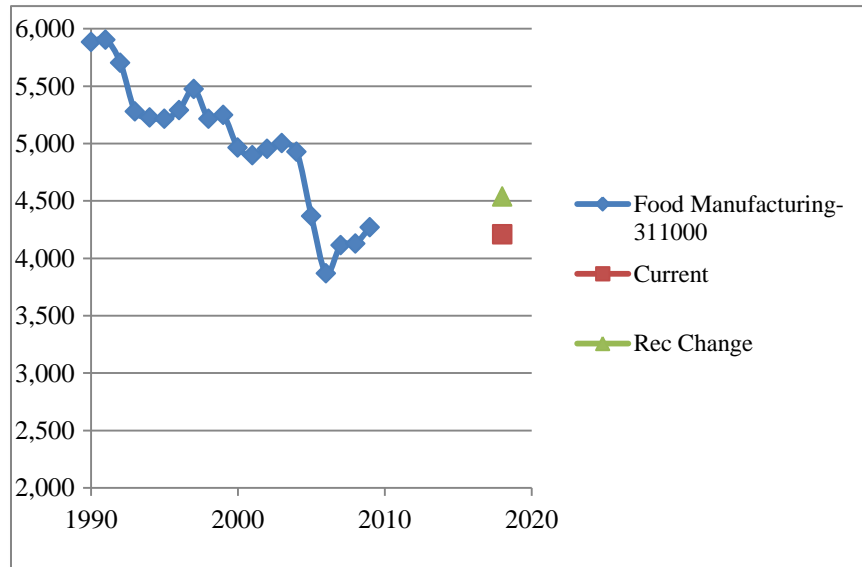
213—Support Activities for Mining—With the federal government’s moratorium on offshore drilling in the aftermath of the BP oil spill, this industry has been severely interrupted over the past year. While drilling in the Gulf of Mexico will surely resume prior to the end of the forecast horizon, new regulations will likely dampen employment relative to what would have occurred. The magnitude of that effect remains unclear. Moreover, the price of oil may turn out to be more favorable than previously expected given the recent turmoil in the Middle East. Input we received from Louisiana driver firms supports our recommendation of **no change**.

221—Utilities—Driver firm input suggests overall forecast is reasonable. But, annual replacement rates in future years are likely to be higher than those reflected in the historical data as retirements increase due to the demographic profile of the current workforce. Therefore, we recommend **increasing replacement rates** for this industry.

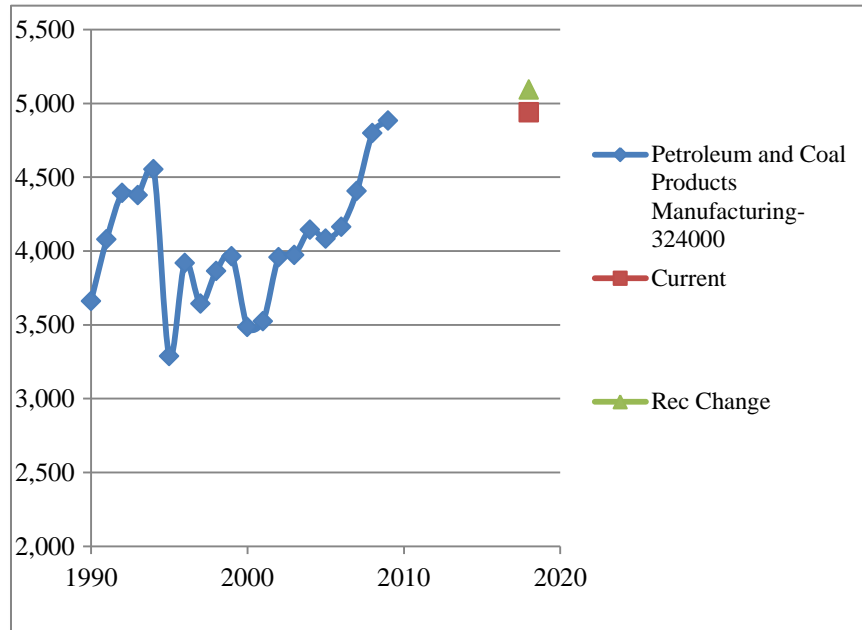
237—Heavy and Civil Engineering Construction—In recent years, employment in this sector has been boosted by Go Zone bonds, which will expire soon. One such example is the \$3.9 billion Marathon refinery expansion, which was completed in late 2009. The announcement of that Nucor is moving forward with plans to construct a \$3.4 billion iron and steel production complex in the region will slow the rate of employment declines, however that project should be completed during the forecast horizon and employment in this sector will have returned to long-term trends. At this time, the current forecast appears to reasonably reflect those trends and **no change** is needed.

238—Specialty Trade Contractors—Employment in this sector dropped significantly over the last year with the completion of the Marathon Oil refinery expansion, which was anticipated by last year’s forecast. Operations at the expanded facility are expected to provide long-term demand for 75-80 new contract workers, but that mitigating effect is already built into the current forecast. The overall declines are consistent with the current forecast and **no change** is needed at this time.

311—Food Manufacturing—Streamlining efforts within the J.M. Smucker Company will add 120 new jobs to the existing Folgers facility in New Orleans and an additional 381 jobs at suppliers in the region. In addition, Louisiana Sugar Refining LLC is building a \$119 million refinery that will employ an estimated 145 people. To account for these expansions, we recommend increasing the forecast to **4,539**.

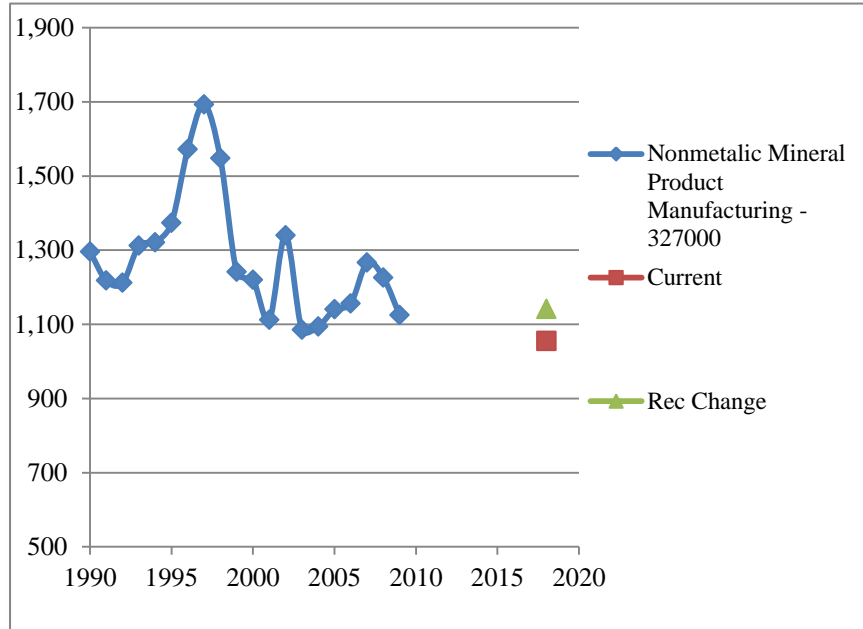


324—Petroleum and Coal Products Manufacturing—Marathon refinery completed its \$3.9 billion expansion, which created 200 new full-time positions. In addition, Valero has announced that it is moving forward with addition of a new biodiesel plant at its Norco refinery, which will add 60 or more permanent jobs in this industry to the region. Some of the growth of these projects is already built into the current forecast because the Marathon project was well under way during development of the previous forecasts. However, we recommend revising the forecast upward to **5,094**.

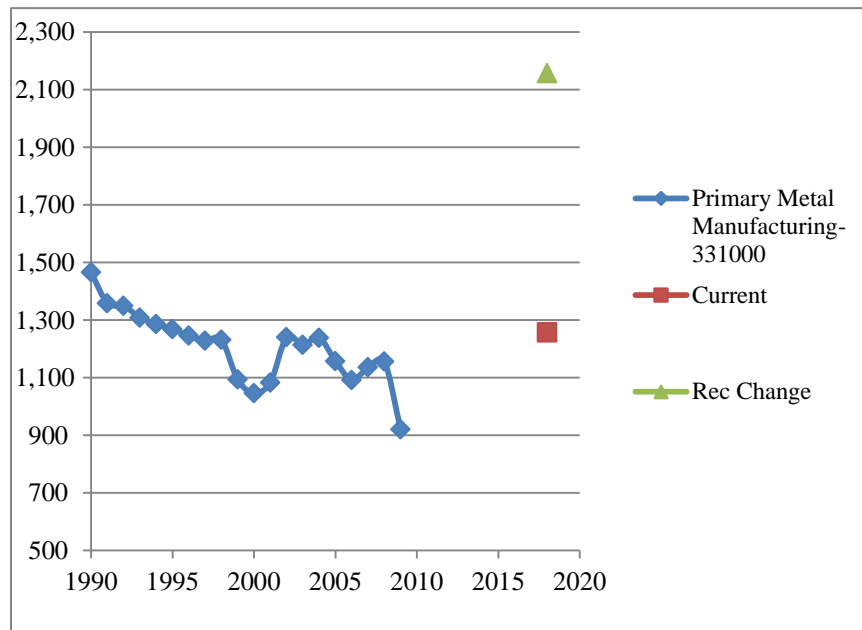


325—Chemical Manufacturing—The recent economic downturn has led firms to seek out more efficient operations resulting in decreases in employment. However, that recent change does not appear to have depressed employment significantly below the long-term trend. Moreover, Air Products recently announced a new steam methane reformer (SMR) facility to produce hydrogen at Monsanto’s Luling plant. Given these competing forces, we recommend no change to the overall forecast at this time. However, based on driver firm input, we recommend **increasing replacement rates** for this industry.

