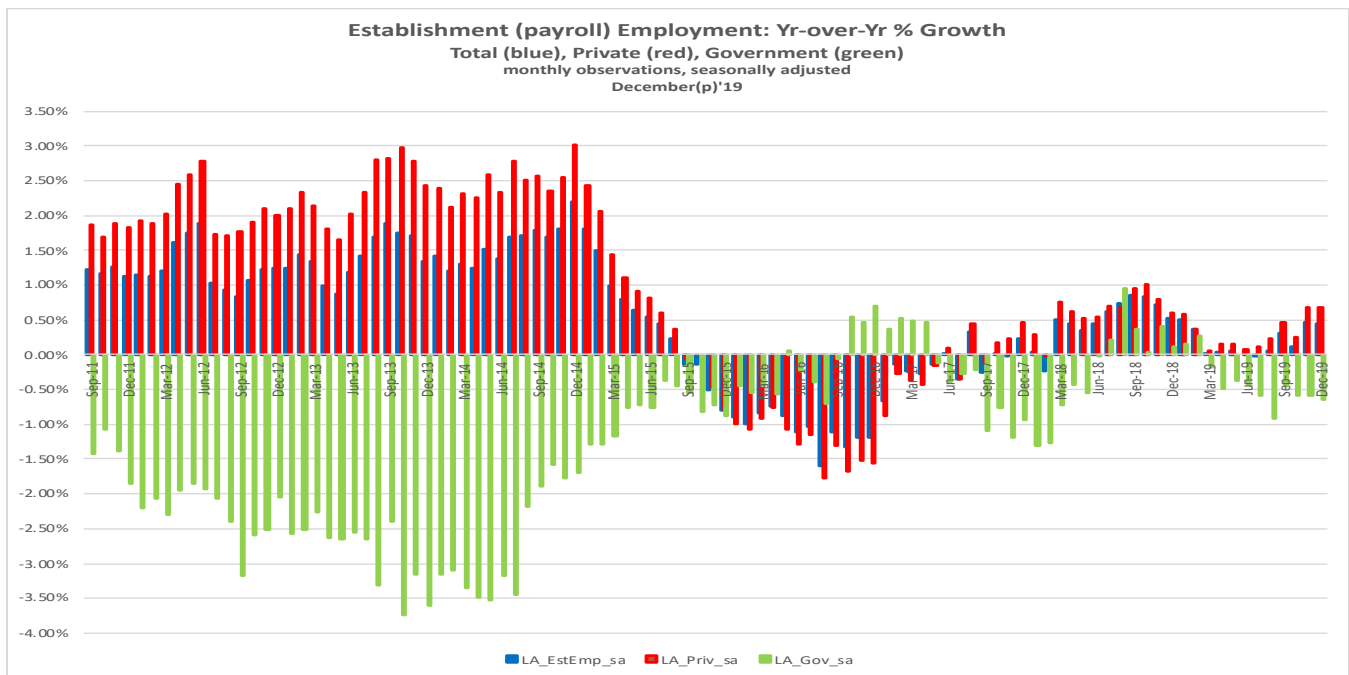


State Employment Growth and Composition, As of December 2019



The most regularly cited metric reflecting the economic performance of states is payroll employment growth. Above is a graph depicting the monthly year-over-year growth of three major payroll employment aggregates for the state of Louisiana; total employment, private sector, and public sector (state, federal, and local combined). The graph reflects the period when state employment growth returned to a steady positive after the last national recession ended, starting with growth as of September 2011. State growth began slowing in 2015, with absolute declines occurring in the latter half of 2015 until the middle of 2017.

