Building an Inclusive, High-Skilled Workforce for New Orleans’ Next Economy

Susan Sellers, Andre Perry, Petrice Sams-Abiodun, Allison Plyer, and Elaine Ortiz

Summary

The economic news coming out of New Orleans has been good in recent months. The New Orleans region has attracted important new companies, and jobs are up 0.2 percent from December 2007 to December 2011, while, over the same time, the country lost 4.2 percent of all jobs. Yet, the need for greater workforce development has loomed large in nearly every news report about companies considering moving to New Orleans. Some have even insisted that the state invest more in workforce development as a prerequisite for locating here.

Although often considered an economy with low-skilled and low-wage jobs, the New Orleans metro in fact has many jobs that require more education than our workforce has attained. In a recent Brookings Institution report, the New Orleans metro scored in the lowest quartile among the largest 100 metros for its gap in 2009 in the supply of educated workers relative to demand. Indeed since 1980, the industrial drivers of our regional economy have shifted from those requiring less education to those requiring more education.

To be competitive in the Next Economy, New Orleans will need to place particular emphasis on building the education and skills of its future workforce in a more inclusive way. In a conservative scenario that assumes no net in-migration, by 2030, the New Orleans metro will be “majority minority” with fully 52 percent of working age adults being people of color. This means that as white workers retire, they will most likely be replaced by minority workers. And yet the metro’s share of African American and Latino adults with an associate’s degree is significantly lower than among white adults. In 2010, 39 percent of whites had at least an associate’s degree, while only 20 percent of African American adults and 25 percent of Latino adults reached this same level of education.

Early work experiences, in addition to education, are critical for developing worker skills. Yet, minority youth who make up the fastest growing proportion of our workforce are disproportionately more likely to be disconnected from both school and work. During 2008-2010, 16 percent of African Americans in the metro between 16 and 24 years of age were disengaged from school and formal labor.

The challenge of updating the education and skills of our workforce to be competitive in the Next Economy will not be accomplished through the activities of formal educational systems and institutions alone. If we are to continue our recent economic successes, coordinated action across a range of corporate, political, civic, and community leaders is needed to improve existing workforce, education, and training systems so they work for all races and ethnicities. Post-Katrina New Orleans may be in its best position ever to take on this challenge.
Introduction

The economic news coming out of New Orleans is good. In recent months, the region has attracted important new companies, and entrepreneurship continues on an upswing. Objective measures confirm that the New Orleans economy has been relatively shielded from the global recession with jobs up 0.2 percent from December 2007 to December 2011, while, over the same time, the country lost 4.2 percent of all jobs.

Business leaders agree that massive one-time federal rebuilding investments have substantially buffered our region from the worst of the global recession, and that, as those investments dwindle, we may begin to face new challenges. Moreover, a large portion of our workforce has not substantially benefited from our economic successes. The New Orleans metro unemployment rate at 7.4 percent in 2010 was well below the national average of 9.6 percent, but minorities experienced unemployment at 12 percent locally. And among the metro area’s full-time year round workers, about 42 percent earn less than $35,000 annually.

Economists argue that a significant focus on global markets is important for building a sustainably robust economy that generates a larger number of good-paying jobs. Many metro areas have begun working in earnest to focus away from debt-fueled and dwindled domestic markets and toward rapidly growing global markets. Their efforts include strengthening manufacturing and shipping and logistics sectors, increasing foreign direct investment, orienting services (including tourism) more toward international customers, and better leveraging rapidly diversifying workforces.

As business leaders in New Orleans continue to lay the foundation for our Next Economy, whether through business recruitment or greater cultivation of international customers, there’s no doubt that upgrading the skills of the New Orleans metro workforce will be key. The need for greater workforce development has loomed large in nearly every news report about companies considering moving to New Orleans. Some have even insisted that the state invest more in workforce development as a prerequisite for locating here.

The challenge of preparing our workforce for the Next Economy is not unique to New Orleans. Workforce development is a challenge nationwide. This report begins with a brief history of the transformation of the U.S. economy toward high-skilled service sector jobs and our inability to produce a sufficient number of post-secondary educated workers. Then we examine how the New Orleans metro workforce stacks up against the need for educated and skilled workers among New Orleans area industries. We identify the groups that are least likely to be prepared for work in our modern industries. And we identify key opportunities for more fully arming our current and future workforce with the skills necessary to boost our overall economic growth and global competitiveness.

