PRELIMINARY LOUISIANA 2018 EMPLOYMENT INDUSTRY FORECAST

December 15, 2009
EXECUTIVE SUMMARY

This document summarizes the suggested revisions to the preliminary statistical forecasts and the recommended adjusted employment forecasts for 2008-2018. With regard to the adjusted forecasts, key observations were:

- The current forecast (with recommended adjustments) implies annual job growth of 0.8% in Louisiana from 2008 to 2018.
  - This compares to average annual job growth of 1.1% over the 1994-2004 period, the last ten years prior to Hurricanes Katrina.
  - As another comparison, US forecasts for 2008-2018 project average annual growth to be 1.0%.

- This translates into 158,176 total net new jobs between 2008 and 2018 in the NAICS codes covered in this report. These estimates exclude self-employed individuals and unpaid family members.

- The regions projected to grow most rapidly are Houma, Lafayette, and Baton Rouge with annual growth of 1.3%, 0.9%, and 0.8%, respectively.

- The regions projected to grow most slowly are New Orleans and Alexandria with annual growth of 0.3% and 0.6%, respectively.

- The industry sectors projected to grow the most are Health Care and Social Assistance; Accommodation and Food Services; and Professional, Scientific, and Technical Services with annual growth of 2.0%, 1.6%, and 1.3%, respectively.

- Several industry sectors have projected declines in employment. The biggest percent decrease is Agriculture, Forestry, Fishing and Hunting with negative growth of -2.0%. The Utilities industry sector is projected to have the second largest percentage decrease in employment with a forecast of -0.3%.
This document summarizes the suggested revisions to preliminary statistical forecasts and the recommended adjusted employment forecasts for 2008-2018. Statewide, Louisiana employment is forecast to grow between 2008 and 2018 at an annual rate of 0.8%. This represents a slight overall upward adjustment of the preliminary statistical forecasts, which implied annual growth of approximately 0.6%. By comparison, the recently released national projections forecast 1.0% growth for the United States as a whole.

As another reference, the recommended level of growth is still lower than growth from 1990-2004 or 1994-2004, which exhibited average annual growth of approximately 1.5% and 1.1%, respectively. The changing demographic mix of the state explains much of this trend as there are fewer young workers entering the labor force relative to the aging baby boomer population that will exit the labor force. It is also important to note that this represents a significant reduction from the higher projected growth for 2006-2016. Not surprisingly, 2007 and 2008 employment growth exceeded long-run averages as some of those leaving after the 2005 storm season returned to the state. Recent data for 2009 suggests that this return has slowed to a trickle and our projections do not include any substantial return migration component.

This document begins with a short section on methodology, then turns to a summary of results by region and industry. A short discussion follows. The attached appendix contains detailed discussion of the review for most major industry/region combinations.
I. Methodology

The basic approach for the 2008-2018 occupational forecasts is to first forecast employment for up to 94 industries at the 3-digit NAICS level for both the state and its eight regional labor market areas. These forecasts will later be converted to occupational forecasts based on anticipated staffing patterns.

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 were made recommended for 223 of the 846 forecasts.

1. Preliminary Statistical Models

The MicroMatrix software package software provides a flexible framework and can incorporate historical employment data as well as national projections and historical economic data for the nation and state. Options available for forecasting employment using the MicroMatrix include linear, quadratic, and exponential trends based on historical data as well as models that assume employment in an industry grows in some relation to national, state, or total regional employment. While such models offer
considerable flexibility in developing a statistical forecast, there are several important reasons to augment those forecasts with additional information about future employment in the state.

For Louisiana, historical employment data exhibits dramatic fluctuations as a result of the 2005 hurricane season and ensuing rebuilding effort. While a clearer picture is beginning to emerge of what exactly will be the long-term consequences of that economic turmoil, the presence of such drastic employment swings presents a difficult challenge for standard statistical models.

In addition, significant information relevant to the forecast period can always be obtained from a variety of sources. That information includes large-scale economic development projects for which separate estimates have been developed of the impact of those projects on employment. In addition, firms and industry groups are perhaps the best informed parties about the near-term economic outlook of employment in Louisiana. Incorporating that information provides valuable information that cannot be captured by statistical models alone and improves the accuracy of employment forecasts.

2. 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 large firms also have a significant economic impact. Therefore, the list of “driver firms” includes a total of 153 firms. Additional detail regarding these firms is provided in Table 1.
Table 1: Driver Firms

<table>
<thead>
<tr>
<th></th>
<th>Louisiana Driver Firms</th>
<th>Driver Firms Included in Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>153</td>
<td>143</td>
</tr>
<tr>
<td>Direct Employment</td>
<td>157,291</td>
<td>149,945</td>
</tr>
<tr>
<td>Total LA Jobs Created</td>
<td>468,326</td>
<td>440,000</td>
</tr>
<tr>
<td>Direct Wages</td>
<td>$2.4 billion</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Total LA Sales Created</td>
<td>$36.6 billion</td>
<td>$35.2 billion</td>
</tr>
</tbody>
</table>

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. Approximately eight percent of Louisiana workers are employed by one of these firms. More broadly, these firms create an estimated total 468,326 jobs through direct employment and indirect economic impact. Total payroll of these firms is $2.4 billion with annual sales estimated to be $36.6 billion.

After attempting to contact all driver firms, information was obtained for 143 of the firms. 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.

An example of using well-publicized projects to recommend a revision is the Food Manufacturing sector in the Monroe RLMA. This sector’s employment had been declining since 2004. The area took a huge blow when the Pilgrim’s Pride facility closed and the statistical model continued the trend of declining employment. But, a major economic development project is reopening the Pilgrim’s Pride facility under the Foster Farms name. In addition, ConAgra is opening a new sweet potato processing plant in
Richland Parish that will hire 275 jobs initially, with a goal of achieving 500 by 2015. 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, Monroe**

![Graph showing industry adjustment](image)

3. Recheck Model Trends

A second major area of concern is the ability of the statistical models to handle the dramatic fluctuations in employment related to the 2005 hurricane season. In particular, the New Orleans area (RLMA 1) saw significant declines due to population loss in the wake of the storm. That drop, however, was followed by a significant amount of rebuilding, which created unsustainable growth for a brief period of time. An illustration of a statistical model that is unduly influenced by these fluctuations is employment in Hospitals in New Orleans. The statistical model has difficulty addressing the one-time effect of Katrina. With an aging population and a new VA hospital
expected to hire 1,200 new workers, further declines seem unnecessarily pessimistic.
Therefore, a recommendation was made to increase this employment projection.

Figure 2: Sample Industry Adjustment for Katrina Effect, New Orleans
II. Overall Results

Overall employment is forecast to grow between 2008 and 2018 at an annual rate of 0.8%. This is slower than the previous projection as the Katrina/Rita recovery period ends. The recommended changes result in a slight upward adjustment of the preliminary statistical forecasts, which implied annual growth of approximately 0.6%. It is important to note that the higher recommended level of growth is still lower than growth from 1990-2004 or 1994-2004, which exhibited average annual growth of approximately 1.5% and 1.1%, respectively. The changing demographic mix of the state explains much of this trend as there are fewer young workers entering the labor force relative to the aging baby boomer population that will exit the labor force.

<table>
<thead>
<tr>
<th>RLMA</th>
<th>Preliminary Forecast</th>
<th>Recommended Adjusted Forecast</th>
<th>Historical Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: New Orleans</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.7% 0.6% -1.5%</td>
</tr>
<tr>
<td>2: Baton Rouge</td>
<td>0.8%</td>
<td>1.1%</td>
<td>2.1% 1.5% 1.5%</td>
</tr>
<tr>
<td>3: Houma</td>
<td>1.3%</td>
<td>1.5%</td>
<td>2.5% 2.6% 2.0%</td>
</tr>
<tr>
<td>4: Lafayette</td>
<td>0.9%</td>
<td>1.2%</td>
<td>1.7% 1.3% 1.0%</td>
</tr>
<tr>
<td>5: Lake Charles</td>
<td>0.3%</td>
<td>0.7%</td>
<td>1.7% 1.3% 0.5%</td>
</tr>
<tr>
<td>6: Alexandria</td>
<td>0.6%</td>
<td>0.6%</td>
<td>1.9% 1.2% 1.2%</td>
</tr>
<tr>
<td>7: Shreveport</td>
<td>0.5%</td>
<td>0.7%</td>
<td>1.6% 1.0% 0.8%</td>
</tr>
<tr>
<td>8: Monroe</td>
<td>0.6%</td>
<td>0.9%</td>
<td>1.8% 0.9% 0.0%</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td><strong>0.6%</strong></td>
<td><strong>0.8%</strong></td>
<td><strong>1.5% 1.1% 0.3%</strong></td>
</tr>
</tbody>
</table>

The preliminary statistical forecasts for the New Orleans regional labor market area predict an end to the Katrina recovery period with employment growth slowing to slightly below pre-Katrina levels. The review did lead to an upward revision in cases where the statistical model was generating unnecessarily pessimistic forecasts due to the
influence of the hurricane years in the data. However, the overall upward adjustment was low due to the small number of announcements of significant new employment opportunities in this RLMA relative to its employment base.

Major new projects including SNF, Shintech and continued strength at Shaw have led to upward revisions for the Baton Rouge RLMA. In addition, there is a significant recommended increase in the Chemical Manufacturing industry due to the undue influence caused by the one-off effect of closing ammonia fertilizer plants in the statistical models.

The Houma RLMA is highly dependent on the Oil and Gas and related industries. There are at least two factors favoring solid growth in the extraction and related sectors. One is expected higher oil prices, which at this writing are already at $80 a barrel. Secondly is the discovery of the Lower Tertiary Trend in the deep waters of the Gulf of Mexico—a field thought to be bigger than the Prudhoe Bay Discovery. It should be noted that the dependence of this region’s economy on the Oil and Natural Gas industry adds considerable uncertainty to the forecast. This is due to uncertainty in the price of oil and gas as well as the possible impact of proposed Federal taxes on the industry.