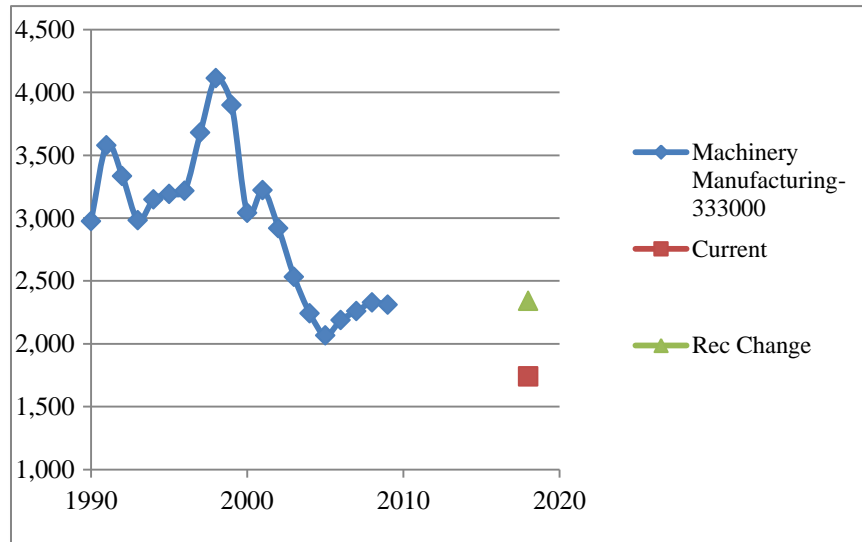
327—Nonmetallic Mineral Product Manufacturing—Atlantic Metrocast has announced plans to open a pre-stressed concrete manufacturing facility at the Port of New Orleans that will employ at least 100. To account for this new development, we recommend increasing the forecast to **1,141**.



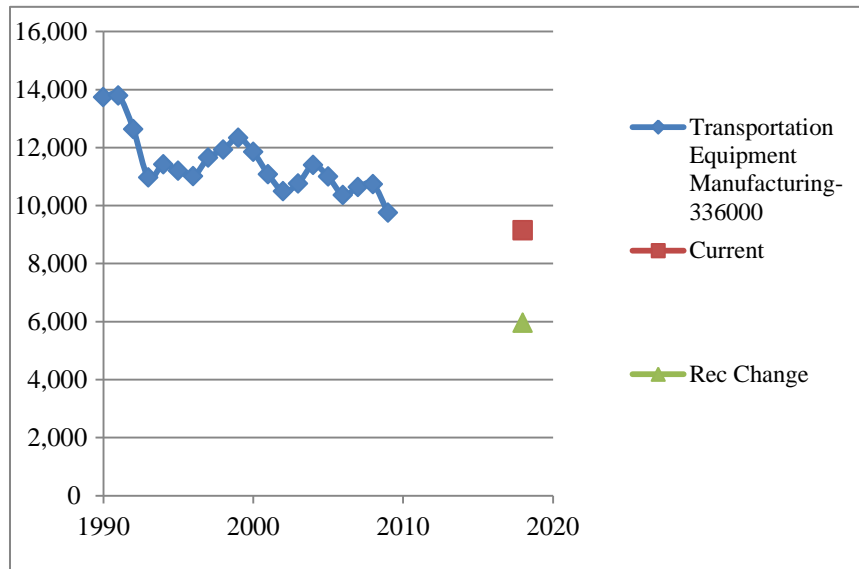
331—Primary Metal Manufacturing—Over the last year, Nucor has announced that it plans to build a \$3.4 billion iron and steel production complex in the region. The project will take a number of years to complete and if fully developed is estimated to add 1,250 to employment in this sector by 2019 when the complex would be at full capacity if all phases of the project are undertaken according to the proposed development schedule. Last year’s forecast incorporated a modest probability that this project would move forward. Given recent announcements about the project, we recommend increasing the forecast to **2,158** to account for a high likelihood that this is undertaken.



333—Machinery Manufacturing—Blade Dynamics will begin manufacturing wind turbine blades at the Michoud site in New Orleans. The company has committed to create 600 new jobs by 2015. These gains will help to offset losses at the Michoud facility that are classified in other industries. Based on this new development, we recommend increasing the forecast for this industry to **2,341**.

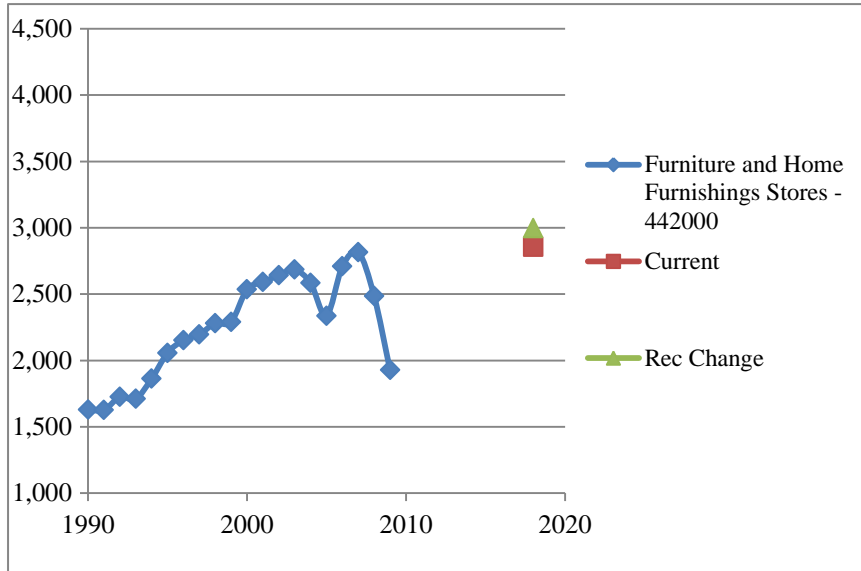


336—Transportation Equipment Manufacturing—Northrop Grumman announced this past year plans to sell or spin off their shipbuilding operations at Avondale. This move places approximately 4500 jobs at risk. Because these workers are highly skilled and we are optimistic that the facility is likely to be attractive for some perhaps smaller operation, some portion of these jobs is likely to be retained. Given lack of a buyer at this time, we recommend a downward revision to account for some losses. These losses come on top of the news that Lockheed Martin is ending production of external fuel tanks for the space shuttle program, which will result in the loss of approximately 1400 jobs from 2008 levels. In addition, the oil spill and associated moratorium on offshore oil and gas activities have affected employment dynamics in this sector. Trinity Offshore announced the cancelation of the addition of 200 workers due to lower demand for offshore support vessels in the oil and gas industry. However, some of that decrease will be offset by increased demand for clean-up and response vessels. For example, Trinity Offshore will design and build a new multipurpose shallow-draft skimmer. The net effect of the oil spill and new federal regulations on long-term employment remains unclear. Therefore, this year’s review factors in only the more apparent changes discussed previously. While the Lockheed Martin development was accounted for in last year’s forecast, the Northrop Grumman development leads us to recommend a downward revision of the forecast to **5,956**.

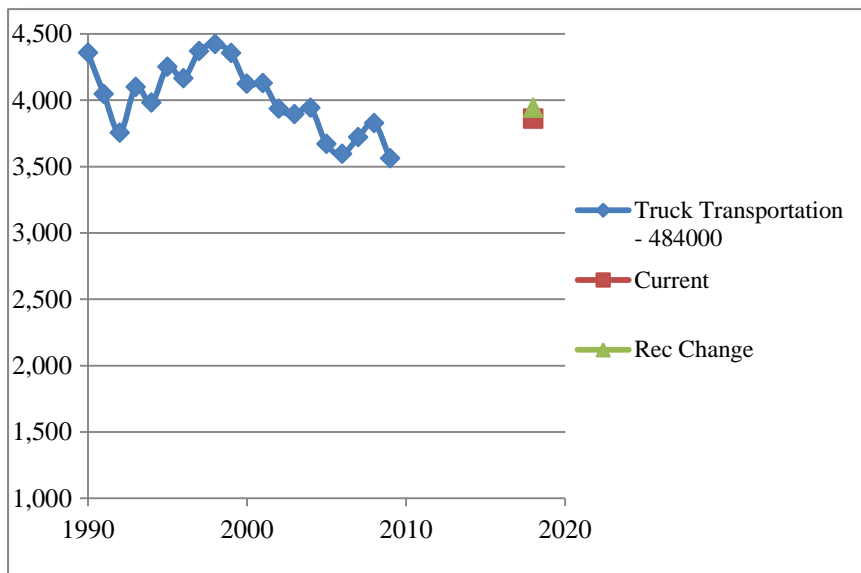


424—Merchant Wholesalers, Nondurable Goods—Petroleum storage and distribution terminal PetroPlex International is planning a facility in St. James Parish with the capacity to store 4 million barrels of liquid products in the first phase with the potential for future expansion. Once complete, phase one of the project would add about 100 permanent jobs to the industry. However, the current forecast accounts for some growth and **no change** is needed at this time.