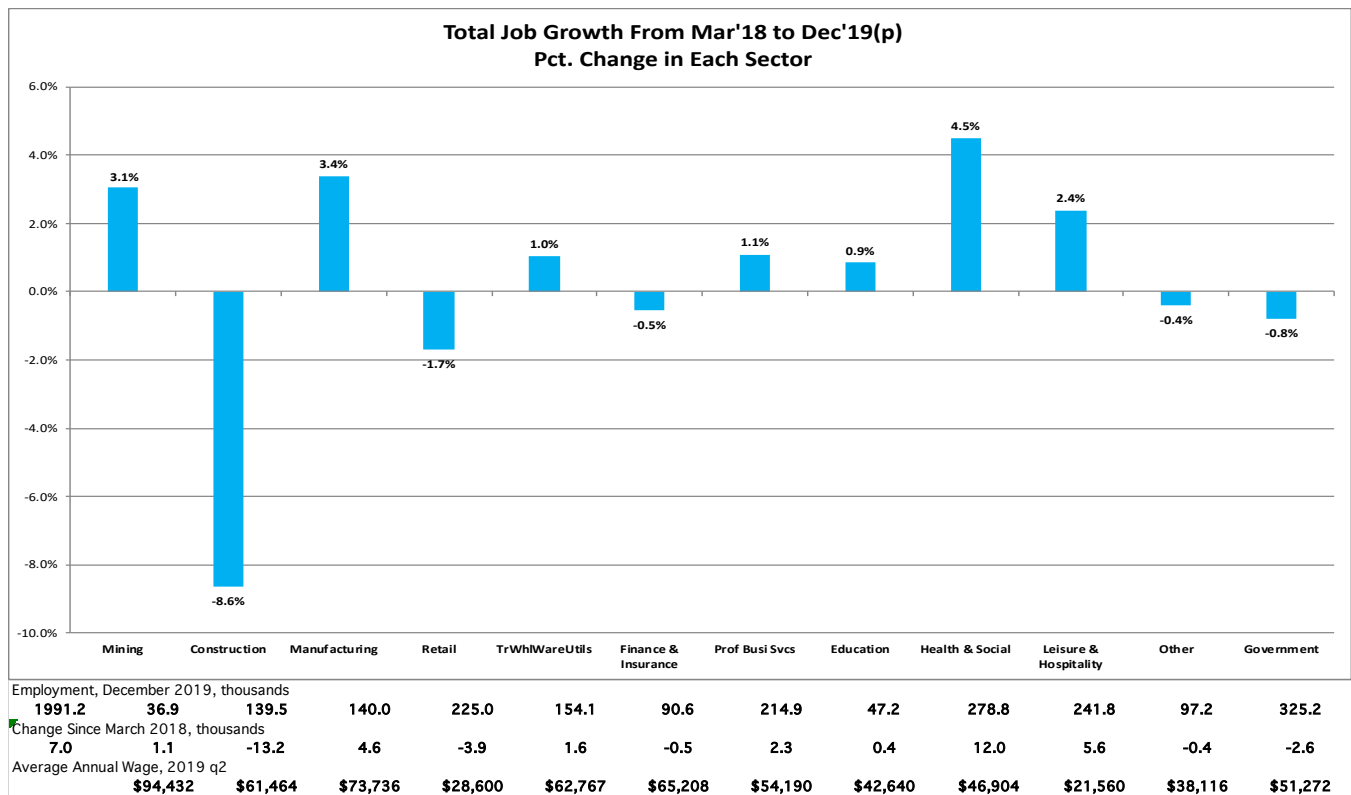
Some notable characteristics of state payroll employment growth are evident in this graph. For about the first three years depicted, growth in both total employment and private sector employment was positive, averaging roughly 1.5% for total employment and a little over 2% for private sector employment. Growth exhibited some modest acceleration through 2014, although the lack of stronger acceleration is somewhat surprising in light of the large amount of industrial expansion that was announced and occurred across the southern tier of the state over those years.