The Lafayette RLMA is also highly dependent on Oil and Natural Gas and related industries. The outlook in that industry favors strong growth. In addition, recommendations were made to increase the forecast for several industries where the statistical model placed too much emphasis on old data and too little emphasis on recent growth trends.

The Lake Charles RLMA received the biggest upward adjustment, attributable primarily to the Sugarcane Bay casino and Global Modular Systems.
The recommended adjustments to the Alexandria RLMA resulted in essentially no change to the overall employment forecast. Increases from projects such as a new plywood mill, operations at Cleco’s Rodemacher power plant, and new anti-terrorist training group at Fort Polk are offset by decreases elsewhere, especially in the construction sector as Rodemacher construction project draws to a close.

Increases in the Shreveport RLMA reflect a large expansion in employment attributable to the development of the Haynesville shale as well as expansions at Barksdale AFB.

The Monroe RLMA benefitted from several recent economic development projects including V-Vehicle, Foster Farms and the ConAgra sweet potato processing plant.
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<tbody>
<tr>
<td>11: Agriculture, Forestry, Fishing and Hunting</td>
<td>-2.1%</td>
<td>-2.0%</td>
<td>-</td>
<td>-1.7%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>21: Mining, Quarrying, and Oil and Gas Extraction</td>
<td>0.1%</td>
<td>0.7%</td>
<td>-1.3%</td>
<td>-0.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>22: Utilities</td>
<td>-1.0%</td>
<td>-0.3%</td>
<td>-2.5%</td>
<td>-2.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>23: Construction</td>
<td>0.4%</td>
<td>-0.2%</td>
<td>1.5%</td>
<td>1.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>31-33: Other Manufacturing</td>
<td>-0.2%</td>
<td>-0.2%</td>
<td>-1.1%</td>
<td>-1.5%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>324: Petroleum and Coal Products Manufacturing</td>
<td>-0.6%</td>
<td>-0.2%</td>
<td>-0.2%</td>
<td>-1.8%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>325: Chemical Manufacturing</td>
<td>-1.7%</td>
<td>0.1%</td>
<td>-1.3%</td>
<td>-2.1%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>42: Wholesale Trade</td>
<td>0.4%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>44-45: Retail Trade</td>
<td>-0.1%</td>
<td>0.4%</td>
<td>0.8%</td>
<td>0.5%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>48-49: Transportation and Warehousing</td>
<td>0.6%</td>
<td>0.7%</td>
<td>1.5%</td>
<td>1.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>51: Information</td>
<td>0.7%</td>
<td>0.5%</td>
<td>0.8%</td>
<td>2.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>52: Finance and Insurance</td>
<td>0.6%</td>
<td>0.7%</td>
<td>0.6%</td>
<td>1.6%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>53: Real Estate and Rental and Leasing</td>
<td>0.9%</td>
<td>0.7%</td>
<td>1.8%</td>
<td>2.1%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>54: Professional, Scientific, and Technical Services</td>
<td>1.6%</td>
<td>1.3%</td>
<td>2.6%</td>
<td>2.7%</td>
<td>2.8%</td>
</tr>
<tr>
<td>55: Management of Companies and Enterprises</td>
<td>-0.8%</td>
<td>0.3%</td>
<td>6.7%</td>
<td>0.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>56: Administrative and Support and Waste Management and Remediation Services</td>
<td>0.6%</td>
<td>0.8%</td>
<td>3.4%</td>
<td>2.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>61: Educational Services</td>
<td>0.9%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>1.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>62: Health Care and Social Assistance</td>
<td>1.7%</td>
<td>2.0%</td>
<td>3.0%</td>
<td>1.7%</td>
<td>1.4%</td>
</tr>
<tr>
<td>71: Arts, Entertainment, and Recreation</td>
<td>-0.7%</td>
<td>0.3%</td>
<td>5.2%</td>
<td>3.8%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>72: Accommodation and Food Services</td>
<td>0.7%</td>
<td>1.6%</td>
<td>3.1%</td>
<td>2.9%</td>
<td>1.1%</td>
</tr>
<tr>
<td>81: Other Services (except Public Administration)</td>
<td>0.9%</td>
<td>0.9%</td>
<td>1.6%</td>
<td>1.3%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>91: Federal Government</td>
<td>0.7%</td>
<td>1.3%</td>
<td>-4.0%</td>
<td>-1.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>92: State Government</td>
<td>0.3%</td>
<td>0.5%</td>
<td>1.2%</td>
<td>0.3%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>93: Local Government</td>
<td>0.4%</td>
<td>0.7%</td>
<td>2.0%</td>
<td>2.1%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>
Table 3 summarizes the implied annual growth rates for each industry sector. Those sectors with recommended changes greater than 0.1% are discussed below.

Increases in the Mining, Quarrying, and Oil and Gas Extraction sector are driven by expanded opportunities in the Haynesville shale gas field in the Shreveport RLMA. In addition, we recommend a significant increase in the Support Activities sector for the Lafayette RLMA based on recent trends and the current price of oil.

Overall employment in the Utilities industry sector is expected to be essentially flat over the forecast horizon. Future expansions will offset the increasing role of technology and automation as retiring workers are replaced by fewer new employees. Notable recommended increases relative to the statistical model are driven by Cleco's Rodemacher plant in Alexandria and a new SWEPCO plant in Shreveport.

Recommended changes in the Construction sector are driven by the expected effects of the expiring Go Zone program and the new Rodemacher facility. The statistical models tended to overweight observations during the construction boom in Baton Rouge created by Go Zone and a similar boom in Alexandria created by Cleco construction of the Rodemacher facility.

The recommended increase in the Petroleum and Coal Products Manufacturing sector is based on the expectation of further expansions at existing refineries because of the growing demand for gasoline and the fact that no new greenfield refineries have been built in the U.S. since the 1970s.

The recommended increase in the Chemical Manufacturing sector is due to a reduction in the weight on recent declines in employment by the statistical models for the Baton Rouge region. The historical data show a marked decline due to closures in
response to higher natural gas prices—especially closures of ammonia fertilizer plants. The preliminary statistical model extended that negative trend. However, there are essentially no ammonia plants left to idle and we also expect natural gas prices to remain rather low due to new supplies coming out of shale plays. Moreover, there are new projects on the horizon in this industry including an SNF plant.

Much of the overall recommended increase in the Wholesale Trade sector is attributable to the Durables Wholesale Trade industry in the Lafayette region. The statistical model puts undue weight on a brief period of decline in the early 2000s in regional employment and misses an overall trend of rising employment in this sector and strong growth in recent years. In addition, the Wholesale Electronics Markets Agents and Brokers industry in the New Orleans regions has a large recommended increase. Regional employment in this sector showed decline from 1990 to the early 2000s, but has shown an overall trend of growth since then. The statistical model is heavily influenced by the early years of decline and we believe the recent trend is more indicative of future employment.

Statistical models for several Retail Trade industries in the New Orleans RLMA overweight the one-time decrease in employment due to the 2005 hurricane season. In addition, we recommend increases to the Health and Personal Care Stores industry in most regions due to the anticipated effects of demographic trends with the aging of the baby boomers driving up demand in this sector.

The Information sector includes the Publishing industry, which faces downward pressure from the movement away from traditional news print toward electronically consumed news. We recommend a decrease in the New Orleans RLMA due to this
anticipated effect. In addition, after a long period of growth, employment in the Telecommunications industry has leveled out in recent years in the Baton Rouge and Lafayette RLMAs. The recommended changes represent level employment relative to the preliminary statistical forecast of solid growth.

While the industry-level forecasts include several recommended increases, our recommendations in the Real Estate and Rental and Leasing sector as a whole result in a total recommended decrease, which is attributable largely to a recommended decrease in the New Orleans RLMA Rental and Leasing Services industry relative to the statistical forecast of growth. That industry showed decreases in employment since 2000 both pre and post-storms and the statistical forecast of future growth places too much emphasis on earlier historical data.

The Professional, Scientific, and Technical Services industry sector has seen rapid growth nationally with accelerating growth in the late 2000s. Employment in Louisiana has followed a similar trend, but the statistical models for several regions extend the period of accelerated growth to forecast very strong growth moving forward. We agree that this will be a growth industry, but are less optimistic that employment will continue to grow at such a rapid rate.

More than a third of statewide employment in the Management of Companies and Enterprises industry sector is in the New Orleans RLMA. The preliminary statistical forecast of an overall decline statewide is driven largely by this region. Similarly, our recommendations, which lead to an overall growth rate of 0.3% per year during the forecast period, is driven largely by this region. The historical data show lower employment in the 2000s relative to a peak in 1998. But, declines have leveled off and
employment has been relatively stable since 2000. The statistical model extends this decline. Therefore, by recommending no growth, we recommend a large increase for the region relative to the statistical model.

Our recommended increase in the Administrative and Support and Waste Management and Remediation Services sector is driven by a large increase in the Houma RLMA for Administrative and Support Services. The historical data shows increasing growth in recent years, which is not captured by the statistical model. That pattern and the overall outlook for the Oil and Gas industry in the Houma RLMA imply stronger growth for services in this industry moving forward.

Following the national trend, statewide employment in the Health Care and Social Assistance sector has shown strong growth historically and the statistical model continues that trend. However, because of an ageing population, we anticipate that demand for services in this sector will increase more rapidly over the forecast horizon. Therefore, we recommend increases for Ambulatory Health Care Services in most regions and a large increase in the Hospitals sector for the New Orleans RLMA.

The recommended change statewide in the Arts, Entertainment, and Recreation industry sector is driven entirely by our recommended change for the New Orleans RLMA. Employment in this sector has been low in the last 10 years relative to the early 1990s. The statistical model extends this trend and predicts significant declines in employment for the region. Yet, employment has been relatively flat since 2000 and has shown significant resilience post-storms.

The Food services and Drinking Places industry has shown remarkable growth since 1990. As incomes rise, demand for services in this industry grows. We believe this
strong growth will continue and recommend increases in most regions relative to a statistical model showing only modest growth. In addition, the Accommodation and Food Services industry sector includes the Accommodation industry and captures increases due to the Sugarcane Bay casino in Lake Charles.