Transformation of the U.S. Economy Toward High-Skilled Service Sector Jobs

The U.S. economy has shifted dramatically over the last two centuries, from a largely agricultural-base, to a heavier reliance on industry, and more recently to a significant dependence on service sector jobs. As our economy became less industrial and more service-oriented, the preponderance of jobs bifurcated between knowledge-based professional, technical, and managerial jobs and low-skilled service jobs. As such, since the early 1970s, the American economy has transformed from one that featured many good-paying jobs for industrial workers without a high school degree, to one where post-secondary education or training was needed for most family-sustaining jobs in service industries. Even manufacturing in the U.S. has moved substantially toward robotics and computers such that many workers in this sector now need post-secondary training to secure a job.
Unfortunately, the United States has been underproducing college-going workers since 1980. Supply has failed to keep pace with growing demand, and scarcity has driven up the cost of postsecondary talent. Moreover, the nation is losing out on the productivity that more postsecondary-educated workers could contribute to our economy. Thus, the undersupply of postsecondary-educated workers has led to two distinct problems: falling global economic competitiveness and a rapid increase in the income gap between those with post-secondary education and those without.

**Wage growth and loss**

Percent change in real hourly wages relative to 1973 by educational attainment, United States

The Great Recession culled from our economy many of the remaining good-paying, low-skilled jobs in construction and manufacturing. And as we emerge from this Recession, our economy will continue to shift toward high-skilled rather than low-skilled jobs. Georgetown University economists predict that by 2018, the U.S. economy will create 46.8 million openings. Nearly two-thirds of these jobs will require workers with at least some college education. Specifically, 30 percent will require some college or a two-year associate’s degree, and about 33 percent will require a bachelor’s degree or better. Only 36 percent will require workers with just a high school diploma or less.

How Does the New Orleans Regional Workforce Stack Up?

Although the share of college-educated adults has grown in the New Orleans metro since 1990, the national share of the population with a degree has also increased such that the metro share continues to lag the nation by about the same margin as it did two decades ago. In 2010, 32 percent of adults in the New Orleans metro had at least an associate’s degree compared to 36 percent nationally.

Educational attainment, however, is only a broad indicator of regional workforce strength. A more precise gauge of workforce readiness requires comparison to the specific educational requirements of the jobs and industries within our metro. In a recent report, the Brookings Institution measured the “education gap” of the largest 100 metro areas to determine the extent to which demand for educated workers outstripped the supply of those workers in each specific regional labor market. The New Orleans metro had one of the largest education gaps, and scored in the lowest quartile.
among the largest 100 metros on this measure. So although the New Orleans metro is often considered an economy with relatively low-skilled, low-wage jobs, in fact, we have many jobs that require more education than our workforce has attained.

**Education gap**

|---|
| Since 2005, the years of education required by the average job in the New Orleans metro increased from 13.28 to 13.44 in 2009. Although educational attainment levels have increased in the metro, the educational requirements of our jobs have increased even faster. As a result, the education gap in the New Orleans metro increased from virtually nothing in 2005 to 0.12 years in 2009. This slight but rapid increase in the education gap in such a short time frame indicates that the metro has an abundance of workers without the education required of industries that are growing the fastest, and could be a forerunner of rising employer frustration.

**Education demanded versus attained**

by average job and by average resident 25 years and older, New Orleans metro

<table>
<thead>
<tr>
<th>Years of education demanded</th>
<th>Years of education attained</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.6 years</td>
<td>13.21</td>
</tr>
<tr>
<td>13.44</td>
<td>13.32</td>
</tr>
</tbody>
</table>


Since 1980, the industrial drivers of our regional economy have shifted from those requiring less education to those requiring more education. Our 2011 analysis of the top ten economic drivers in the New Orleans region revealed that over the last three decades, oil and gas, shipping and logistics, shipbuilding, and tourism have all shed thousands of jobs, while knowledge-based drivers such as higher education, legal services, insurance agencies, and motion picture have begun to emerge. By and large, the driver industries that have gained jobs since 1980 require a higher share of workers with an associate's degree. And the industries that have lost jobs since 1980 require a lower share of workers with an associate's degree.
### Share of workers with at least an associate’s degree and change in jobs since 1980 for ten industry drivers
New Orleans 10-parish region