Private sector growth has exceeded the growth of total employment since about mid-2010. This reflected private sector performance on par with the rest of the nation until about 2015, but also the decline of government employment in the state. Federal employment growth declined sharply after the conclusion of the 2010 census, and declined even more through much of 2015 before rising again. Local government employment has exhibited a slow downward drift over much of this period, as well. More dramatically has been the decline in state government employment resulting from the policy decisions to reduce state government employment and privatize state agencies and activities. The total government sector decline began moderating around mid-2014, exhibited a few months of positive growth in late 2016 and early 2017, and has alternated through negative and positive growth periods since then. While comprising less than 17% of total employment in the state as of the end of 2015, government declines had been enough to hold total employment growth to only about one-half to three-quarters the rate of private sector growth for much of the period through 2014.

Both total and private sector employment growth slowed dramatically beginning with 2015, even as the public sector's decline moderated. Both total and private sector growth went negative beginning with September 2015, led by the fall off in oil and gas mining sector. The decline in that sector was relatively small through 2014, but accelerated sharply in 2015. This is an important sector for the state with many directly and indirectly affiliated subsectors, and led a general decline in employment growth. The declines in private and total employment overall hit a trough in August 2016, began moderating into 2017, and finally began to exhibit positive year-over-year growth by mid-2017. A nearly stabilized mining sector, albeit at a much lower level (from 55,000 jobs in 2014 to around 35,000 today), has allowed the overall economy to pick up again, pulled along by the national and international economy. While the re-benchmarked data for 2016 and 2017 reflected a deeper employment trough than previously reported, it also reflected a more rapid climb-out.

Finally, while growth returned to positive about mid-2017, the year-over-year rates exhibited each month have been erratic and relatively low on average; reaching close to 1% for only three or four months. Growth slowed noticeably as 2019; with negative government sector growth again (primarily local government), very modest private sector growth, and overall flat growth for total employment.

State Employment Growth and Composition, As of December 2019



The growth of employment by major industry sector is also of interest in assessing the performance of the economy. The chart above depicts the percentage change in payroll employment in each of twelve major sectors¹ of the economy from the March 2018, the point where the state began to exhibit sustained (if modest) positive payroll employment growth after the state's own oil-price mini-recession in 2015 – 2016; a period where total payroll employment in the state decreased by some 41,200 jobs. Each column in the chart above reflects each sector's change in total payroll employment since the state recovered from this downturn. The table below the chart provides absolute levels of employment, the change in the number of jobs, and the average annual salary/wage in each sector.

For example, employment in the mining sector has increased by 3.1% from March 2018 to December 2019. That sector has recovered 1,100 jobs and contained a total of 36,900 jobs by the end of 2019. The average annual wage in the sector was \$94,432 as of the second quarter of 2019². Even though in-state Louisiana production has not played a material part in the shale oil boom, our citizens and firms support this industry around the country and even the world, as well as the activity in the Gulf of Mexico.

Construction has experienced an outsized contraction over this period as the industrial expansion along the southern tier of the state has paused, after a number of years of steady growth. Solid positive growth for a number of years was inevitably going to be followed by at least a slowing of this sector's growth, but a combination of the changing relationship between world oil and natural gas prices, trade disruption and uncertainty, and the softening of U.S. and world economic growth has paused industrial expansion and associated construction employment. Once a new normal is attained, it is hoped that this sector again make positive contributions to the state's total employment performance. Other relatively minor declines have occurred in retail, finance, local government, and miscellaneous other services.

On the positive side, the sectors of mining, manufacturing, transportation-warehousing-utilities, professional business services, education, health & social assistance, and leisure & hospitality have all experienced growth during this period. Other than leisure & hospitality, these sectors exhibit relatively high average wages.

Finally, it is rare that the economy is hitting on all cylinders, and the current period is no exception, exhibiting a mixed bag of performance. Positives are dominating negatives, but only by a thin margin. This means the state is vulnerable to adverse economic shocks that would be difficult to absorb with the very modest overall employment growth currently being experienced.

¹ North American Industry Classification System (NAICS) two-digit sectors. The standard used by Federal statistical agencies.

² All wage averages are taken from the reports of Employment & Wages – Louisiana Workforce Commission