It should be noted that firms are reevaluated for classification into industries each year. In some cases, a large firm may change NAICS codes and this can affect results. This is particularly relevant to industries where one firm represents a significant fraction of overall employment. Such reclassifications do not affect the overall level of employment, but may appear to affect forecast accuracy as employment is grouped differently in future years.
Appendix
Details of Changes
Changes: RLMA 1 – New Orleans

This RLMA is the largest in the state in terms of employment. It has a significant petrochemical base, a large, diversified transportation equipment manufacturing base, major universities, and is a tourism hub. The latter is bolstered by the state’s only land-based casino and two other riverboat casinos. Forecasting in this RLMA will be seriously affected by the need to account for the aftereffects of Hurricanes Katrina and Rita. In particular, the Go-Zone legislation and levee rebuild created a serious spike in construction activity in the years immediately following the storms that is not likely to be sustained through 2018.

1. Oil and Gas Extraction. As in our last report, considerable uncertainty remains in forecasting employment in this sector. The uncertainty is caused by President Obama’s proposed $33+ billion in new taxes to be levied on the industry. Just proposing these taxes has sent a chill through the extraction industry in the U.S. (where the rig count has declined by 50%), in Louisiana (where the rig count has declined from the 190-range to the 130-range), and especially in this RLMA. Absent these new taxes, there are at least two factors favoring solid growth in the extraction and related sectors. One is expected higher oil prices, which at this writing are $80+ a barrel. Secondly is the discovery of the Lower Tertiary Trend in the deep waters of the Gulf of Mexico—a field thought to be bigger than the Prudoe Bay discovery. Given these uncertainties, and input obtained from Louisiana driver firms, we believe the model forecasts for both oil and gas extraction for mining are reasonable. However, the statistical models for the oil and gas related industries do not capture the flat-to-rising behavior of employment in the support activities area in recent years; thus, we suggest this sector’s forecast be raised to 4572.
2. **Utilities.** This sector has been slowly losing jobs since the hurricanes. The model has built in a 100 job decline to 2018, which is consistent with input received from Louisiana driver firms. This forecast does not capture the fact that Entergy moved the headquarters of its nuclear power unit to Jackson, Mississippi in 2009 at a cost of 500 jobs. **We recommend the 2018 forecast be lowered to 1988.**
3. **Construction of Buildings.** The construction sector is one of the most difficult to forecast in normal conditions, but in this RLMA things are complicated by the recent incentives offered by (1) the Go Zone legislation and (2) federal dollars pumped into the area to rebuild schools, universities, hospitals, etc. The model forecast has over-weighted the impacts of these recent spurts in construction activities, which will soon go away. **The 2018 forecast should be lowered to 6,152.**
4. **Heavy and Civil Construction.** Here again forecast is complicated by the recent incentives offered by the Go Zone legislation, which will expire soon. The model is forecasting employment of 6,868 in 2018. 2008 employment is higher at 8,398 but this figure is seriously boosted by the huge Marathon refinery project that will be completed in 2009 resulting in 8,000 construction jobs vanishing. The planned $1.4 billion planned expansion of the Valero Refinery has now been put on permanent hold, and the Entergy Little Gypsy plant construction is now unlikely to take place. Uncertainty is magnified by the looming possibility of some sort of carbon tax/trade legislation from Congress which would be a negative factor in any expansion plans for the petrochemical sector in this RLMA. A potential offset would be if the Nucor Iron Mill decides to come to Louisiana, but here again carbon tax/trade legislation may quell that move. **Considering all of these factors, we believe the model forecast should be lowered to 6568.**
5. **Specialty Trade Construction.** All of the issues relevant to heavy and civilian construction apply in this sector as well. However, the model forecast here has been grossly impacted by the recent boosts due to post-hurricane projects. **We recommend the 2018 forecasts be lowered to 16,500.**

![Graph showing Specialty Trade Construction employment growth]

6. **Food Manufacturing.** There is a new sugar refinery scheduled for this RLMA—Imperial Sugar—that, if built, will hire 127 more people. **But given past trends, we suggest lowering the 2018 forecast to 4210.**

![Graph showing Food Manufacturing employment growth]
7. **Petroleum Refining.** The model forecast for 2018 of **4,941** is reasonable. 2008 employment is already at 4,800. Additional employment associated with the Marathon expansion (completed in late 2009) should boost this 2008 number. In addition, there is the proposed Valero expansion, which, at this writing, is on hold due to the financial markets. There has been an announcement by INCA Refining that it will build a new greenfield refinery in St. James Parish. We did not build this prospect into our forecast because we are very skeptical of it being built (there has not been a new greenfield refinery built in the U.S. since the mid-70s). Please note that if a carbon tax/cap is passed this can make the 2018 forecast too optimistic.

8. **Plastics and Rubber Products Manufacturing.** Based on input from key Louisiana driver firms, we believe this forecast is reasonable.

9. **Fabricated Metals.** Prior to the hurricanes this sector was experiencing a steady decline (from 1997–2006). Employment jumped in 2007-08 due to unusual factors—(1) the rebuilding effort from the hurricanes and (2) the huge Marathon Refinery project. Our expectation is that after these two events, the sector’s employment trends will continue downward. **We suggest a revised forecast for 2018 of 2,135.**
10. **Chemicals.** The model was not able to capture several key factors which will affect this sector’s growth. First there has been a downward trend lately due to the closure of several ammonia fertilizer plants in the area because of high natural gas prices. Those closures are over now and so the downward trend should be arrested—especially so since natural gas prices have come down substantially. Secondly there has been a rebound in employment in this sector post-hurricanes not captured by the model. Thirdly, we expect a recovering national economy and relatively lower natural gas prices to bolster this industry in the future. Two negative concerns are (1) the possibility of some sort of carbon tax/cap legislation and (2) the closure of the Dow plant in Hahnsville, which cost the area 110 jobs. Employment in 2008 was up to 5,233. **We suggest a forecast for 2018 of 5,123.**
11. **Primary Metals.** This is an especially difficult sector to forecast at this time. The model forecast for this sector is for a continuing downward trend. In light of information obtained through our contact with key driver firms, we believe this forecast is too low. An additional consideration is whether or not the state lands the Nucor Iron Mill in St. James Parish. This mill will employ 1,250 people when fully operational. At this writing, Louisiana is THE finalist for the plant, and the company has bought all the acreage at the site for the facility. Nucor is waiting (1) for the national recession to end (along with credit markets) and (2) for the Congress to decide on carbon taxes/caps. Given that Nucor has purchased the land, we suggest building into the forecast a modest probability that the plant will open within the 10-year forecast window. **Thus, we suggest the 2018 forecast be revised upward to 1,258.**
12. **Transportation Equipment.** The model’s projected decline in employment in this sector is likely to be even worse because of two problems that model could not capture. One is at one big player in the New Orleans area—Lockheed Martin Space Systems. LMSS is scheduled to reduce employment by 1,300 as the space shuttle flights end in 2010. Second, Trinity Marine closed a barge manufacturing facility in 2009 that cost the area 285 jobs. Northrop Grumman Shipbuilders is expected to remain steady throughout this period. Small gains may be experienced at Trinity Yachts, Textron Land and Marine, and Bollinger Shipyards. **We suggest a revised 2018 forecast of 9,146.**

![Graph showing employment trends](image)

13. **Printing & Support Activities.** Model forecast appears reasonable.

14. **Machinery Manufacturing.** Model forecast appears reasonable.

15. **Wholesale Trade – Durables.** Model forecast for 2018 appears reasonable.

17. **Wholesale Electronics Markets.** Model forecast appears much too pessimistic. Employment in this sector has nudged the 4,000 mark both pre- and post-hurricanes and suggests that this is a growth market with new firms entering and staying in the area despite the hurricanes. We suggest revising the 2018 estimate to 4,100.
18. **Motor Vehicle & Parts Dealers.** The model appears to be too pessimistic for 2018. In the 9 years prior to the hurricanes, there was virtually no change in employment in this sector. After the hurricane-related drops in 2005-06, there has been a recovery that has shown two years of flat growth, commensurate with a lower population in the area, where it should stay. **We suggest a revised 2018 forecast of 6,800.**

![Graph showing employment trends in Motor Vehicle and Parts Dealers from 1990 to 2020.]

20. **Food & Beverage Stores.** The model forecast for 2018 does take into account the reclassification of food stores into general merchandise as this business has flowed from free standing food stores to Walmart and Target stores. Employment in this sector had been declining prior to the storms due to this factor. While we see little reason to believe this trend will be arrested going forward, we think the model may overly weight this trend. **We suggest a revised 2018 forecast of 8,985.**
21. **Health and Personal Care Stores.** This sector was stable to growing slightly before the storms, and after the decline in 2005-06 the sector has recovered at a lower level (due to lower population). Demographics suggest this should be at least a stable, perhaps growing sector from this point on, yet the model suggests significant declines. **We suggest revising this forecast upward to 4,830.**
22. **Clothing Stores & Gasoline Stations & Sporting Goods.** Model forecast looks reasonable.

23. **General Merchandise.** The model forecast for 2018 fails to take into account the reclassification of food stores into general merchandise as this business has flowed from free standing food stores to Walmart and Target stores. Employment in this sector had been rising prior to the storms due to this factor. 2008 employment is already at 12,196. We suggest a model that takes into account the growth trend prior to the storms, **which would generate a 2018 forecast of 13,698.**
24. **Water Transportation.** There should be more work to service the new lower tertiary field in the Gulf and more barge work as the Ports in the area continue to grow. However, given input from Louisiana driver firms we worry that the model forecast may be too optimistic. **We suggest a revised forecast for 2018 of 4,792.**

25. **Truck Transportation.** Model forecast looks good.