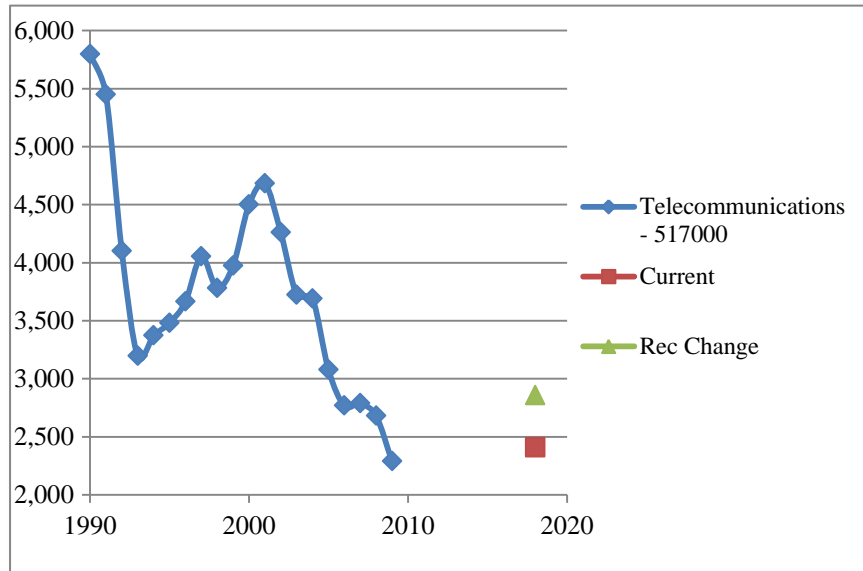
442—Furniture and Home Furnishings Stores—Rooms to Go has opened a retail outlet and distribution center in Pearl River that will support stores along the Gulf Coast. While the current forecast accommodates some growth, this project will likely push employment above long-term trends. Therefore, we recommend increasing the current forecast to **2,996**.



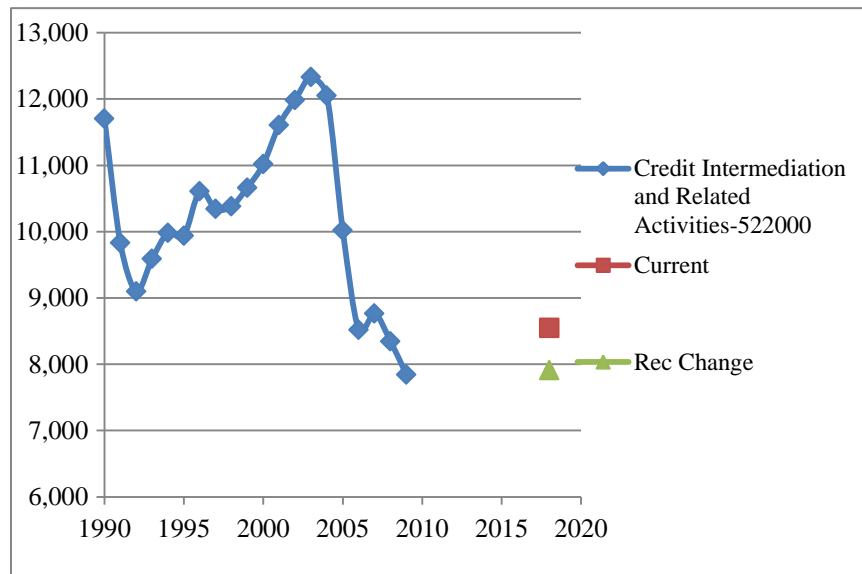
484—Truck Transportation—Trucking company Transportation Consultants Inc. announced this past year that it would move its headquarters to New Orleans and establish a warehouse and distribution center at the Port of New Orleans. The move will bring an estimated 80 jobs to the industry. To accommodate this addition, we recommend increasing the current forecast to **3,942**.



517—Telecommunications—Silicon Valley-based Globalstar announced this past year that it will relocate its headquarters to the Covington area. The move is expected to bring 200 new jobs to the region in the first couple of years, with significant additional growth potential thereafter. To account for this development, we recommend increasing the current forecast to **2,856**.



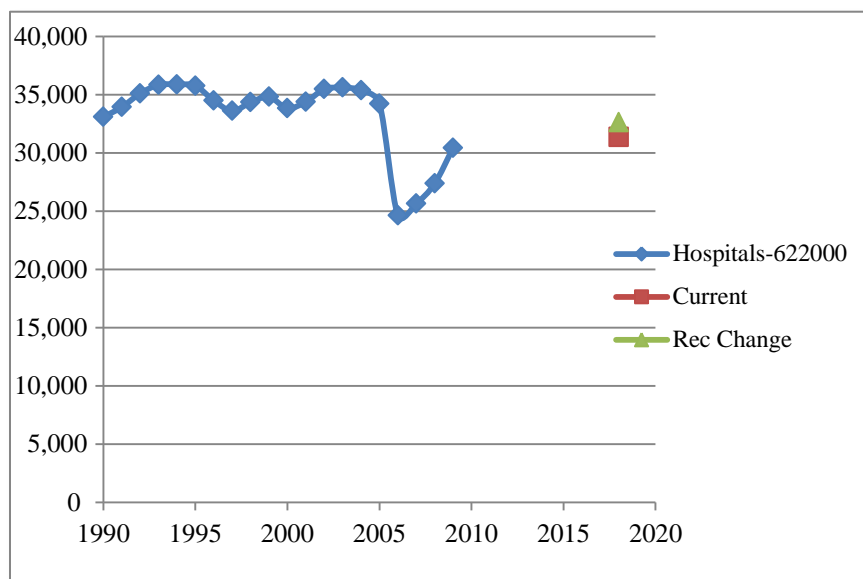
522—Credit Intermediation and Related Activities—Employment in this industry was rising steadily prior to Hurricane Katrina. While employment in many sectors bounced back as population returned following Hurricane Katrina, employment has continued to languish in this industry. In recent years, this has been reinforced by the financial crisis followed by the slowdown in the housing market. This past year, Capital One announced the pending loss of approximately 100 positions in New Orleans as the job functions for those positions will be consolidated to another site out of state. Given recent trends and this new development, we recommend lowering the current forecast to **7,912**.



523—Securities, Commodity Contracts, and Other Financial Investments and Related Activities—New Orleans-based online trading company, The Receivables Exchange, announced \$17 million in Series C financing from venture capital firm Bain Capital Ventures. The financing will allow The Receivables Exchange to add at least 60 jobs to their operation. The current forecast, however accounts for some growth and does not need to be revised at this time. Therefore, we recommend **no change**.

621—Ambulatory and Healthcare Services—Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will likely be needed.

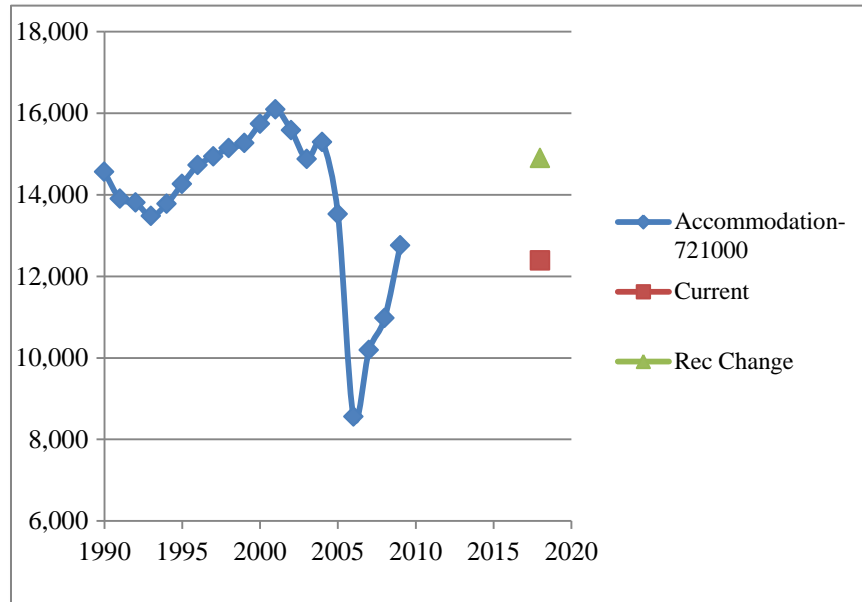
622—Hospitals—Employment at hospitals in the New Orleans region grew at a very rapid pace in 2009 though input from driver firms indicates that 2010 was flat in many cases and actually led to employment decreases in some cases. The VA Hospital is moving forward as planned with a scheduled opening in 2013 at which time it will employ roughly 2,200 people. The opening of a new Charity Hospital could cause another significant increase in employment, but funding for the facility remains uncertain. While the VA Hospital was incorporated into last year’s review, the net effect of employment changes in 2009 and 2010 suggests that the pending growth due to the VA will add enough to this sector to warrant an upward revision to the forecast to **32,637**. Also, while the impact of health reform on overall employment levels remains unclear, we recommend an **adjustment to the staffing pattern** to increase the portion of allied health professionals and IT staff.