<table>
<thead>
<tr>
<th>Industry</th>
<th>Change in jobs, 1980-2010</th>
<th>Share of workers with at least an Associate’s Degree, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>1,600</td>
<td>67.0%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>2,900</td>
<td>60.7%</td>
</tr>
<tr>
<td>Insurance Agencies</td>
<td>2,200</td>
<td>46.4%</td>
</tr>
<tr>
<td>Motion Picture and Video Industries</td>
<td>1,800</td>
<td>42.3%</td>
</tr>
<tr>
<td>Heavy Construction and Engineering</td>
<td>-1,200</td>
<td>40.4%</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>-16,100</td>
<td>28.3%</td>
</tr>
<tr>
<td>Ship Building</td>
<td>-5,900</td>
<td>23.2%</td>
</tr>
<tr>
<td>Tourism</td>
<td>-2,200</td>
<td>21.8%</td>
</tr>
<tr>
<td>Shipping</td>
<td>-12,200</td>
<td>20.3%</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>-2,100</td>
<td>17.6%</td>
</tr>
<tr>
<td><strong>Across all industries</strong></td>
<td><strong>-6,300</strong></td>
<td><strong>36.8%</strong></td>
</tr>
</tbody>
</table>


Notes: Change in jobs data reflect estimates of the “export” component of legal services, insurance agencies, heavy construction and engineering, and tourism. For example, total jobs in heavy construction and engineering declined by 3,200 jobs between 1980 and 2010, of which 1,200 are estimated to be losses of “export” jobs. Share of workers with an associate’s degree is based on national data of industries by occupation, and occupations by educational attainment levels.

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### Who’s Being Left Behind?

Educational attainment levels disaggregated by race and ethnicity\(^2\) reveal that African American and Latino adults are much less likely than white adults to be among those with a post-secondary degree in the New Orleans area. Although the share of the African American population 25 years and older in the metro with at least an associate’s degree increased from 16 percent to 20 percent from 2000 to 2010, the share of African Americans with a degree continues to be lower than the U.S. average. In contrast, the educational attainment of whites has increased such that the share of whites with a degree is now on par with the national average. Although Latinos in the metro have significantly higher rates of degree attainment than their national peers, the gap is closing as Latinos locally did not experience the same gains as their peers over the last decade.

As a consequence of these differences in educational attainment, income disparities by race and ethnicity are particularly stark in the New Orleans metro. African American and Hispanic households earn 48 percent and 24 percent less income, respectively, than white households. As the Great Recession pushed household incomes downward nationwide over the last decade, white households locally held their ground such that the median income of white households in the New Orleans metro is now higher than among white households nationwide. And while African American household incomes in the New Orleans metro held steady from 1999 to 2010, they are still significantly lower than national peers. Thus, the disparity in median income between white and African American households locally is more severe than nationwide.
Population with at least an associate's degree by race/ethnicity for the population 25 years and older

<table>
<thead>
<tr>
<th>White (alone, not Hispanic)</th>
<th>Hispanic/Latino (any race)</th>
<th>Black/African American (alone)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>40%</td>
<td>39% n.s.</td>
<td>25% n.s.</td>
</tr>
<tr>
<td>34%</td>
<td>32%</td>
<td>20%</td>
</tr>
<tr>
<td>26%</td>
<td>19%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Sources: GNOCDC analysis of data from U.S. Census Bureau, Decennial Census and American Community Survey.
Notes: Data was not available for Black/African American, not Hispanic. Educational attainment data is not presented for Asians, American Indians, Pacific Islanders, other races, and multiple race householders because of larger margins of error due to small sample sizes in the New Orleans metro.

Median household income by race/ethnicity
2010 inflation-adjusted dollars

<table>
<thead>
<tr>
<th>White (alone, not Hispanic)</th>
<th>Hispanic/Latino (any race)</th>
<th>Black/African American (alone)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$90 thousand</td>
<td>$57,593 n.s.</td>
<td>$38,501 n.s.</td>
</tr>
<tr>
<td>$59,365</td>
<td>$44,237</td>
<td>$43,833 n.s.</td>
</tr>
<tr>
<td>$57,205</td>
<td>$44,066</td>
<td>$40,165</td>
</tr>
<tr>
<td>$30,263</td>
<td>$30,167 n.s.</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