26. **Transit & Ground Passenger Transportation.** Model forecast looks good.
27. **Couriers & Messengers.** Employment in this sector has fallen post-hurricanes, reflecting the lower population in the area. Growth has continued to fall, just like before the storms. The model forecasts growth. We suggest lowering the 2018 forecast to 1,910.

![Graph showing employment trends in Couriers & Messengers](image)

28. **Support Activities for Transportation.** This sector has a long history of decline until the last two years. The model is correct to build in a future decline, but we estimate it will not be as bad as the model forecast, because the model is influenced by the large declines associated with the storms. We suggest a revised 2018 forecast of 6,069.

![Graph showing employment trends in Support Activities for Transportation](image)
29. **Warehousing & Storage.** Employment in this sector has been very stable since about 1996. *We suggest a revised forecast of 2,533.*

30. **Publishing.** The model fails to take into account the switch that is taking place from news print to electronically consumed news. We are aware that the major newspaper in this region is offering early retirement packages to its staff. Given these trends, *we suggest a revision in the 2018 forecast to 1,100.*
31. **Credit Intermediation.** Prior to the storms, this sector was adding jobs at a rate of about 250 a year. The model appears to be over-weighting the storm impact. We suggest a revised forecast for 2018 of 8,548.

32. **Insurance Carriers.** Model forecast is reasonable.

33. **Real Estate.** Employment in this sector was stable before the storms and fell post-hurricanes, reflecting the lower population in the area. Growth has been stable since, just like before the storms. Model forecast of a significant decline over-weights the storm effect. We suggest raising the 2018 forecast to 4,707.
34. **Rental & Leasing.** Employment in this sector was falling the 5 years before the storms, fell faster the year of the storm, and has continued falling again. The model forecast of marked growth in this sector is not justified by recent trends or post-hurricane behavior. **We recommend a 2018 forecast of 3,308.**

![Graph showing employment trends in Rental & Leasing](image)

35. **Professional, Technical, Scientific Services.** Model forecast appears reasonable.

36. **Management of Companies.** Since 2000, employment in this sector has hovered around 8,000. We are aware of no future trend that would support the large decline forecast by the model. **We suggest a revised forecast of 8,035.**
37. **Administrative and Support Services.** Model forecast is reasonable.

38. **Ambulatory Health.** Model forecast looks too pessimistic. The growth rate before the hurricanes was about 490 per year. The model forecasts only 300 per year to 2018. Demographics are moving toward more healthcare demand. We are uncertain at this juncture what impact healthcare reform will have on this sector. **We recommend a slightly higher estimate of 22,984.**
39. **Nursing & Residential Care Facilities.** The model is too pessimistic. From 1990-04 employment in this sector rose by 205 per year. Too, demographics are moving toward more healthcare demand. We are uncertain at this juncture what impact healthcare reform will have on this sector. **We recommend a 2018 forecast of 9,253.**

![Graph showing employment trends in Nursing and Residential Care Facilities from 1990 to 2020](image)

40. **Social Assistance.** The model forecast appears appropriate.

41. **Educational Services.** Given input received from Louisiana driver firms, the model forecast appears reasonable.
42. **Hospitals.** Model forecasts look too pessimistic. The model calls for less employment in 2018 than in 2008. Between now and then (1) demographics are moving toward more healthcare demand, (2) the new VA hospital will have been built, and (3) there is at least some positive probability that a new Charity Hospital will have been built. We are uncertain at this juncture what impact healthcare reform will have on this sector. **We recommend a 2018 revision to 31,375.**
43. **Performing Arts.** This sector has shown significant resilience post-storms. Given input from our list of Louisiana driver firms, we believe this forecast is too pessimistic. The Sanger Theater is about to be refurbished, which will help this sector out as well. **We recommend a 2018 forecast of 2,600.**

![Graph showing historical and projected data for Performing Arts, Spectator Sports, and Related Industries.](image)

44. **Amusements, Gambling, etc.** Model forecast appears to be reasonable.
45. **Accommodations.** The model does not capture industry expectations in this sector. It assumes a return to almost pre-storm levels. The sector will get a boost when the Roosevelt reopened as a Waldorf Astoria, but convention business is projected to be down seriously through 2014 because of poor bookings due to the hurricane and AIG effects. At this writing, movement to reopen the Hyatt appears to be stuck due to the poor convention forecast (the Hyatt was scheduled to lose its bond financing if it did not start its rebuild in October 2009). It also does not reflect the drop in this sector due to the much lower population in the area. **We suggest a revision in this forecast to 12,384.**
46. **Eating and drinking places.** Given growth trends pre-storm, we suggest a revision in this forecast to 51,711.

47. **Repair and maintenance.** The model does not sufficiently take into account that employment in this sector was declining the 6 years pre-storm. **We recommend a 2018 forecast of 4,800.**

48. **Personal & laundry services.** The model forecast appears reasonable.

49. **Religious organizations.** The model forecast appears reasonable.
50. **Federal government.** The model forecast could not capture the impacts of the federal city project. We recommend an upward revision in the 2018 forecast to 10,273.

51. **State government.** There has been some slight growth in this sector post-storms. State budgetary problems may prevent much further growth, but is unlikely to generate actual declines as the model suggests. We recommend a 2018 forecast of 6,320.

52. **Local government.** Model forecast appears reasonable.
Changes: RLMA 2 – Baton Rouge

This RLMA is the most petrochemical-intensive region in Louisiana. That has at least two critical implications for the future. First, any federal carbon cap/tax legislation will fall heavily on this industry. Secondly, because of the very capital-intensive nature of these industries, construction plays a larger role than normal in the region’s economy. Forecasts for the construction sectors will be complicated by recent temporary boosts associated with the Go Zone legislation. In addition, this RLMA is home to the state capitol and two large universities and the largest community college in the state.

1. Utilities. This sector has had a long period of stable employment in the 2700-2800 range since 1998. The model forecasts 2,600 jobs in 2018, but this tends to over-account for a period of decline back in the early to mid 90s. There are discussions about expanding the nuclear power plant in St. Francisville, but that may not happen within the forecast period. **We recommend raising the 2018 forecast to 2800.**
2. **Construction: Buildings.** Go Zone legislation has caused one-time boosts in the construction of buildings that will not last until 2018, which the model has captured. However, given trends before the hurricane impacts and input from Louisiana driver firms, the model forecast decline seems overstated. **We recommend a 2018 forecast of 7,956.**
3. **Construction: Heavy Industrial.** Go Zone legislation has caused a one-time boost in the heavy industrial construction industry that will not last until 2018. Over the last 10 years, employment in this sector has varied around 14,000, but this was influenced by a significant decline over 2002-05 due to high natural gas prices. The model may have overstated the long-term influence of this decline. We are concerned that some sort of cap & trade or carbon tax may seriously arrest development in this sector. **We suggest a revised 2018 forecast to 15,771.**

![Graph of employment trends over years]

4. **Construction: Specialty Trades.** Given input from Louisiana driver firms, model forecast looks appropriate. Again, a carbon tax of some sort may lead to a much lower employment level.
5. **Food Manufacturing.** The model does not capture the effect of a recently closed sugar manufacturer in the region. **We suggest a 2018 employment level more consistent with the last three years---2,500.**

![Graph showing employment trends](image)

6. **Wood manufacturing.** Model forecast is reasonable.

7. **Paper Manufacturing.** Model forecast in this sector is overly weighted by the closure of the Tembec paper mill, which created a recent downward trend in employment that the model apparently extrapolated. In fact, the Tembec plant has reopened as Renew with plans to go from its present level of 200 workers to 400. **We recommend a 2018 forecast of 2,089 for this sector.**
8. **Chemicals.** There has been a long term downward trend in this sector due to closures in response to higher natural gas prices—especially closures of ammonia fertilizer plants. There are essentially no ammonia plants left to idle and we also expect natural gas prices to remain rather low due to new supplies coming out of shale plays. Dow has announced a permanent reduction of 160 jobs in this RLMA, but this is offset by the soon to open new Shintech segment (+350), an announcement that SNF will be coming to the area and creating 600 new jobs, plus smaller additions at Westlake, Criterion, and Taminico. **We believe the 2018 forecast should be revised upward to 10,675.** We are concerned that some sort of cap & trade or carbon tax may seriously arrest development in this sector.
9. **Fabricated Metals.** Model forecast appears reasonable.

10. **Petroleum Products.** Model forecast appears reasonable.
11. Transportation Equipment. The model is over-weighting the impact of the opening of the Trinity Marine barge manufacturing facility in 2006. That company has shut down temporarily due to the recession, but will reopen. **We recommend a revised 2018 forecast of 1,100.**

![Graph showing Transportation Equipment employment trend](image1.jpg)

12. Wholesale Trade—Durables. Employment in this sector has consistently been in the 8,300 range for several years except for 05-06 which the model is over-weighting. **We recommend a revised forecast of 8,400.**

![Graph showing Wholesale Trade—Durables employment trend](image2.jpg)
13. Wholesale Trade—Non-durables. After declining in 2000-01, employment in this sector has consistently been in the 5,000 range from 2002-08. Model forecast appears too optimistic given these patterns. We recommend a revised forecast of 5,100.

![Graph showing employment trends]


15. Motor Vehicle Parts/Dealers. The model is over-weighting the 2001-04 period when this industry was flat due to the impact of high natural gas prices on the petrochemical industry. General growth in the population has created more employment in this sector in the past. We recommend a boost to 6,500 in 2018.
16. **Building Materials.** With the exception of a decline in 2008, employment in this sector has averaged 130 new jobs a year for 17 years. **We recommend a 2018 forecast of 5,770.**

17. **General Merchandise.** The model forecast is considerably below recent trends. The model is over-weighting the 2001-04 period when this industry was flat due to the impact of high natural gas prices on the petrochemical industry. Since 1996, this sector has added jobs at a rate of 221 per year. **We recommend the 2016 forecast be revised upward to 13,531.**
18. **Food Stores.** Model forecast is reasonable.