661—Educational Services—While driver firm input indicates significant hiring over the last year, the current forecast sufficiently accounts for those employment increases and **no change** to the forecast is needed at this time.

713—Amusements, gambling, and recreation—Driver firm input suggests that no change is needed. However, that input included significant concern about the possibility of a smoking ban being implemented in casinos, which would reduce visitation and therefore employment. However, at this point **no change** is needed.

721—Accommodation—The Hyatt Regency in New Orleans is undergoing a \$275 million renovation to reopen for the first time since Hurricane Katrina bringing 600 additional jobs in this industry to the region. While the possibility of this project was noted in the previous review, it appeared that the funding for the project was in jeopardy. Now that the project is moving forward, we recommend revising the forecast for this industry upwards to **14,897**.

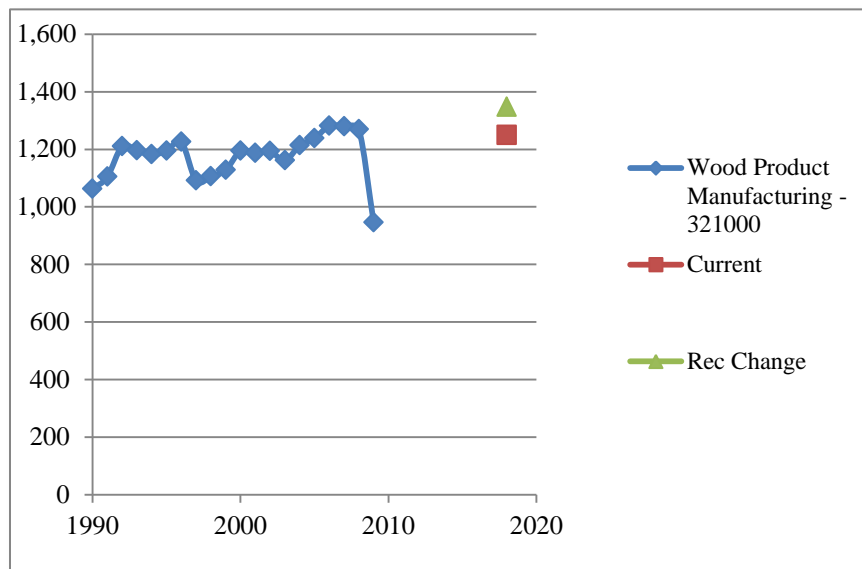


RLMA 2—Baton Rouge

237—Heavy and Civil Engineering Construction—Employment in this sector continues to be strong despite the weakening economy in recent years. This strength comes in part due to continuing infrastructure investments in highways and a recently started sewerage treatment upgrade by East Baton Rouge Parish. These specific projects will all be completed before the end of the forecast horizon, but input from driver firms suggests that the current forecast is reasonable. Therefore we recommend **no change**.

238—Specialty Trade Contractors—Employment in this sector grew significantly in 2009, closing more than half of the projected gap to attain the level of employment in the current 2018 forecast. Driver firm input suggests that the recent economic downturn has caused firms in this sector to decrease employment levels. However, as the economy rebounds, there will be a return to growth in this sector. Because potential declines in 2010 come after a year of solid growth, the current forecast remains reasonable and we recommend **no change**.

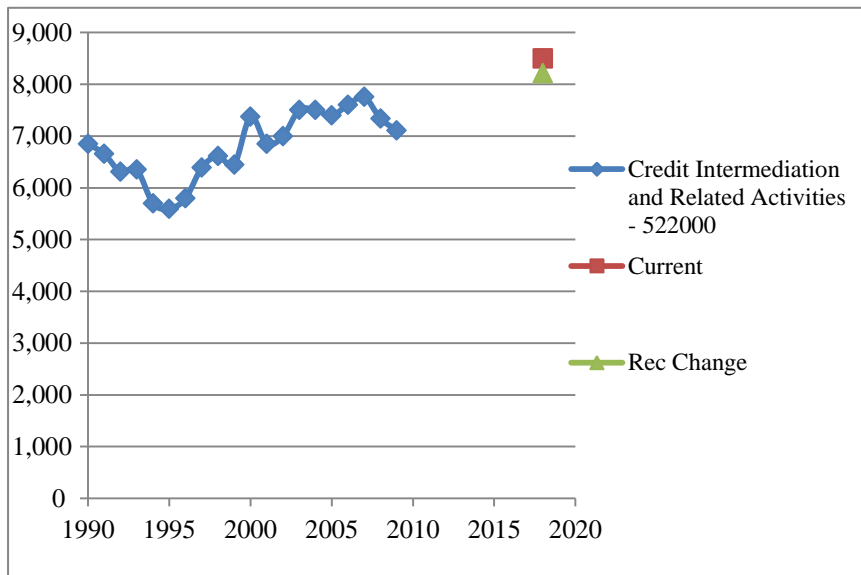
321—Wood Product Manufacturing—Pointe Bio Energy announced that it would build a wood pellet manufacturing facility at the Port of Greater Baton Rouge. The \$100 million facility will produce wood pellets for fuel generation creating 100 new jobs for the sector. To account for this economic development, we recommend increasing the current forecast to **1,347**.



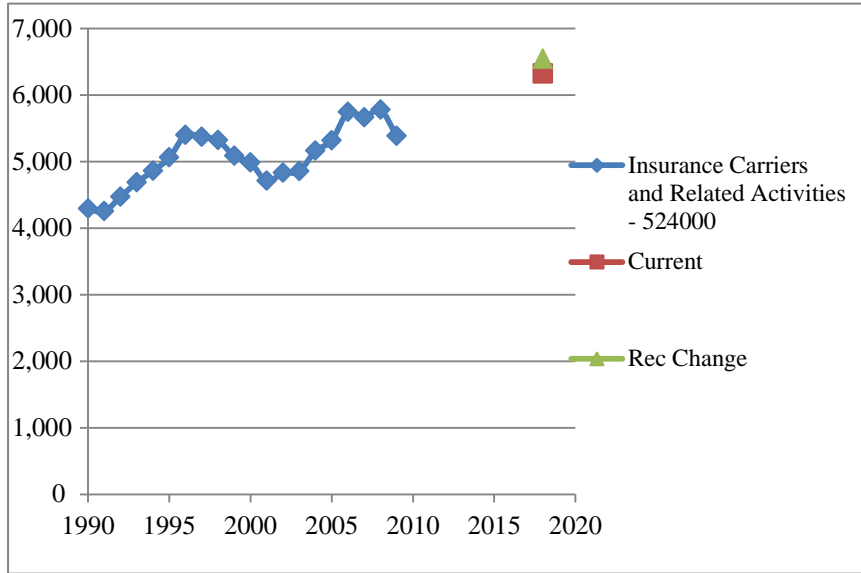
325—Chemical Manufacturing—As in other parts of the state, the recent economic downturn has led firms in this industry to seek out more efficient operations resulting in decreases in employment. However, that recent change does not appear to have depressed employment significantly below the long-term trend. Given driver firm input about the long-term employment outlook in the industry, we recommend no change to the overall forecast at this time. However, based on driver firm input, we recommend **increasing replacement rates** for this industry to account for increasing rates of retirement in the coming years.

483—Water Transportation—Employment in the water transportation industry dropped quite a bit in 2009 in this region. However, driver firm input suggests a return to solid growth and confirms that the current forecast is reasonable. Therefore, we recommend **no change**.

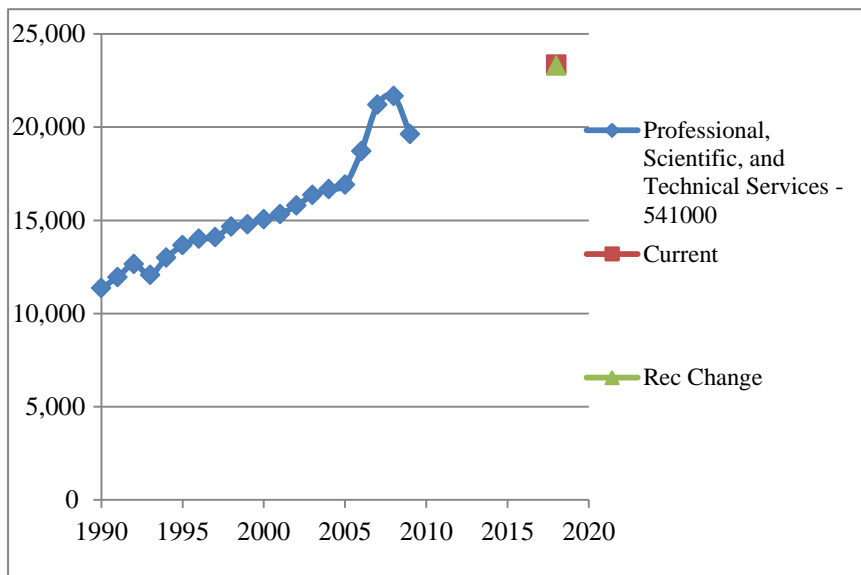
522—Credit Intermediation and Related Activities—Chase Bank announced this past year that it would close some back-office account maintenance operations in Baton Rouge. The change will result in the loss of 247 jobs for the industry. To account for this change, we recommend lowering the current forecast to **8,214**.