Sources: GNOCDC analysis of data from U.S. Census Bureau, Decennial Census and American Community Survey.
Notes: The 2010 ACS data reflect incomes during 2009-2010. The Decennial Census data represent calendar year 1999. All income is in 2010 inflation-adjusted dollars using the CPI-U-RS. Data reflect the U.S. Office of Management and Budget (OMB) definition for the New Orleans metro at the time of each survey, and thus vary slightly over time. Data was not available for Black/African American, not Hispanic. Median household income data is not presented for Asians, American Indians, Pacific Islanders, other races, and multiple race householders because of larger margins of error due to small sample sizes in the New Orleans metro.

n.s. = The change between 2000 and 2010 is not statistically significant for Hispanic/Latino (any race) in the New Orleans metro. The difference between the U.S. and the New Orleans metro in 2010 is not statistically significant for White (alone, not Hispanic).
By 2030, the New Orleans Metro Will Be “Majority Minority”

To be competitive in the Next Economy, New Orleans will need to place particular emphasis on building the skills of its future workforce in a more inclusive way. Indeed no later than 2030, the New Orleans metro will be a “majority minority” metro — joining the ranks of many other long-standing “majority minority” metros such as Houston, Los Angeles, New York, and San Francisco. If we assume no net in-migration and simply factor in age-specific death and birth rates, we can easily calculate that the metro will be majority minority by 2030 — sooner if we experience an additional influx of Latinos between now and then. (See Technical Appendix for full methodology.)

Share of total population
by race/ethnicity

Source: GNOCDC analysis of data from U.S. Census Bureau Decennial Census, and authors’ projections.
The working age population will diversify slightly more quickly than the total population. Assuming no net in-migration, by 2030, 52 percent of working age adults in the New Orleans metro will be people of color. This means that as white workers retire, minorities will most likely be their replacements. Thus, to maximize our region’s economic potential, we must place particular emphasis on upgrading and updating the skills and education of all racial and ethnic groups.

**Share of working age population**
by race/ethnicity, 2030 (projected)

- 48% White (alone, not Hispanic)
- 36% Black/African American (alone, not Hispanic)
- 10% Hispanic/Latino (any race)
- 6% Two or more races (not Hispanic)
- 3% Asian or Pacific Islander (alone, not Hispanic)
- 1% Other (alone, not Hispanic)

Source: GNOCDC analysis of data from U.S. Census Bureau Decennial Census, and authors’ projections.

**Disconnected Youth**

In this report, disconnected youth are defined as people between the ages of 16 and 24 who are also:
- Living below 200% of the federal poverty threshold.
- Not employed.
- Not enrolled in school for at least the previous three months.
- With less than an associate’s degree.
- Not enrolled in the Armed Forces.
- Not receiving retirement income.
- Not living in group quarters (such as college dormitories, military barracks, or jails).

**And What About Our Youth?**

Many scholars argue that, in addition to post-secondary education, early work experiences are critical to a smooth transition into the workforce, and, thus, young people who are out of school and out of work reduce the current and future productive power of our economy. Moreover, a large number of such youth may impose added costs on the region. For example, regions with higher teen unemployment tend to have higher teen pregnancy rates. And lower earnings among young men tend to be associated with higher rates of criminal activity. In our highly globalized and technologically-driven economy, early work experiences and post-secondary schooling are practically pre-requisites to securing middle class status.

Researchers in the United States have used the phrase “disconnected youth” to refer to youth who are neither engaged in traditional education nor the formal labor market. But there is little agreement about how to define or accurately quantify the number of disconnected youth in any given region. We use a definition that includes only youth who are low-income because, according to experts, disconnected youth who are low-income may lack the financial and social supports to ever reconnect to school or work, severely limiting their earnings potential and imposing significant costs on society. Using a definition that includes only low-income youth between the ages of 16 and 24 with less than an associate’s degree, there were roughly 14,000 youth in the New Orleans metro during the 2008-2010 period who were neither enrolled in school nor employed. These disconnected youth represented about 10 percent of all youth between the ages of 16 and 24.
Compared to the nation, the New Orleans metro had a higher percentage of young people who were disconnected during the three year period between 2008 and 2010. The national average of low-income young people who were disconnected was 7.5 percent compared to 10.2 percent for the New Orleans metro.