19. **Health/Personal Care Stores.** Employment in this sector—though stable for 10 years prior to 2003—has risen steadily for the past 5 years, reflecting the ageing of the population. **We recommend a 2018 forecast of 3,551.**

20. **Gasoline Stations.** Employment in this sector was trending downward from 2001-05 as Sam’s Club and other grocers have cut into this market causing a reclassification into those other areas. Employment trends have been a little more stable the last 5 years. **We recommend a 2018 forecast of 3,537.**


23. Miscellaneous Store Retailers. This sector has been losing jobs since 2001 at a rate of about 75 per year. The model is a bit too optimistic in its forecast. **We recommend lowering the 2018 forecast to 1,835.**

24. Truck Transportation. Model forecast is reasonable.
25. **Support Activities for Transportation.** This sector has been losing employment since 2002. The model shows substantial growth. **We recommend lowering the 2018 forecast to 2,916.**

![Graph showing employment trends for Support Activities for Transportation]

26. **Publishing.** Model forecast is reasonable.

27. **Telecommunications.** This sector’s employment has been virtually stable since 2001. Model forecast appears too optimistic. **We recommend a 2018 forecast of 2,750.**

![Graph showing employment trends for Telecommunications]
28. **Credit Intermediation.** Model forecast is reasonable.

29. **Insurance Carriers.** Model forecast is reasonable.

30. **Real Estate.** This sector has steadily added about 60 jobs a year since 1990. **We recommend lowering the model forecast to 3260.**

![Graph showing job trends in Real Estate](image)

31. **Rental and Leasing.** This sector added about 60 jobs a year from 1994-07 before dropping off in 2007-08, we suspect due to post-hurricane effects. Model forecast is too optimistic. **We recommend lowering the model forecast to 3160.**

![Graph showing job trends in Rental and Leasing](image)
32. **Professional, Scientific, Technical.** This industry has seen rapid growth nationally with accelerating growth in the late 2000s. Yet, the model forecast has clearly been influenced by the “Go Zone” effect form 2006-08. Prior to this the sector grew at a pace of about 370 per year. Decisions on carbon tax/cap/trade could hurt this industry’s main clientele and make the forecast too optimistic. **We suggest a 2018 figure of 23,354.**

33. **Management of Companies.** There was a marked jump in this sector in 2008, which normally suggests the relocation of a firm headquarters to the area. The model forecast does not take this into account. **We recommend a slight elevation in this 2018 forecast to 4,857.**
34. **Administrative and Support Services.** The model forecast for this important sector appears reasonable. On the positive side, Staples is adding a number of people at their call center. On the negative side Capitol One is closing one of their call centers. However, due to information obtained from driver firms regarding decreases in employment attributable to the phasing out of one-time hurricane-related work and future expectations for growth, **we recommend a modest decrease in the 2018 forecast to 25,404.**

35. **Waste Management.** Model forecast appears reasonable.

36. **Educational Services.** Model forecast appears reasonable.
37. **Ambulatory Health.** Model forecast is too low. Sector has been adding jobs at an 860 annual rate for the last 6 years. Ageing of boomers guarantees the need for more demand in this area. Question is: what will healthcare reform do? **We suggest a revised forecast for 2018 of 24,117.**

38. **Hospitals.** Our Lady of the Lake, North Oaks, Lane memorial, and Woman’s are all expanding and the population is ageing, all of which supports the model forecast. As noted previously, healthcare reform may affect long-term trends.

39. **Nursing & Residential Care.** Model forecast is reasonable.

40. **Social Assistance.** This is a difficult sector to project because of a recent boost in employment due to the RLMA’s population boost post-Katrina/Rita. The model forecast appears okay.
41. **Amusements & Gambling.** This sector has added about 50 jobs a year since 1995. The new Pinnacle Casino should come on line during the forecast period but our studies indicate when that happens, at least one of the existing casinos in the region will leave. **We suggest a forecast of 5,152 for 2018.**

42. **Accommodations.** The historical series shows a counterintuitive decline in this sector in 2006-08 given the number of new hotels that have opened in the region. Generally this sector adds about 50 jobs a year. Having pointed this out, model projections look reasonable.
43. **Food Services & Drinking.** This sector has added 805 jobs a year steadily since 1990. **That suggests a revised forecast of 38,000 for 2018.**

44. **Repair and Maintenance Services.** The model is forecasting well below steady past trends of about 86 jobs a year. **We suggest a revised forecast for 2018 of 5,807.**
45. **Personal and Laundry Services.** The model is forecasting well above past trends. We suggest a revised forecast for 2018 of 4,334.

46. **Religious, Civic, Grant Making.** This sector has added 74 jobs a year steadily since 1990. Model forecast is well above this. We suggest a revised forecast of 3,538.

47. **Federal & State Government.** Model forecasts for these two sectors are reasonable.
48. **Local Government.** This sector has steadily added about 188 jobs a year since 1993. That suggests a revised 2018 forecast of 16,756.
Changes: RLMA 3: Houma

There is a great deal of uncertainty concerning growth rates in this RLMA to 2018. That is because this RLMA is highly dependent on oil and gas extraction and related activities. The uncertainty is caused by President Obama’s proposed $33+ billion in new taxes to be levied on the industry. Our conversations with industry executives (and economic theory) suggest that unless there is Congressional push back on these proposals, these taxes will seriously stymie extraction activity in the U.S. and especially in this RLMA. Employment is this RLMA actually fell in 2009 despite rather high energy prices—a reflection of the impact of these proposed taxes. Absent these new taxes, there are at least two factors favoring solid growth in the extraction and related sectors. One is expected higher oil prices, which at this writing are already at $80 a barrel. Secondly is the discovery of the Lower Tertiary Trend in the deep waters of the Gulf of Mexico—a field thought to be bigger than the Prudhoe Bay Discovery.

1. **Support Activities for Mining.** This forecast is reasonable.

2. **Heavy & Civil Engineering Construction.** We will leave this forecast as is. Recent trends have been heavily influenced by the construction of Highway 1 to Port Fourchon which will be completed well before 2018, but that work should be supplanted by coastal restoration monies.

3. **Oil & Gas Extraction.** This forecast is reasonable.

4. **Specialty Trade Construction.** This sector has been pretty volatile over the past 10 years, but there has been a slight upward trend since 1999 that would suggest a revised forecast for 2018 of 3,825.
5. **Food Manufacturing.** This forecast is reasonable.

6. **Fabricated Metals.** Employment in this sector varies radically with the price of oil and what happens at the biggest two employers in this sector—Gulf Island Fabricators and J. Ray McDermott. Employment has ranged from a low of about 1,500 to a high of about 3,180. Conversations with these key employers suggest that McDermott may hire 250 or so if the industry rebounds, and Gulf Island may hire 350 more or so, but most of Gulf Island’s extra work will go to its Texas yard. **We suggest lowering the 2018 forecast to 2,560.** President Obama’s energy tax policy will significantly influence this sector’s future.

![Graph showing employment trends in Fabricated Metals](image)

7. **Machinery Equipment.** Model forecast is reasonable.
8. **Transportation Equipment.** Since 1990 this sector has added about 103 jobs a year. Expansions are planned by two key players in this area—Edison Chouest and Bollinger Shipyards. Edison Chouest is near completion of the LaShip yard near Houma that will require 1,000 more workers to build offshore supply boats, and Bollinger will be hiring more workers to handle large new Navy and Coast Guard contracts. **The new forecast for this sector for 2018 should be 4,412.**

9. **Wholesale Trade-Durables.** The model forecast is a little too low for long run trends in this sector. **We suggest a 2018 forecast of 2,029.**
10. **Wholesale Trade—Nondurables.** This sector has been losing jobs consistently since 1999. **We suggest lowering the 2018 forecast to 898.**

11. **Motor Vehicle Parts and Dealers.** This sector’s employment has grown about 20 jobs a year since 1990. The model has no such growth factor built in. **We suggest a 2018 forecast of 1,722.**

12. **Food & Beverage Stores.** Model forecasts for the retail trade sectors appear reasonable.

14. **General Merchandise.** Model forecasts for the retail trade sectors appear reasonable.

15. **Water Transportation.** This is a very tricky sector to forecast since for the past several years employment has been rising exponentially. In 2008, there was an especially large jump. Many more boats will be needed to service activity in the lower tertiary trend which is far offshore. Every new boat Edison Chouest builds requires a crew of 20-22. **We suggest revising the 2016 forecast to 5,200.**
16. **Truck Transportation.** We suggest raising employment forecasts in this sector **slightly to 1,816** to reflect the greater truck activity at Port Fourchon to support the expanding offshore exploration/production activity (especially the lower tertiary).

17. **Support Activities for Transportation.** While the model forecast may seem high, it reflects the greater activity at Port Fourchon to support the expanding offshore exploration/production activity (especially the lower tertiary). Model forecasts are okay.
18. **Credit and Intermediation.** The model builds in no growth trend even though there has been a slight one since 2002. *We suggest raising the 2018 forecast to 1,646.*

19. **Rental & Leasing Services.** Model forecast is reasonable.

20. **Professional & Technical.** Model forecast is reasonable.

21. **Management of Companies.** Model forecast is reasonable.
22. **Administrative and Support Services.** This sector has enjoyed steady increases of about 375 jobs a year since 1994. The model has a much more modest forecast built in. **We suggest raising the 2018 forecast to 8,870.**

![Graph of Administrative and Support Services employment growth]

23. **Educational Services.** Model forecast is okay.

24. **Ambulatory Health.** Employment in this sector has increased markedly since 2003, reflecting the ageing of the population. Model forecasted trend growth is much too low. **We suggest a revised 2018 forecast of 4,864.**

![Graph of Ambulatory Health Care Services employment growth]
25. **Hospitals.** Employment in this sector has been virtually flat since 1997. We know of no new hospitals planned for the area, but ageing of the population should boost demand some, but not as much as the model shows. **Revised 2018 forecast to 3,903.**

![Graph showing employment in Hospitals from 1990 to 2020](image)

26. **Nursing Homes and Residential Care.** Model forecast is okay

27. **Social Assistance.** Employment has always grown in this sector; since 2003 it has risen about 100 jobs a year. **We suggest a revised 2018 forecast of 2,630.**

![Graph showing employment in Social Assistance from 1990 to 2020](image)

28. **Food Services and Drinking Places.** Model forecast is reasonable.
29. **Repair & Maintenance.** Model forecast is reasonable.