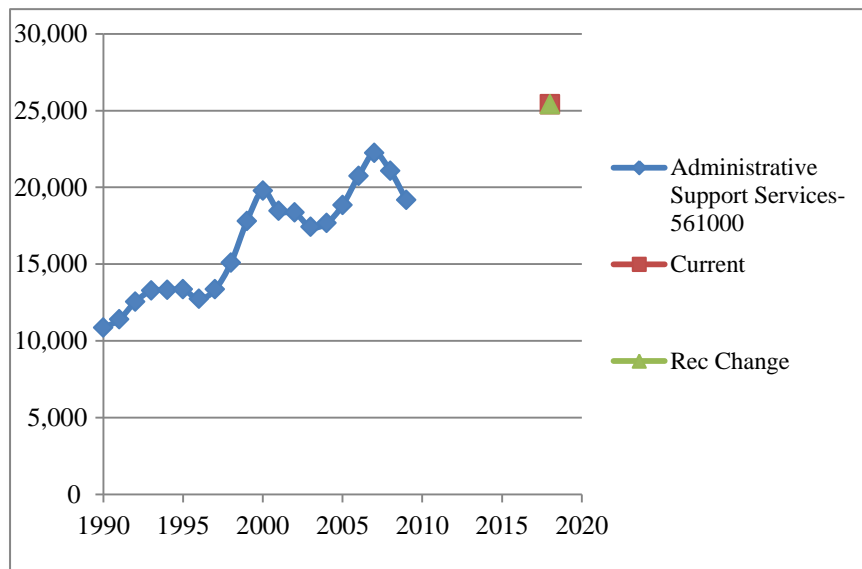
524—Insurance Carriers and Related Activities—Blue Cross of Louisiana secured the contract to administer the Louisiana Office of Group Benefits HMO, which will require adding approximately 200 additional employees. While Humana does have a presence in the state, it is understood that the employees who had administered the Humana HMO previously were out-of-state. Thus, we recommend an increase in the current forecast to **6,540**.



541—Professional, Scientific, and Technical Services—IEM announced that it would move its headquarters operations to Research Triangle Park in North Carolina. The change led to a loss of approximately 50 jobs for the region. To account for this change, we recommend decreasing the current forecast to **23,300**.



561—Administrative and Support Services—Employment in this sector decreased notably in 2009 as the effects of the national recession began to take hold in Louisiana. However, driver firm input suggests that the future outlook remains strong and employment should rebound quickly. In addition, Wells Fargo announced it would close its call center at the cost of 72 jobs. To account for this information, we recommend decreasing the forecast to **25,389**.



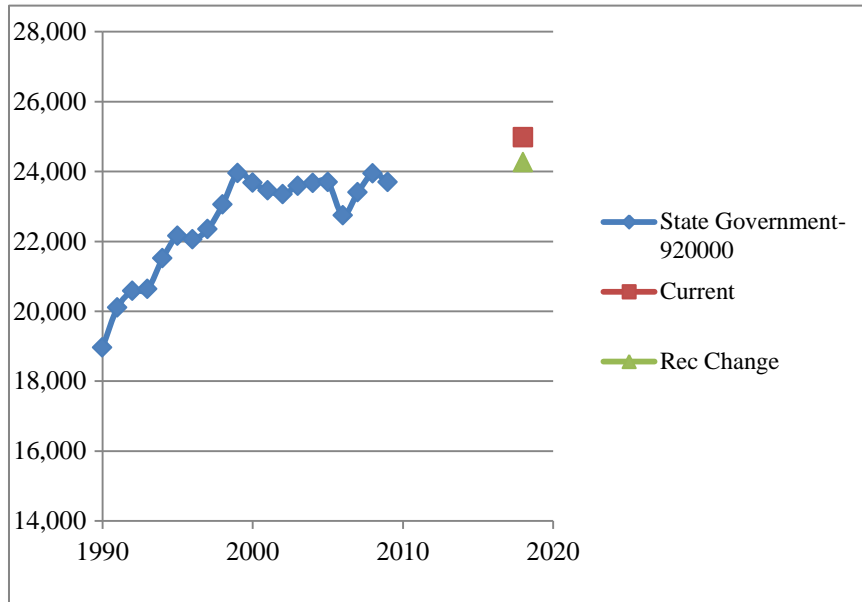
621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

622—Hospitals—Conversations with Louisiana driver firms in this region indicated that employment has suffered over the past year for a few reasons: demand fell for elective surgeries due to weak economic conditions, Medicaid reimbursements were cut leading hospitals to seek out new efficiencies, and bad debts rose also leading hospitals to decrease expenses. However, employment in this sector will return to a pattern of long term growth due to demographic trends and a growing underlying level of demand for care. Driver firm input in this region was split on the likely net effect of health care reform on employment, which is consistent with our recommendation of no change to the overall employment levels in this industry. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers will be needed.

713—Amusements, Gambling, and Recreation—Employment in this sector declined in 2009, but preliminary 2010 data shows a return to growth. Pinnacle has expanded the scope of its Baton Rouge casino to \$357 million including doubling the size of the hotel from 100 to over 200. The casino is estimated to hire 1000 new employees though some of that employment may be classified in Accommodations. In addition, it is likely that this casino will draw some business from other area casinos resulting in losses elsewhere in the industry. Much of this was incorporated into the current forecast during the previous review. Driver firm input from this year noted concern about the possibility of a smoking ban being implemented in casinos, which would dampen activity and consequently employment. Despite the potential for additional gains at Pinnacle due to announcements this past year, employment losses in 2009 and the partially offsetting effect of reducing employment elsewhere, the current forecast allows for a considerable amount of growth and **no change** is needed at this time.

721—Accommodation—Employment in this industry showed a modest decline in 2009, however there are several developments that support a return to solid growth. Pinnacle has expanded the scope of its Baton Rouge casino including doubling the size of the hotel from 100 beds to approximately 200 beds. The casino is estimated to hire 1000 new employees, some of which may be classified in this sector. Several other new hotels have come online or are in the planning stages including Hotel Indigo and the conversion of a partially developed dormitory previously owned by Jimmy Swaggart into a Marriott Hotel. However, the current forecast reflects expectations for solid growth and these new additions fit well in that trend. At this time, **no change** is needed.

920—State Government—Due to tightening budgets, employment in this sector dropped in 2009 and likely dropped by even more in 2010. The current budget deficit is large enough to be measured in billions and the fiscal outlook suggests no immediate relief. Given those past and anticipated declines, it is unlikely that employment will reach the current projected level. Therefore, we recommend a downward revision to **24,264**.



RLMA 3—Houma

333—Machinery Manufacturing—A significant share of activity in this sector is associated with the oil and gas operations, not only statewide, but supplying parts on an international scale in some cases. Driver firm input noted that onshore activity remains solid and the long-term demand for their goods should remain intact on a global basis. While the interruption of activity in the Gulf of Mexico could have a long term impact on this sector, it is too early to determine the likelihood or magnitude of that impact. Input from another driver firm noted negative impacts driven by the dip in the housing industry. However, as the market new construction in housing recovers, employment should return to long-term trends and exhibit solid growth relative to current levels of employment. Given all of this input, the current forecast seems reasonable and we recommend **no change**.

621—Ambulatory and Healthcare Services—Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

622—Hospitals—Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

RLMA 4—Lafayette

213—Support Activities for Mining—Driver firm input in this sector was mixed. One driver firm in this industry indicated that they were expecting a big ramp-up prior to the BP oil spill, which now will not happen. A second firm indicated that there should be a big upswing in activity if drilling can get going again, given current prices for oil. However, a third driver firm expects their operations to be low for years to come. Given the great deal of uncertainty about the lasting effects of the BP oil spill by 2018, we recommend **no change** at this time.

333—Machinery Manufacturing—Input from Louisiana driver firms was mixed in this sector. On the one hand, new restrictions on drilling are expected to stifle the industry and reduce business opportunities. However, a considerable amount of work in support of shale gas could offset some of those losses through 2018. Therefore, we recommend **no change**.

621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

622—Hospitals— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed. Driver firm input confirms the reasonableness of both of these general assessments: that the impact of health care reform on overall employment is ambiguous and that changes to the staffing patterns are needed.

711—Performing Arts and Spectator Sports—Activities in this sector are largely dependent on national tours, which have declined due to the recession. Employment in 2009 showed a modest decline, but preliminary data for 2010 suggests that employment may have already started to rebound in this sector. Driver firm input highlights that the number of touring concerts and other live entertainment will increase as the national economy recovers. In addition, the region should be relatively more competitive in attracting those tours due to a major capital improvement to the Cajundome. However, due to the industry-wide declines of 2009, optimism about future employment gains does not warrant a revision of the forecast at this time. Therefore, we recommend **no change**.