Both in the New Orleans metro and in the U.S., disconnected youth are disproportionately — although certainly not entirely — African American. During 2008-2010, there were roughly 9,500 disconnected African American youth in the New Orleans metro (out of 14,000 total disconnected youth). These disconnected youth represented about 16 percent of all African American youth between the ages of 16 and 24 — a percent that is higher than the national rate for African American youth overall. These figures emphasize that disconnection among African American youth are high nationwide and are particularly high in the south. Several researchers have attributed this phenomenon to multiple factors including residential isolation that limits interaction with employed adults who might provide networks to employment opportunities, discrimination by employers, and incarceration policies that lead to high arrest rates — factors that are more pronounced in the south.35

Disconnection rates for all youth and for African American youth
2008-2010 three-year average

![Bar graph showing disconnection rates for all youth and for African American youth in the United States and New Orleans metro from 2008 to 2010.](image)

**Sources:** GNOCDC analysis of data from American Community Survey (via the Integrated Public Use Microdata Series).

Although the sample size in the New Orleans metro was too small to estimate the level of disconnection among Latino youth, according to national research, “disconnection” rates are disproportionately high among Latino youth as well. Yet the nation and the New Orleans metro are entering a period during which a growing proportion of our prime age workers will come from African American and Latino ranks. To ensure long-term regional economic prosperity, the region will need to identify and scale up efforts that successfully engage younger generations of all races in productive education and work activities.
Building a More Inclusive Workforce Increases Economic Growth and Competitiveness

A number of studies in recent years have demonstrated that metropolitan regions that become more “equitable” (as measured by reductions in income disparities, concentrated poverty, or racial segregation) experience greater economic growth (as measured by increases in per capita income). The reasons are complex and not yet fully understood, but seem to be related to the fact that less disparity increases inter-group trust, decreases social tensions, and makes beneficial economic decision-making more feasible. In other words, as disparities and segregation decrease, community members have a greater sense of interconnectedness and are more willing to work together to develop initiatives and innovations that are mutually beneficial. On the flip side, researchers have found that greater inequality is correlated with higher crime rates. Researchers have also found that the link between racial inclusion and economic growth is strongest in “weak market” metros like New Orleans. Thus, building a more inclusive workforce has a very strong likelihood of expanding the New Orleans region’s overall capacity for economic growth. Reducing disparities also has been shown to have important fiscal benefits. It has improved the long-term fiscal health of cities and regions by raising new revenues (without increasing tax rates) and reducing spending for social services and public safety. Finally, building a more inclusive workforce can also enhance the region’s competitiveness. Diversity brings different ways of seeing problems and solutions to workplaces and other settings. Beyond the benefits of diverse perspectives, a culturally competent and multilingual population can help entrepreneurs, companies, and organizations communicate with, understand, and respond to potential customers, suppliers, and collaborators from different cultures across the globe.

Inclusion in Practice

The need to upgrade the education and skills of our rapidly diversifying workforce is not unique to the New Orleans metro. Indeed, African Americans and Hispanics account for the most rapidly growing shares of our workforce nationwide. Many metros have already begun preparing for this demographic shift.

Take Baltimore, for example, which is working to create an “opportunity rich” economic growth model that identifies the industries and sectors that offer the best promise for growing both better quality and more inclusive employment opportunities in the region (J. Vey, personal communication, February 9, 2012).

Or Chicago, where a collaborative career pathways program that bridges limited English-proficient individuals into Licensed Practical Nursing (LPN) positions has not only placed minorities in jobs, but also doubled their previous salaries.

Transformative initiatives that augment the education and skills of younger generations are also taking place in metros across the nation. Greater Seattle, for example, is cultivating homegrown talent by targeting young people in less affluent neighborhoods with an ambitious goal of doubling the number pursuing a college diploma or career credential by 2020.

Finally, U.S. metros are involving themselves in dynamic partnerships to tackle this important challenge. In Milwaukee, the largest employers collaborate within industry sectors to provide short-term, job-specific training to disadvantaged employees, thereby increasing their wages. And in North Carolina, more than 40 community colleges have partnered to implement male minority mentoring programs that improve the retention and graduation rates of minority male students so they are successful in securing post secondary credentialing.
Conclusion

New Orleans has an impressive history as a global city where diverse groups interacted easily, as evidenced by our unique culture that blends French, Spanish, African, and Haitian influences among others. This kind of cultural fluency will serve us well as we network globally to broaden the possibilities of trade and exchange.