30. **State Government.** Model forecast is reasonable.

31. **Local Government.** Model forecast is reasonable.
Changes: RLMA 4 - Lafayette

There is considerable uncertainty concerning growth rates in this RLMA to 2018. That is because this RLMA is highly dependent on oil and gas extraction and related activities. The uncertainty is caused by President Obama’s proposed $33+ billion in new taxes to be levied on the industry. Our conversations with industry executives (and economic theory) suggest that unless there is Congressional push back on these proposals, these taxes will seriously stymie extraction activity in the U.S. and especially in this RLMA. Absent these new taxes, there are at least three factors favoring solid growth in the extraction and related sectors. One is expected higher oil prices, which at this writing are at $80 a barrel. Secondly is the discovery of the Lower Tertiary Trend in the deep waters of the Gulf of Mexico—a field thought to be bigger than the Prudhoe Bay Discovery. Thirdly, Denbury Corporation is laying a new pipeline from Baton Rouge to Houston right through this RLMA bringing in CO2 to extract more oil out of existing oil fields—a process known as enhanced oil recovery.

1. **Oil and Gas Extraction.** Whether or not President Obama’s taxes are passed greatly impacts this sector, as do the three positive effects we mentioned above. Higher expected energy prices should help the sector. Model forecast looks okay.

2. **Support Activities for Mining.** Whether or not President Obama’s taxes are passed greatly impacts this sector, as do the three positive effects we mentioned above. Higher expected energy prices should help the sector, and the new Denbury activities in the region should boost this sector. Since 1993 the sector has added 766 jobs a year, much more than the model forecast. **We suggest a 2018 forecast of 28,257.**
3. **Construction of Buildings.** Model forecast is reasonable.

4. **Specialty Trade Contractors.** Model forecast is reasonable.

5. **Heavy and Civilian Construction.** The model appears to be under-estimating given past trends. **We suggest a revised forecast of 4,556.** If there is a major commitment to expanding I49 south through this RLMA, this forecast will be too low.

![Graph](image)

6. **Food Manufacturing.** Employment in this sector has been pretty stable at around 4,000 since 2000. **We recommend a 2018 revision to 3,834.**
7. **Chemical Manufacturing.** Model forecast is reasonable.

8. **Fabricated Metals.** Model forecast is reasonable.

9. **Machinery Manufacturing.** Significant uncertainties surround this sector due to the proposed extraction tax package. **We recommend a revision downward in the 2018 forecast to 6,047.**

10. **Transportation Equipment.** Model forecast is reasonable.
11. Wholesale Trade—Durables. Model forecasts a decline over 2008-18 even though the sector has risen steadily by at least 179 jobs a year since 1990. **We recommend a 2018 forecast of 8,114.**

![Graph of Wholesale Trade—Durables](image)


13. Motor Vehicle Parts and Dealers. Employment has been rising about 74 jobs a year since 1990. Model overfits the data and shows a decline over 2018. **Recommend revision to 4,837.**

![Graph of Motor Vehicle Parts and Dealers](image)
14. **Building Materials.** Model forecast is reasonable.

15. **Food & Beverage Stores.** Employment has been stable since 2003. We recommend a revision to **5,800 in 2018.**

16. **Health & Personal Care Products.** With few exceptions employment has risen steadily at about 43 per year since 1990. Ageing of population should increase demand. We recommend a revision to **2,750.**

17. **Gasoline Stations.** Model forecast is reasonable.
18. **Clothing.** This sector has been under attack from general merchandise stores like Walmart and Target. Employment has been stable at best in recent years. **We recommend a downward revision to 2,400.**

![Chart showing trends in clothing employment]

19. **General Merchandise.** With few exceptions this sector has added about 133 jobs a year since 1994. The switch from specialty stores to Target and Walmart should keep this sector growing. **We suggest a revised forecast of 8,058.**

![Chart showing trends in general merchandise employment]

20. **Miscellaneous Retail.** Model forecast is reasonable.
21. **Truck Transportation.** Model forecast is reasonable.

22. **Support Activities for Transportation.** Given the opening of the new Flight Safety International facility and input received from Louisiana driver firms, model forecasts are reasonable.

23. **Telecommunications.** The LUS system should be complete soon, but given input received from Louisiana driver firms and the flat trends since 2004, we still think model forecasts are too optimistic. **We recommend a 2018 revision to 2557.**

24. **Credit Intermediation.** Model forecast is reasonable.

25. **Insurance Carriers.** Model forecast is reasonable.

26. **Real Estate.** Model forecast is reasonable.
27. **Rental & Leasing.** This sector has shown a fairly steady growth of 116 a year since 1990. *We recommend a revision to 6,881.*

![Graph showing rental and leasing growth from 1990 to 2020]

28. **Professional/Technical.** Model forecast is reasonable.

29. **Management of Companies.** Model forecast is reasonable.

30. **Administrative and Support Services.** This sector has enjoyed underlying growth influenced from period to period by the opening and closing of call centers in the region. TransComm Call Center is adding 700 jobs. Model forecast is reasonable.

31. **Education Services.** Model forecast is reasonable.

32. **Ambulatory Health.** Model forecast is reasonable.

33. **Hospitals.** Model forecast is reasonable.
34. **Nursing Homes.** Model forecast looks too optimistic. This sector has steadily added jobs at about 69 a year since 1996. Employment growth should pick up due to ageing of the population, but we suggest a revision to 7,181.

![Graph showing employment trends in Nursing Homes from 1990 to 2020.]

35. **Social Assistance.** Model forecast looks reasonable.
36. **Amusement and Gambling.** The model could not have known about the opening of a new riverboat casino in St. Mary Parish which raised the employment in this sector. We can find no reason for the forecasted decline in this sector. **We suggest a revised forecast of 2,524.**

37. **Accommodations.** Forecasts are reasonable.
38. **Food Services & Drinking Places.** With few exceptions, this sector’s employment has risen steadily since 1990. Given input from key driver firms, we believe the model’s forecast is far too pessimistic. **We suggest a revised forecast of 20,928.**

![Graph showing employment trends for Food Services & Drinking Places]

39. **Repair & Maintenance.** The model builds in virtually no growth despite a general trend of adding 116 jobs a year. **We suggest a 2018 projection of 4,729.**

![Graph showing employment trends for Repair & Maintenance]

40. **Personal & Laundry Services.** Model forecasts look reasonable.
41. **State Government.** Employment in this sector has been highly volatile. *We suggest a revision upward to 3,120.*

![Graph showing employment trends in State Government](image1)

42. **Local government.** This sector has been adding about 94 jobs a year since 2001. *We suggest a revision upward to 12,363.*

![Graph showing employment trends in Local government](image2)
Changes: RLMA 5 – Lake Charles

This RLMA has the second highest concentration of chemical and refining capacity in the state, has an unusual concentration of aircraft manufacturing/repair facilities, and is home to the state’s second largest casino market.

1. **Support Activities for Mining.** Model forecasts a slight decline which appears reasonable considering (a) Dynamic Industries has backed off from a larger employment level and (b) President Obama’s proposed energy tax may dampen the demand for these services.

2. **Construction.** This sector is relatively large because of the very capital-intensive nature of the area’s petrochemical base. We are aware of a steady stream of significant environment-related construction projects among the chemical plants in the area—averaging about $300-$350 million a year. These projects will be the foundation for steady going in the construction sector going forward. In addition, (a) talks are looking more favorable for Leucadia to build the huge synthetic gas processing plant—a $1.8 billion investment that would be the largest single capex project ever in Southwest Louisiana; and (b) Pinnacle will be spending $305 million to construct the new Sugarcane Bay Resort. Both of these projects, though they will boost construction in the short run, will be completed before 2018. We believe that forecasts for the buildings and specialty trade areas of construction are reasonable. However, especially given (a) the dampening impact of the proposed carbon legislation and (b) recent trends—we believe the forecast for heavy industrial construction employment is too optimistic and should be lowered for 2018 to 5,000.
3. **Fabricated Metals Manufacturing.** This sector is projected by the model to lose 38 jobs over 2008-18, which is consistent with past trends. However, the model does not incorporate the announcement by Shaw Industries to open a large facility for the modular construction of nuclear power plants. It is our belief that this plant will be in NAICS code 332 (there is some uncertainty about this classification). Shaw is planning to add 1,400 jobs in this sector. We believe this sector’s 2018 employment number should be at least 2,091 because of this addition.
4. **Chemicals.** This industry is a very large source of employment in the area. The model is projecting a loss of 670 jobs over the period 2008-2018. Employment has been up in this sector over the past two years and there is the prospect that the Leucedia project will be built which would add 150 jobs in the sector. On the other side of the coin, there is the looming prospect of some sort of carbon tax that would hinder the industry. **We suggest changing the 2018 forecast to 4,066.**
5. **Refining.** This RLMA is a very refinery-intensive region. Recently, CITGO closed a lube plant costing the area 192 jobs. Still, employment has remained steady in the 2,500 range for the last 5 years. One might expect further expansions at the refineries because of the growing demand for gasoline and the fact that no new greenfield refineries have been built in the U.S. since the 1970s. The not-in-my-backyard problem is just too great. As a result, refineries are expanding at their present sites. Offsetting this is the possible limiting effect of a carbon tax. **We recommend a 2018 employment of 2,324.**
6. **Transportation Equipment.** Now that construction has completed, Northrop Grumman has settled in with a workforce to maintain the JSTARS aircraft; that is, no further cuts are anticipated. Indeed, Northrop Grumman has secured a new 9-year maintenance contract for the KC10 that will result in about 300 more jobs. The other big player in this sector—Aeroframe—does repair work for FedEx and while that business fluctuates over the business cycle, the company is expected to keep a core level of employment and is optimistic about contracts with other big players such as Jet Blue and United. **We suggest a 2018 forecast of 753.**

![Graph showing transportation equipment employment trends from 1990 to 2020.]