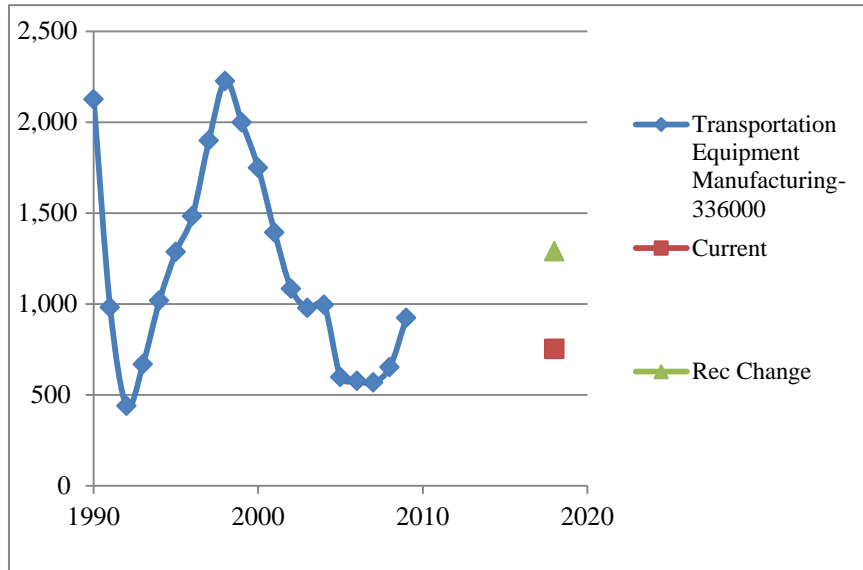
RLMA 5—Lake Charles

237—Heavy and Civil Engineering Construction—Employment in this sector continued the trend of recent years with declines in 2009 as was as in 2010 according to preliminary data. Input from driver firms highlighted a \$2.3 billion project on the horizon that will provide a welcome boost in this sector. However, current or pending construction projects should all be completed before the end of the forecast period and employment is expected to return to long-term trends. Therefore, we recommend **no change** at this time.

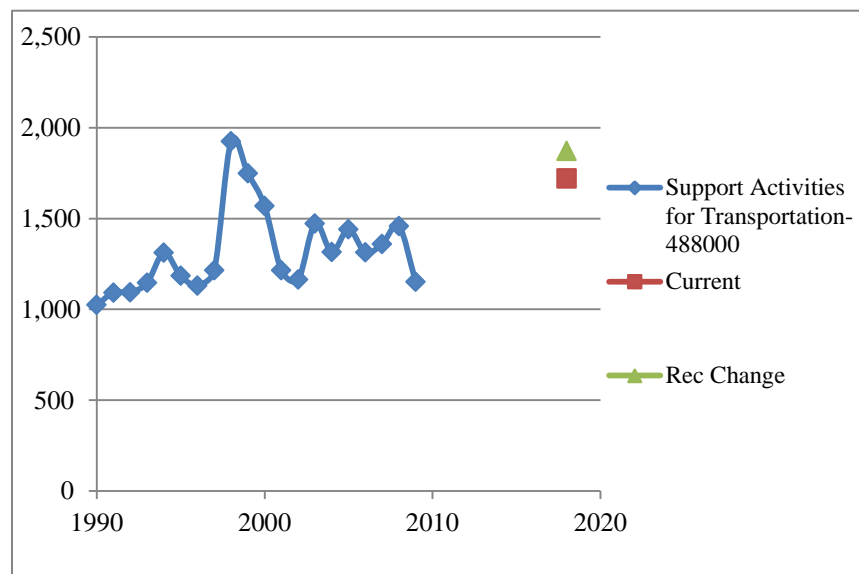
238—Specialty Trade Contractors—At the time of the previous forecast review, 2008 data provided the first decline in six years of steady growth. Now, with 2009 data now available, it is clear that the drop was the beginning of a new trend as companies deferred maintenance and capital investments during as the recession took hold. Input from driver firms highlighted a multi-billion dollar construction project on the horizon, which will provide some relief and possibly contribute to a return to growth. Given this input and the relatively long duration of the forecast horizon, we have no reason to doubt that employment will return to long-term trends by 2018. Therefore, we recommend **no change** at this time.

325—Chemical Manufacturing—Driver firm input noted that the recent recession created additional downward pressure on employment as businesses seek out new efficiencies over time. However, those trends are sufficiently accounted for in the current forecast so **no change** is necessary.

336—Transportation Equipment Manufacturing—Employment in this sector posted solid gains in 2009 and will likely continue to grow given the KC-10 contract that Northrop Grumman was awarded which will add 200-300 more jobs relative to those 2009 numbers, which are the most recent annual figures available. In addition, Northrop Grumman is shifting capacity from out of state to the Lake Charles facility. With that, could add significant additional jobs. Given these developments, we recommend increasing the forecast for this industry to **1,289**.



488—Support Activities for Transportation—A key employer in this area is Aeroframe, which provides maintenance, repair and overhaul services for commercial aircraft. Employment in this sector fell precipitously in 2009 as businesses deferred maintenance on their aircraft to lower costs during the recession. However, preliminary data and driver firm input both suggest that employment began to rebound in 2010 as maintenance that had been deferred is now being undertaken. Aeroframe also recently announced that their operation at Chennault has been selected to handle maintenance for some US Airways aircraft bringing 150 net new jobs to the facility. To accommodate the anticipated growth by Aeroframe and other tenants, Chennault air park is now working on plans to build additional infrastructure to increase capacity. Given this input, we recommend an upward revision of the forecast to **1,871**.



621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

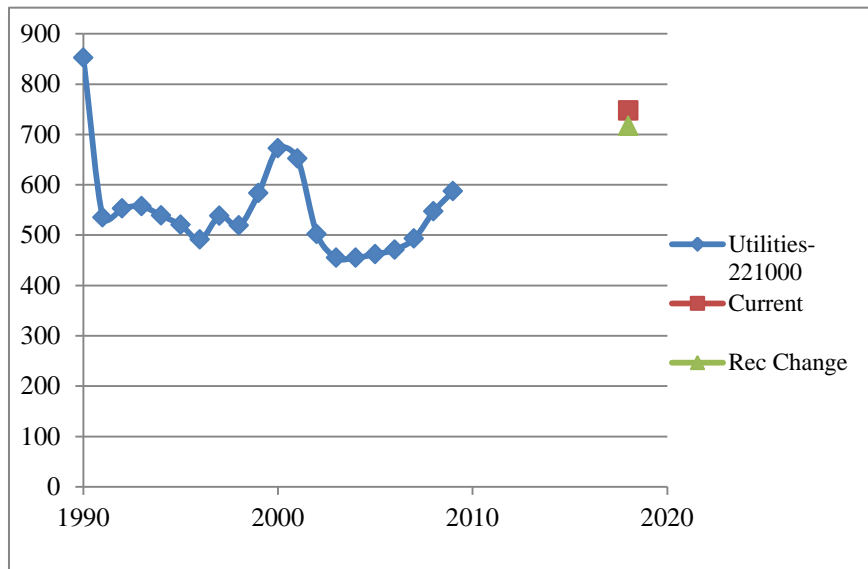
622—Hospitals—Driver firms in this region highlighted the downward pressure that health reform will put on employment through reduced Medicare reimbursements. However, the driver firm input also noted that informational requirements due to health reform and the implementation of electronic medical records will increase demand for labor. Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

713—Amusements, Gambling, and Recreation—In last year’s review, we recommended increases to account for the seemingly likely development of the Sugarcane Bay Casino. However, since then it has been announced that the casino will not be built and instead, Pinnacle will open a casino in Baton Rouge. Aside from this one casino, the industry has experienced some notable fluctuations. In 2009, employment dropped as the economy soured. However, as the economy recovers and disposable incomes rise, some growth should be expected. Moreover, it was recently announced that the state chose a \$400 million proposal for the state’s 15th and last available riverboat licenses. This project, called Mojito Pointe, is even larger than the scrapped \$305 million Sugarcane Bay Casino. In addition, driver firm impact noted concern about the possibility of smoking ban in casinos as well as concern about the potentially devastating impact on this industry if Texas legalizes casinos, though current political landscape suggests that the chances of it happening in the near term are slim. Because of the possibility of the new casino replacing the scrapped Sugarcane Bay casino, which had only added a modest amount due to expected crowd-out, we recommend **no change** at this point.

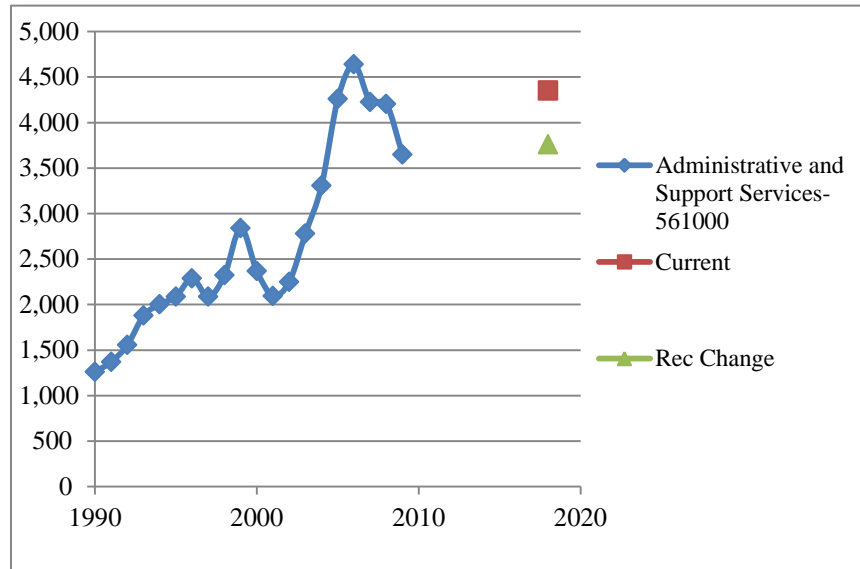
721—Accommodations—In the previous year’s review, the forecast was revised upward to account for the possibility of hotel employment at the Sugarcane Bay Casino. While those plans have been scrapped, a new larger casino, Mojito Pointe, has been awarded a license. Therefore, **no change** is needed at this time.