Equipping our rapidly diversifying workforce with the skills needed to succeed in the Next Economy will be critical to our ability to market ourselves as a global city worthy of foreign investment. More immediately, it will greatly increase our appeal to domestic high tech industries that are often more concerned about access to skilled workers and peer networks than financial incentives in making their location decisions. And it will increase our ability to innovate by boosting the human capital available to support our emerging entrepreneurial ecosystem. Finally, it will go a long way in reducing the societal costs of poverty that include not only high crime but also a disproportionate share of local tax dollars spent on public safety, leaving other municipal services starved for resources and reducing our overall quality of life.

Yet some may argue that our efforts should be focused primarily on accelerating job creation — with an emphasis on good-paying jobs. And this argument is not without merit. Our previous research has shown that important knowledge-based industries such as higher education, legal services, and motion picture/video production are beginning to gradually emerge as drivers of our economy, but the gains in these industries have not made up for the losses in tourism, the ports, and oil and gas since 1980, such that we have 1.1 percent fewer jobs now than we did three decades ago. Still, growing jobs and developing our workforce are two sides of the same coin. Economic development professionals realize this when they try to attract companies who complain that our workforce can’t meet their needs. And nonprofit and advocacy organizations realize this when they try to connect residents with family-sustaining jobs, and find only low-wage service jobs for which there is steep competition. At the end of the day, the New Orleans metro must tackle both simultaneously.

More research is needed.

To understand how leaders might organize efforts around economic growth that leverages all of our human capital, additional research is needed. Economic development leaders have already undertaken important initiatives to develop Next Economy industries with strong growth potential as identified through solid economic analysis. These include the state’s Growing Green initiative and GNO, Inc’s Sustainable Industries initiative. The next step is to assess the extent to which these and other Next Economy industries will provide opportunities for people of color and younger generations by identifying the occupational, skill level, and wage structures in each industry. Then we need specific strategies for utilizing leading national practices to improve existing workforce, education, and training systems, such as ensuring that secondary and post-secondary institutions educate and train individuals in the specific Next Economy industries that economic leaders are developing.

But as the pace of technological change increases, most working adults (including the authors of this report) have found themselves in the position of needing to become “lifelong learners.” Thus, the challenge of updating the education and skills of our workforce to be competitive in the 21st century economy will not be accomplished through the activities of formal educational systems and institutions alone. At the end of the day, a commitment to a shared vision and coordinated action across a range of corporate, political, civic, and community leaders is needed. Post-Katrina New Orleans may be in its best position ever to take on this challenge.
Technical Appendix: Methodology for Projected Population for New Orleans Metro in 2030

The overall objective of these projections was to assess the future rate of growth of the non-white population in the New Orleans metro relative to the future rate of growth of the white population, and to identify the year in which the overall population will become majority non-white, as well as the year in which the working age population will become majority non-white. For this reason, several conservative assumptions were employed in the development of these projections.

The projections of the 2030 New Orleans metro population by age and race/ethnicity were developed using a cohort-component forecasting model. These population projections assume no net in-migration to the New Orleans metro over the next 20 years, but instead utilize current race/ethnicity-specific birth and death rates to determine the make-up of the New Orleans metro as it will be in 2030. Given current economic forecasts, it’s reasonable to assume that the number of newcomers who might come to the region could be offset by those who leave the region for work opportunities resulting in no significant net in-migration. (Although zero net in-migration may seem pessimistic, simply factoring in expected births and deaths results in a 4 percent population growth rate for the metro by 2020, which is not inconsistent with the 2011 Louisiana Workforce Commission’s 3.5 percent predicted job growth rate over 10 years.) However, by assuming zero net in-migration, these projections fail to take into account the possibility of shifting demographics and in particular the likelihood of additional international immigration to the New Orleans metro over the next twenty years. For example, from 2000 to 2010, the Hispanic population grew 43 percent nationwide (and accounted for more than half of all national population growth) and in the New Orleans metro the Hispanic population grew 57 percent and the foreign born population of the metro grew from 5 percent to 7 percent. If these trends continue, then the demographics of the region will shift more dramatically than suggested in this analysis.