7. **Textile Mills.** Add 160 jobs to the textile mills sector since Grupo Zaga is building a $75 million textile mill in Lacassine.*

8. **Wholesale Trade.** The model projection appears reasonable.
9. **Motor Vehicles.** Employment in this sector has been very stable since 1999. We suggest lowering the 2018 forecast to 1,824.

10. **Building Materials.** This sector has been adding about 28 jobs a year since 1990. We suggest revising the 2018 projection to 1,553.
11. **Gasoline Stations.** Employment in this sector has been very stable since 2002. We suggest a 2018 forecast of 1,200.

12. **All other retail trade forecasts are reasonable.**

13. **Support Activities for Transportation.** This sector’s employment has been stable for the past 6 years. We are aware of no new companies entering the sector, but it may get some boost from supporting far offshore harvesting of the lower tertiary trend. However, we suggest a lowering of the 2018 forecast to 1,621.
14. **Credit Intermediation, Insurance Carriers, Professional/Technical Workers, Administrative Support, Hospitals, Nursing Homes, Social Assistance** – model forecasts are all reasonable.

15. **Ambulatory Care.** This sector has a very long term trend of adding about 1,300 jobs every 10 years. With the population ageing, we suspect this trend growth will increase. **We suggest revising the 2018 forecast to 6,066.**
16. **Amusements, Gambling, Recreation/Accommodations.** We include these two together because the model in missing the opening of the new $305 million Sugarcane Bay Casino. This casino will have a large hotel attached, and together the firm will hire 1,000 people. Too, the Grand Casino Coushatta is planning an expansion of its casino. The result is that model forecast in these two sectors are grossly in error. **We suggest revising the 2018 forecast for amusements to 1,677 and accommodations to 4,544.**
17. **Food Service & Drinking Places.** Unlike most other areas, this sector has experienced almost no growth for the past 9 years. Model forecast is okay.

18. **Repair and Maintenance Service.** The model forecast is reasonable.

19. **Local Government.** The sector has added about 50 jobs a year for the past 7 years. It is hard to believe that local government employment will fall as the model suggests. **We propose revising the 2018 forecast to 8,746.**
Changes: RLMA 6 - Alexandria

This is the smallest of the RLMA in terms of employment. It is the retail/service trade sector for central Louisiana and is the location of a large military base—Fort Polk.

1. **Forestry and Logging.** The area has attracted a new plywood mill owned by Roy O. Martin that should sustain demand for timber at least at the levels achieved in the past few years. We recommend revising the 2018 forecast to 1,971.
2. **Utilities.** This RLMA is where the Cleco Headquarters are located. Historically, utilities have employed between 450-600 people. Cleco has completed the construction of a new power plant in 2009—Rodemacher. Employment in 2008 was already up to 547. *Given this new facility, we believe the 2018 forecast should be at least 747 to reflect the presence of this new plant.*
3. **Federal Government.** A key factor influencing this sector which is not captured by the model is a new anti-terrorist training group that has come to Fort Polk, adding 825 jobs. Too, the GEO Corporation has recently opened a new facility in LaSalle Parish to house and process illegal aliens that has 150 government jobs attached. **Because of this influx we suggest raising the 2018 forecast to 5,656.**
4. **Construction: Buildings.** This sector has seen a large, unsustainable increase in 2008 associated with the construction of the Rodemacher Power plant. Fort Polk has a $182 million program underway to upgrade housing facilities there, which will help this sector going forward. **We recommend a 2018 projection of 1,700.**

5. **Construction: Heavy/Civil.** This sector’s employment has held steady at about 2,000 jobs for the last 9 years due to TIMED highway projects concentrated in the region. **We suggest a reduction in the model forecast for 2018 to 2,100.**
6. **Specialty Trade Contractors.** Model forecast is reasonable.

7. **Wood Products Manufacturing.** The model was unable to capture the opening of a new Roy O. Martin oriented strand board plant in the area in the past year. Employment has been rising steadily since 2003 and in 2008 was already at 1965 due to the new plant. Too, Jen Wen is scheduled to open a new door manufacturing plant in Winn Parish. There is every reason to believe that employment will remain at or near that level at least through 2018; hence we recommend a **2018 projection of 2065**.
8. **Transportation Equipment Manufacturing.** The opening of the Union Tank Car facility in 2007 caused employment to jump to a higher level of employment than had been seen in previous years. *We recommend that the 2018 estimate be revised slightly to 720* to allow for some additional growth at UTC.*

9. **Fabricated Metals Manufacturing.** Given the proposed cutbacks at Dresser Industries, we think the model forecast of a decline is appropriate.

10. **Paper Manufacturing.** The model could not take into account the closing of the IP paper plant. *Model forecast should be reduced to 0.*

11. **Wholesale Trade Sectors.** Model forecast is reasonable.
12. **Building Materials.** This sector has added about 330 jobs every 10 years. Suggest revising model forecast for 2018 down to 1,485.

13. **Motor Vehicles & Food/Beverage Stores.** Model forecasts for both sectors are reasonable.

14. **Healthcare Products.** Employment in this sector has been rising by about 33 jobs per year since 2002. Moreover, the ageing population should boost demand. We suggest raising the 2018 forecast to 1,229.
15. **Gasoline Stores.** For the last 8 years employment has been stable in the 1,300 range. We suggest a model forecast for 2018 of 1,350.

![Graph showing employment trends in Gasoline Stores from 1990 to 2020.](image)

16. **General Merchandise.** For the last 10 years employment in this sector has been stable in the 3,500-3,700 range. A projection for 2018 of 3,958 is suggested.

![Graph showing employment trends in General Merchandise Stores from 1990 to 2020.](image)
17. **Truck Transportation.** Employment in this sector has declined steadily since the closure of the J.B. Hunt facility back in the late 1980s. **We suggest a revised forecast to 1,000.**

18. **Credit Intermediation.** Model forecast is reasonable.
19. **Professional/Scientific/Technical Workers.** This industry has seen rapid growth nationally with accelerating growth in the late 2000s. Regionally, this sector has enjoyed an additional boost in the last 4 years due to the TIMED projects in the area and the work on the Rodemacher project. As the effects of these major projects wanes, employment should return to a trend more in line with increases seen at the national level. **We suggest a revised forecast for 2018 of 4,500.**

20. **Administrative and Support Services.** Model forecast is reasonable.

21. **Education.** Model forecast is reasonable, but we are concerned about possible data problems in the past 4 years.
22. **Ambulatory Health.** This sector has added jobs at a 43-per-year rate since 1997. This growth rate should increase due to the ageing of the population. We suggest a revised forecast for 2018 of 5,364.

![Graph showing job growth in Ambulatory Health](image)

23. **Hospitals.** The model forecast is reasonable.

24. **Nursing and Residential Care Facilities.** We believe the model forecast is reasonable.

25. **Social Assistance.** Model forecast is reasonable.
26. **Eating & Drinking Establishments.** The model does not account for the reasonably steady growth trend in this sector over the last 18 years. **Model forecast should be revised to 7,600.**

27. **Repair & Maintenance.** Model forecast is reasonable.

28. **State Government.** Model forecast is reasonable.

29. **Local Government.** Model forecast should be revised to 7,813.
Changes: RLMA 7 - Shreveport

This RLMA is home to the largest casino market in the state, a large durable goods manufacturing base, Barksdale AFB, and the new natural gas find—the Haynesville Shale.

1. Haynesville Shale: This is a new, very large gas field that only began exploration and production in earnest in late 2008. It is thought to hold 234 TCF of natural gas, making it the largest natural gas field in the U.S.—and it is at fledgling stage. Activity will be ramping up as we enter the forecast period. Also, there is a significant shale play above the Haynesville—the Bossier Shale—which will not be harvested until after the Haynesville is plumbed. One unknown for all these plays is the impact that President Obama’s proposed $33 billion tax might have in chilling the industry. Forecasts in four areas specifically will need to be revised upward:

(a) Oil and Gas Extraction: Forecasts should be revised upward to 1,125.
(b) **Support Activities for Mining.** Schlumberger recently announced a new 450-person facility to be opened soon and we expect more to follow as the Shale in probed further. **Forecasts should be revised upward to 5,507.**

![Graph showing Support Activities for Mining and projections](image)

(c) **Transportation-Pipelines.** Model forecast of a decline in this sector is off base given that at least two new pipelines are under construction to transport Haynesville Shale gas. Energy Transfer Partners has already announced the first of many new pipelines (a $1.2 billion project) to service the Shale and Center Point Energy Gas Transmission has planned another at $450 million. **Model forecast should be revised to 400.**

![Graph showing Transportation-Pipelines and projections](image)
(d) **Truck Transportation.** This sector’s employment forecast should be revised upward to 3,392 as huge amounts of water must be trucked to Shale wells for production purposes.

2. **Utilities.** Employment has been flat for the last 10 years and SWEPCO just added a new power plant in the region. **Model forecast for 2018 should be revised upward to 1,500.**
3. **Construction: Buildings.** Employment has been very stable since 2002. A boost will come from 472 houses to be built at Barksdale. **Suggest revised 2018 forecast of 2,659.**

![Graph showing employment trends](image)

4. **Construction: Heavy/Civil.** Given that most of I-49 will be finished and the SWEPCO plant will have been completed, model forecast looks reasonable.

5. **Construction Specialty Trade.** Model forecast looks reasonable.