RLMA 6—Alexandria

221—Utilities—Did see two big bumps in headcount in recent years: one due to compliance-related hiring to adjust to new environmental regulations and a second due to the completion of Rodemacher, now called Madison unit 3. However, overall economic conditions have put downward pressure on demand for energy leading to lower profit margins and decreases in employment. As the economy improves, employment will rebound and then return to the long-term growth rates, but will likely be lower than anticipated in the current 2018 forecast. Therefore, we recommend a modest decline to **717**.



561—Administrative and Support Services—Employment in this sector declined dramatically in 2009. StarTek recently announced it had lost its only client for the Alexandria call center and would lay off all 330 call center employees though efforts continue to find another customer in order to continue operations. However, National Electronic Warranty Customer Services, Inc. (NEW) announced that they would be hiring 200 home-based customer care representatives in the region. The net effect is that the current forecast looks too optimistic and we recommend a downward revision to **3,762**.

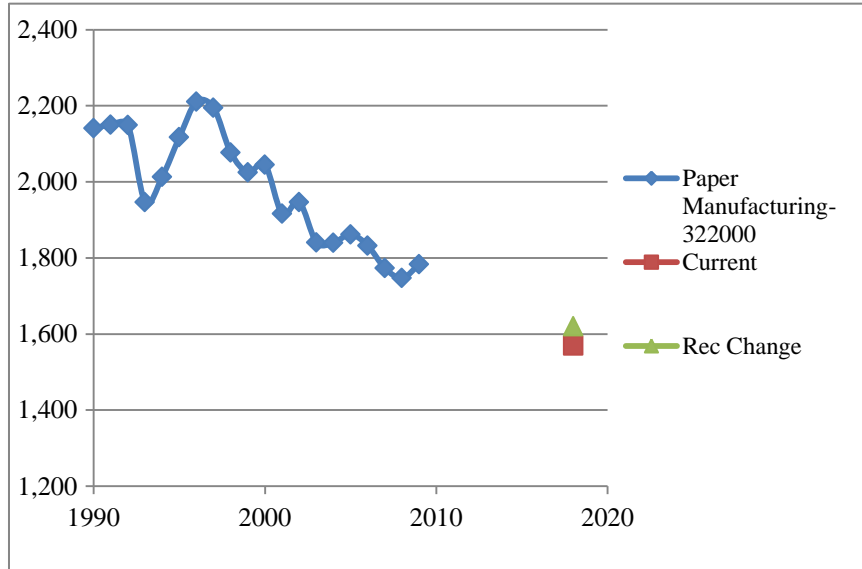


621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

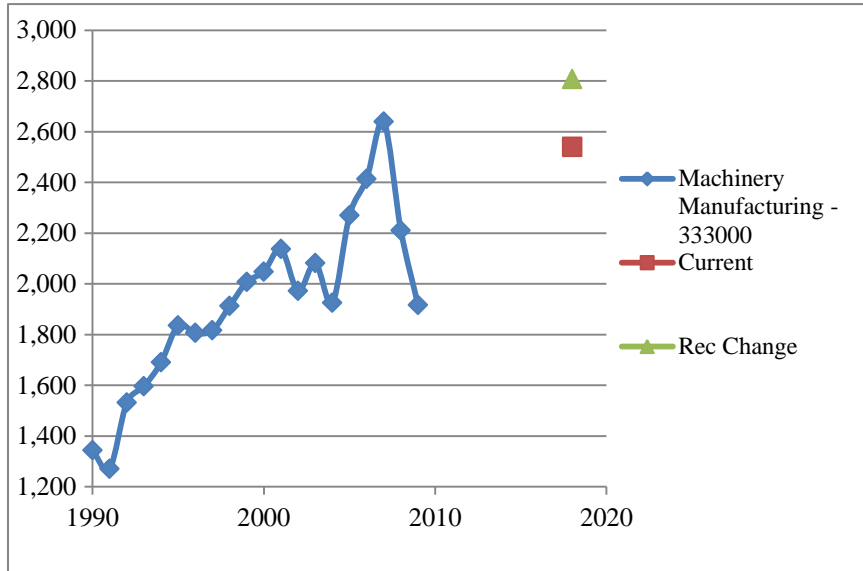
622—Hospitals— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

RLMA 7—Shreveport

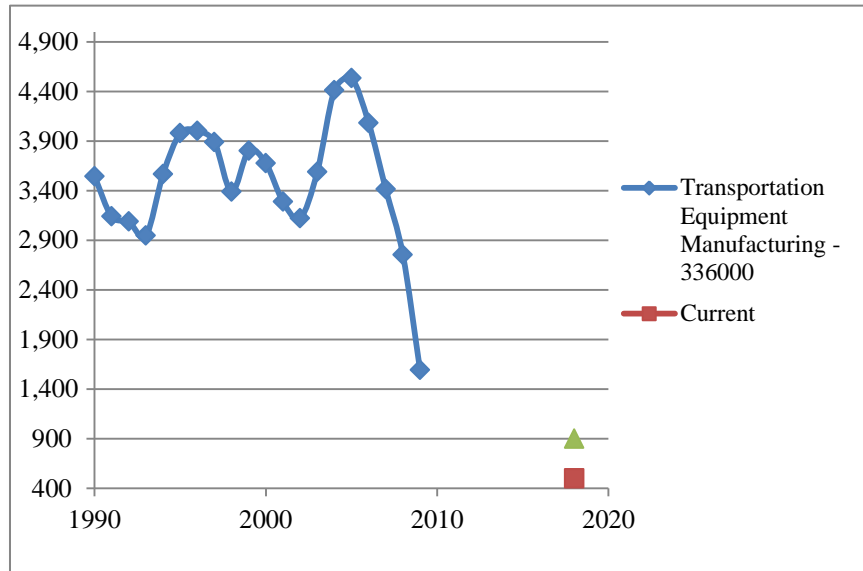
322—Paper Manufacturing—While this industry has shown a historical trend of employment declines as operating efficiency has improved, a new paper recycling facility opened in 2009, which added approximately 120 jobs in the region. While the overall forecast reflects the long-term trends, we recommend a slight upward revision bringing forecasted 2018 employment up to **1,620** to account for this new facility.



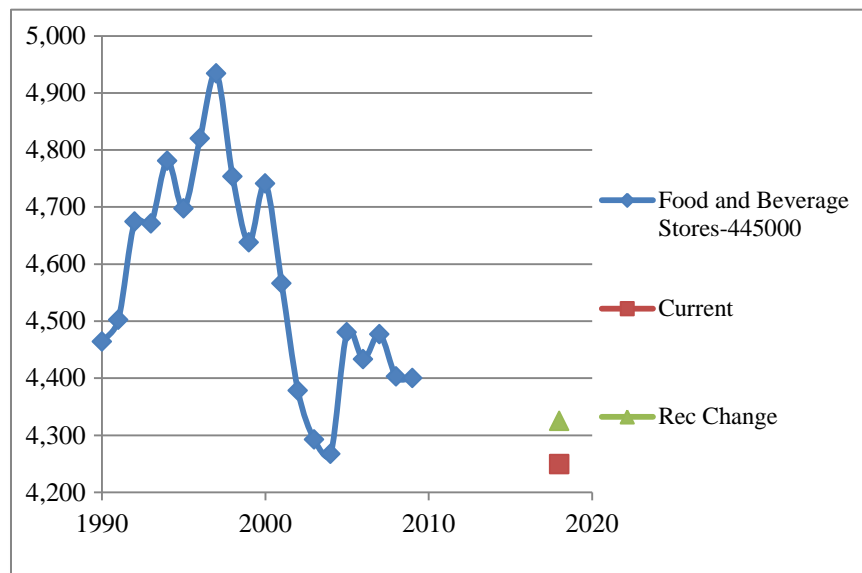
333—Machinery Manufacturing—Australian extraction and processing parts manufacturer CQMS Razer acquired Louisiana’s Hendrix Manufacturing this past year. In addition to the 84 Hendrix jobs that will be retained, CQMS committed to add 232 direct jobs at the manufacturing facility. To account for this economic development, we recommend increasing the current forecast to **2,807**.



336—Transportation Equipment Manufacturing—Due to the anticipated closure of the GM Manufacturing facility, we recommended a significant downward revision in this sector last year. However, boat manufacturer Caddo Manufacturing recently announced an agreement with Epic Boats and Epic Electric Vehicles to build 600 combustion boats and 400 electric boats as well as two new electric recreation vehicles. The new agreement will add nearly 500 jobs to the region in this sector. To account for this economic development, we recommend revising the current forecast upward to **900**.



445—Food and Beverage Stores—The long-term trend of consumers shifting grocery purchases to general merchandise retailers like Wal-Mart has led to notable declines over the last 15 years. Compounding that trend, technology and efficiency improvements offer ways for retailers to operate stores with fewer staff. Driver firm input notes that this trend will continue. However, driver firm input also suggests that stores in this industry have expanded offerings of prepared foods to capitalize on their competitive advantage. Driver firm input suggests reason for optimism that stores in this industry may curb the trend of purchases moving to general merchandise retailers. To account for this new information, we recommend an upward revision of the forecast to **4,325**.