Projections were calculated for seven race/ethnicity groups. According to the Census Bureau, Hispanic status is defined as an ethnicity, and the Hispanic population may be reported in any race category (white, black, other, etc.). Thus, we developed projections for these seven groups: black non-Hispanic, white non-Hispanic, Asian or Pacific Islander non-Hispanic, American Indian non-Hispanic, two or more race non-Hispanic, other race non-Hispanic, and Hispanic.

These race/ethnicity projections start with Census 2010 population counts of the New Orleans metro population by age for each of these groups, and apply national 2007 (the most recent available) Age-Specific Death Rates (ASDR) from the National Vital Statistics Report to estimate the number of people who survive to the following year in each age group for each racial/ethnic group. Hispanic ASDRs were applied to the Hispanic population. Black non-Hispanic ASDRs were applied to the black non-Hispanic population. White non-Hispanic ASDRs were applied to the white non-Hispanic population. ASDRs for Asian non-Hispanics, and American Indian non-Hispanics were not available. Thus, ASDRs for Asian/Pacific Islanders (that may include Hispanics) were applied to the Asian/Pacific Islander non-Hispanic population. ASDRs for American Indians (that may include Hispanics) were applied to the American Indian non-Hispanic population. ASDRs for multi-race and other race were not available either. A scan of the ASDRs by group determined that the black non-Hispanic and American Indian non-Hispanic ASDRs were the highest, and the Asian non-Hispanic ASDRs were the lowest, while white non-Hispanic, Hispanic, and the overall category of all non-Hispanics fell roughly in the middle. For this reason ASDRs for the general category of all non-Hispanics were applied to the multi-race non-Hispanic population as well as to the other race non-Hispanic population. Given the small number of multi-race non-Hispanics and other non-Hispanics, the error that using the non-Hispanic ASDRs might introduce into the growth of the non-white population is small.

In a similar manner, survival rates were calculated for females in order to estimate births each year. Births were estimated using 2009 (the most recent available) national births rates for females ages 15 to 44. The Hispanic birth rate of 93.3 was applied to the Hispanic population. The black non-Hispanic birth rate of 68.9 was applied to the black non-Hispanic population. The white non-
Hispanic birth rate of 58.4 was applied to the white non-Hispanic population. Birth rates for Asian non-Hispanics, and American Indian non-Hispanic were not available. Thus, the birth rate for Asian/Pacific Islanders (that may include Hispanics) of 68.7 was applied to the Asian/Pacific Islander non-Hispanic population. And the birth rate for American Indians (that may include Hispanics) of 62.8 was applied to the American Indian non-Hispanic population. Birth rates for multi-race and other race were not available either. A scan of the birth rates by group determined that the Hispanic birth rate was the highest, and white non-Hispanic and American Indian birth rates were the lowest, with black non-Hispanic and Asian falling in the middle. The birth rate for the general non-Hispanic category at 61.1 was closest to the white non-Hispanic birth rate likely because of the preponderance of whites among the non-Hispanic group. To be consistent with our selection of death rates, we applied the general non-Hispanic birth rate of 61.1 to the multi-race non-Hispanics and the other race non-Hispanic. Given the small number of multi-race non-Hispanics and other non-Hispanics, the error this might introduce into the growth of the non-white population is small. In addition, the CDC estimated sex ratio of births from 1940-2002 was used to determine the number of females born each year to sustain the projections from 2025 to 2030.