6. **Food Manufacturing.** Model forecast looks reasonable.
7. **Transportation Equipment Manufacturing**: Forecasts in this sector need to be radically reduced. This is where the GM plant is located. At one time this plant had 3,600 workers. Then high gasoline prices in 2008 caused the plant to drop down to just under 800 workers. 195 workers there have been offered and accepted early retirement, which has yet to show up in the numbers. GM has announced that the plant will be shut down altogether in mid-2012. A Chinese company has announced plans to buy the Hummer brand but it is unclear whether it will be built in Shreveport. Louisiana Economic Development is hopeful that a new body-on-frame vehicle will be produced at the plant if the car market picks up. **We suggest a model revision to 500.**
8. **Federal Government** is projected to increase notably. Yet, we believe that the employment forecast should be slightly higher at **5,286**. There is renewed activity at Barksdale AFB including 700 new jobs in flight training. It has just been announced that the Global Strike Force will be coming to Barksdale, along with a new weapons storage and flight training group, and a new nuclear operations training unit. In addition, the new Cyberspace Research Park is opening up nearby. Several hundred military jobs will be added to the economy as a result, but these activities will also bring direct civilian jobs as well.
9. **Wood Products Manufacturing**: Georgia Pacific has closed a plywood mill in the area. Too, technological change is reducing workforce needs in this industry. **We believe the 2018 should be reduced to 1,922.**

10. **Fabricated Metal Products.** The model forecasts a decline of nearly 1,200 jobs in this sector, which (1) does not sufficiently account for recent trends—there was actually growth in this sector over 2006-08, and (2) probably over-compensates for the closure of Beaird Industries. This firm has been shuttered before and always reopens in some form. MB Industries is nearly at closure on buying and reopening the facility. **We suggest a 2018 forecast of 2,061.**
11. **Paper Manufacturing.** The model forecast looks fine.

12. **Non-metallic Minerals Manufacturing.** Given input from Louisiana driver firms, the model forecast looks reasonable.

13. **Machinery Manufacturing.** The model forecast looks fine.

15. **Wholesale Trade—Non-durables.** Trends since 1990 suggest a revised 2018 forecast of 4,197.

![Graph showing trends in Wholesale Trade—Non-durables](image)

16. **Motor Vehicles & Food/Beverage Stores.** Model forecasts are fine for both sectors.

17. **Building Materials.** The sector has been adding jobs steadily with an increase of at least 62 jobs a year. **Model forecast for 2018 should be revised to 2,936.**

![Graph showing trends in Building Materials](image)
18. **Healthcare Products.** This is a difficult one to forecast given wildly varying trends. *Given the ageing of population we suggest a revised 2018 forecast of 1,700.*

19. **Gasoline Stations.** We suggest a revised forecast of 2,800 for 2018.

20. **Clothing Stores.** Model forecast is fine.
21. **Sporting Goods Stores.** Since 2002 this sector has added 500 jobs. We suggest a model revision to 1,358.

22. **General Merchandise.** Model forecast looks fine.

23. **Miscellaneous Merchandise.** Employment trend has been upward slightly for the last several years. We suggest a revised 2018 forecast of 1,780.
24. **Telecommunications.** Model forecast looks fine.

25. **Credit Intermediation.** Model forecast looks fine.

26. **Insurance Carriers.** Model forecast looks fine.

27. **Real Estate.** Model forecast looks fine.

28. **Rentals.** Model forecast looks fine.

29. **Professional & Technical Workers.** This industry has seen rapid growth nationally with accelerating growth in the late 2000s. Recent trends suggest the model forecast for 2018 should be revised to 8,750. It should be noted that at least one large employer in this industry may be reclassified to a different industry as the central business activities focus more on the Administrative and Support Services sector. Should that occur, employment in this industry would decrease even though there would be no effect on overall employment in this RLMA, rather only a reallocation of employment across industries.

30. **Management of Companies.** Model forecast looks fine.
31. **Administrative & Support Services.** This is the sector that contains call centers and the model fails to capture two significant changes: (a) US Support is adding 1,000 jobs and (b) Capitol One is laying off 150. This results in a large net gain of 850 jobs. **We suggest revising this sector’s 2018 forecast to 10,274.**

32. **Educational Services.** Projections in this sector appear to be very optimistic. Trends since 1994 suggest **a revised forecast for 2018 of 24,077.**

33. **Ambulatory Health.** The model forecast is fine.
34. **Hospitals.** The model forecast is fine.

35. **Nursing & Residential Care Facilities.** Even given the ageing of the population we suggest the growth rate suggested by the model cannot be achieved and suggest a revised 2018 forecast of 8,650.

36. **Social Assistance.** The model forecast is fine.

37. **Amusements, Gambling, and Recreation.** As long as Texas does not legalize casinos, there should be some growth in this sector instead of a decline as projected by the model. **We suggest a revised 2018 forecast of 8,462.**
38. **Accommodations.** Model forecast looks fine.

39. **Food Services & Drinking Places.** Over the 1990-08 period, this sector has consistently added about 431 jobs per year. The model forecast is too low. *We suggest a revised 2018 forecast of 20,893.*

40. **Repair and Maintenance.** Given trends over the past 6 years, *we suggest the model forecast be revised downward to 2,032.*

41. **Personal and Laundry Services.** Model forecast looks fine.
42. **State Government.** There has been an unusual jump in employment in this sector over the past two years. *We suggest a revised forecast of 4,500.*

43. **Local government.** Model forecast is well below the trend of the past 18 years. *We suggest a revised forecast of 12,032.*
Changes RLMA 8 - Monroe

This labor market area’s growth has been moribund for 7 years as major employers---such as State Farm, International Paper-Bastrop, and Guide Corporation have left the region. However, recent new announcements in this region should turn this growth pattern around.

1. **Transportation Equipment Manufacturing.** This is a difficult sector to forecast. The Guide plant did close, which cost this sector 840 jobs. However, the LED has been working with a new auto firm to make the V-Vehicle at the old Guide plant. The V-Vehicle group is on track to obtain the necessary financing to reopen this facility. It would hire 1,400 workers. Considering a reasonable probability of this project actually coming to fruition, we suggest revising the 2018 estimate to 1,159.
2. **Food Manufacturing.** This sector’s employment has been declining since 2004. The area took a huge blow when the Pilgrim’s Pride facility closed, but it will be reopened under the Foster Farms name. In addition, ConAgra is opening a new sweet potato processing plant in Richland Parish that will hire 275 jobs initially, with a goal of achieving 500 by 2015. **We suggest that the 2018 forecast be revised to 2,098.**

3. **Paper manufacturing.** Employment in this sector has been falling for the last 13 years as the industry has developed labor-saving technological changes. In addition, the sector suffered a blow when International paper recently closed its Bastrop mill, costing the RLMA 550 jobs. **We suggest revising the 2018 forecast to 2,780.**
4. **Fabricated Metals.** This sector contains Shaw Pipe Fabricators which is closing at a cost of 202 jobs, but this will be offset by (a) Gardner Denver Thomas Valve adding 230 and (b) Northrop Grumman adding jobs at its Tallulah facility. Therefore, the model forecast looks fine.

5. **Construction Sectors.** Model forecasts in all three sectors look fine.

6. **Wholesale Trade Sectors.** Model forecasts in all three sectors look fine.

7. **Motor Vehicles.** The drop forecasted by the model appears too steep and too heavily weighted by an unusual drop in 2008. We suggest a revised forecast of 1,900.
8. **Food & Beverage Stores.** The drop forecasted by the model appears too large and too heavily weighted by an unusual drop in 2008. **We suggest a revised forecast of 2,400.**

9. **Healthcare Products.** The model does not capture the fact that (a) this sector has been adding jobs for the past three years and (b) the population is ageing. **We suggest a revised forecast of 1,208.**
10. **General Merchandise.** This sector’s employment has been adding 67 jobs a year in a declining environment. *We suggest a 2018 forecast of 4,298.*

![](image1)

11. **Insurance Carriers.** The model forecast is okay.

12. **Real Estate.** This sector has added 241 over the past 10 years at a fairly steady pace in a difficult economy. *We suggest a 2018 forecast of 1,103.*

![](image2)
13. **Telecommunications.** The model could not capture the expected growth in employment at CenturyLink, a firm which has already signed an agreement to (a) keep its headquarters in Monroe for the next 10 years and (b) add 350 jobs between now and 2013. **We suggest revising the 2018 forecast to 1,306.**

14. **Credit Intermediation.** We anticipate steady growth in this sector. Chase Mortgage has already announced adding 250 jobs at its site in Monroe. **We suggest a revision upward to 3,962.**
15. **Professional and Technical Services.** The model forecast is okay.

16. **Management of Companies and Enterprises.** The model forecast is okay.

17. **Administrative and Support Services.** Given that the area has attracted a new medical call center and the Computer Programs and Systems call center, we suggest raising the 2018 forecast to 4,168.

18. **Truck Transportation.** Though this sector has been losing jobs steadily for several years, we believe this labor market area is likely to benefit from work hauling water to harvest the Haynesville Shale, parts of which are found in RLMA 8. The model forecast is okay.

19. **Educational Services.** Given the opening of a new community college campus in the area, we think the model forecasts are okay.
20. **Ambulatory Heath.** This sector has been adding about 273 jobs a year for the past 18 years. **We suggest a revised 2018 forecast of 10,204.**

![Graph showing job trend in Ambulatory Health Care Services from 1990 to 2020.](image1)

21. **Hospitals.** The model forecast is okay.

22. **Nursing Homes.** Employment in this sector has, oddly, declined for the past 4 years. However, given that the population is ageing, **we suggest a revised forecast of 5,222.**

![Graph showing job trend in Nursing and Residential Care Facilities from 1990 to 2020.](image2)
23. **Social Assistance.** Model projection appears far too modest given trends since 1990 and especially since 2001. **We suggest a revised 2018 forecast of 3,359.**

![Graph of Social Assistance](image1)

24. **Food Service & Drinking Places.** This sector has added 132 jobs a year consistently for the past 10 years and was growing even faster before that. The model forecast is far too pessimistic. **We suggest a revised 2018 forecast of 8,872.**

![Graph of Food Service & Drinking Places](image2)

25. **Repair & Maintenance.** The model forecast is okay.
26. **Personal & Laundry Services.** Given recent trends, we suggest revising the 2018 forecast downward to 900.

27. **State Government.** The model forecast is okay.

28. **Local Government.** The model forecast is okay.