621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

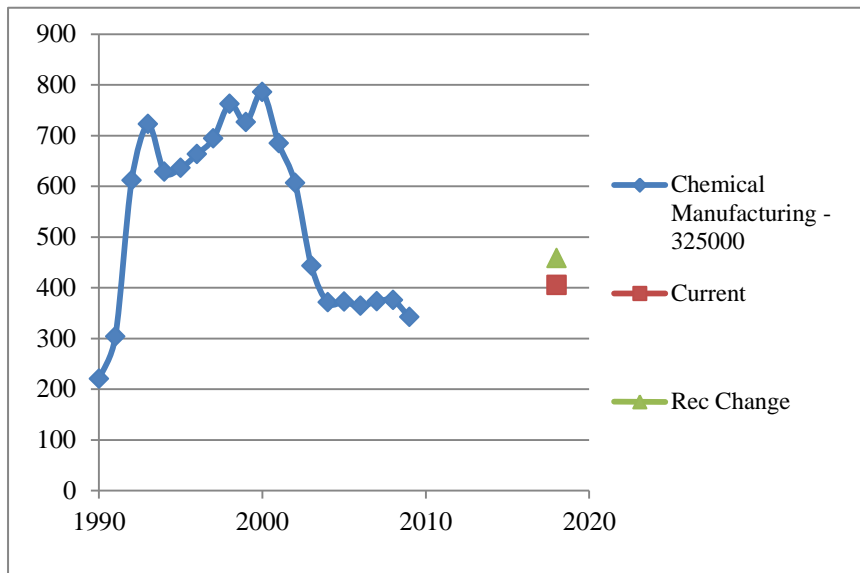
622—Hospitals— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

713—Amusements, Gambling, and Recreation—Driver firm impact noted concern about the possibility of a smoking ban in casinos as well as concern about the potentially devastating impact on this industry if Texas legalizes casinos, though current political landscape suggests that the chances of it happening in the near term are slim. At this, **no change** is needed to the forecast.

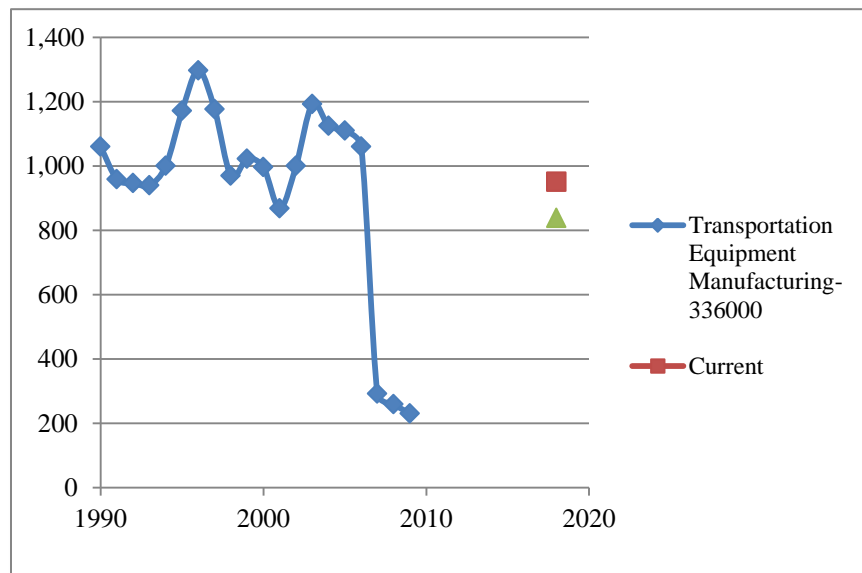
RLMA 8—Monroe

322—Paper Manufacturing—Employment in this industry dropped precipitously in 2009. However, as the economy recovers, so should the industry. Driver firm input noted that containerboard manufacturing is the healthiest part of the wood products industry and is expected to grow from an output perspective. However, because operations tend to become more efficient over time, the current forecast of relatively flat employment seems reasonable. Therefore, **no change** is needed at this time.

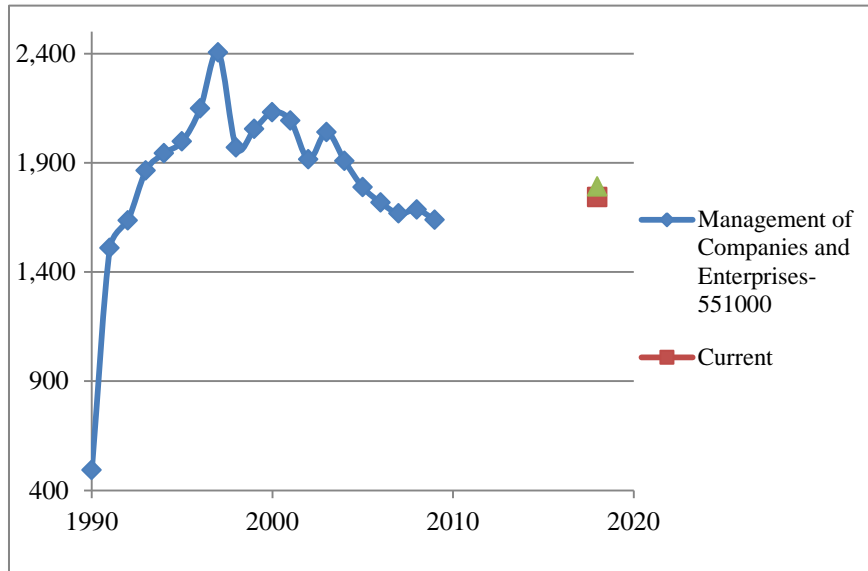
325—Chemical Manufacturing—This past year, Myriant Technologies announced they would build the world’s biggest bio-based succinic acid plant at the Port of Lake Providence. The project will create 49 new direct jobs. To account for the change, we recommend increasing the forecast to **458**.



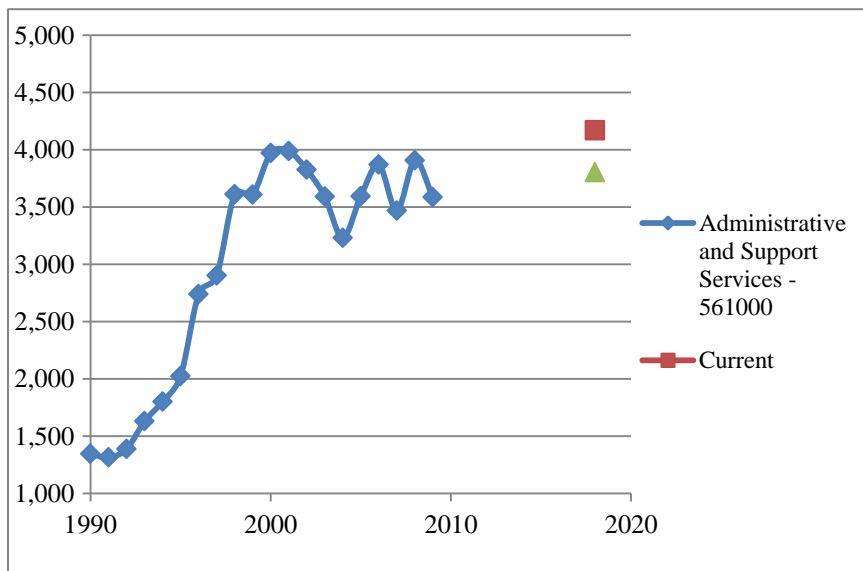
336—Transportation Equipment Manufacturing—During our previous review, we recommended an increase in employment for this industry to 1,159 to account for a reasonable likelihood that the V-Vehicle plant would indeed establish operations in the region. Over the last year, the likelihood of V-Vehicle successfully opening a manufacturing facility in the region has fallen. In March 2010, the US Department of Energy denied V-Vehicle’s loan application, which was to be a major source of funding to renovate the facility and begin operations. Since then, the company, now called Next Autoworks, has reapplied for a loan guarantee under the Advanced Technology Vehicle Manufacturing Program, but the status of the project remains unclear. Therefore, we recommend a reduction in our recommended forecast to **838** to account for this increased uncertainty.



551—Management of Companies and Enterprises—CenturyLink has been growing and is currently acquiring telecommunications giant Qwest. With that, employment should increase at the Monroe headquarters, which the company committed to keeping in Monroe for the next 10 years. Other job commitments that CenturyLink has made were incorporated in last year’s review of the forecast. Given this new development, we recommend an increase for the forecast to **1,790**.



561—Administrative and Support Services—Just last year, we announced a new call center in the area and recommended an increase to the preliminary forecast. Since then, Monroe-based telemarketing firm Accent Marketing announced it would lay off 342 employees leading us to recommend a decrease to the forecast to **3,803**.



621—Ambulatory and Healthcare Services— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.

622—Hospitals— Given the ambiguous effect of the competing upward and downward pressure on employment created by federal health reform, we recommend no change the overall industry forecast at this time. However, we do recommend a **change to the staffing pattern** to account for some of the more likely changes to the mix of workers that will be needed.