Finally, these projections rely on certain assumptions about exogamy and ethnic affiliation — that is the degree to which race/ethnic groups intermarry and the way the children of these unions identify themselves — in order to project the number of individuals who will identify themselves as multi-racial by 2030. Conventional population projections assume that persons of different major racial/ethnic groups do not have children together and that all children will be of the same racial/ethnic identity as their parents. More recent population projections have assumed that the race of the child follows the race of the mother. But these methods have been questioned as the number of interracial marriages has grown rapidly in recent decades — from less than 1 percent of all marriages in 1970 to over 5 percent by 2000 — and the number of U.S. residents identifying themselves as two or more races grew 32 percent from 2000 to 2010. For these reasons we sought out data that would assist in projecting the number of multi-racial children likely to be born in the New Orleans metro over the next 20 years. Because the rate of nonmarital childbearing has grown rapidly in the U.S. — from roughly 10 percent of all births in 1970 to nearly 40 percent of all births by 2007 — it was important to estimate not only exogamy, but also intergroup nonmarital unions as well. This is particularly important when estimating the number of multi-race children, because research indicates that interracial dating is even more common than interracial marriage. Because the objective of these projections was to determine the rate of growth of the non-white population, we decided to focus on the number of births to white mothers and nonwhite fathers and classify those as multi-racial births. According to the Census 2000, three percent of all married U.S. white women were married to nonwhite men, and 10 percent of all nonmarried U.S. white women living with partners of the opposite sex were in a union with nonwhite men. But because marriages outnumber nonmarried unions more than 10 to 1, overall four percent of U.S. white women in any sort of union were in a marriage or unmarried partnership with a nonwhite man. Thus, for our calculations we assumed that 4 percent of all births to white mothers have fathers that are nonwhite and we classified these as two or more races. This assumption is subject to several limitations. For example, the rate of white women in the New Orleans metro in unions with nonwhite men may be greater or less than the national average. Moreover, if many of the white women in unions with nonwhite men in 2000 were beyond child bearing age, classifying 4 percent of all births to childbearing age white mothers as multi-race would overstate the number of such births. However, given the rapid increase in interracial marriages from 1970 to 2000, it is likely that the number of white women in unions with nonwhite men has actually grown since 2000, and, thus, 4 percent may be a conservative estimate of multi-racial unions of childbearing age women. Moreover, this calculation assumes that all offspring of white mothers and nonwhite fathers will self identify as two or more races. Clearly some number of these offspring could identify as white, or they could identify as Hispanic, or any race category. Thus, our approach may overstate the number of people of two or more races and underestimate the number of people in several other race/ethnicity categories. Moreover, this approach assumes that all children born
to black non-Hispanic mothers will self-identify as black regardless of the race/ethnicity of their father. And all children born to Hispanic mothers will self-identify as Hispanic, and all children born to Asian mothers will self-identify as Asian, etc. Again, these assumptions are obviously flawed, but do not lead to large errors in projecting the percent of the population that will be nonwhite by 2030. That is to say, the projection of each racial/ethnic group may be somewhat skewed using this technique, but the overall number of nonwhite individuals will only be incorrect to the extent that people of mixed race/ethnic ancestry self-identify as white — a number that is likely to be relatively small given national trends in race/ethnicity self-attribution.

Endnotes


3. The New Orleans metro is defined as the seven parishes of Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John, and St. Tammany. Unless otherwise noted, “New Orleans metro” and “New Orleans region” are used interchangeably throughout this report.


5. Authors’ analysis of ACS 2010 data. At the 90 percent confidence interval, the true percentage of full-time year-round workers earning less than $35,000 annually was between 39% and 45%, with a mid-point of 42%.


9. Ibid.


11. Ibid.


13. Ibid.


16. The Census Bureau estimates that the number of people 25-34 in the New Orleans metro with at least a bachelor’s degree has increased from approximately 42,500 in 2000 to approximately 46,000 in 2010 but the increase is not statistically significant at the 95% confidence level. Nonetheless, the number has not fallen despite an overall decrease in population. This further supports our conclusion that the New Orleans metro did not lose young professionals, and likely gained young professionals post-Katrina.
17. Education gap was calculated as the years of education required to do the average job in a metropolitan area divided by the years of education attained by the average working-age person in that metropolitan area.


19. For this section of the report, the New Orleans region refers to the New Orleans metro area plus St. James, Tangipahoa, and Washington parishes.


21. According to the Census Bureau, Hispanic status is defined as an ethnicity, and the Hispanic population may be reported in any race category (white, African American, other, etc.). Unless otherwise noted, racial categories used in this report such as “white” and “African American” refer to individuals who are not Hispanic and who are not more than one race; “black” is used interchangeably with “African American;” and “Hispanic” is used interchangeably with “Latino.”


24. This paper uses 200% of the federal poverty threshold as a measure of economic need because poverty thresholds are very low and many means-tested social programs go above the threshold to determine eligibility. The source of our disconnected youth data are the 2010 ACS 3-year estimates, which are based on data collected during 2008, 2009, and 2010. Poverty thresholds are updated annually. Thus, a slightly different threshold is applied to each year of data collection. For example, in 2009, 200% of the federal poverty threshold was $21,912 for a single person, $27,982 for a two-person family, $34,196 for a three-person family, and $43,908 for a four-person family. Poverty thresholds are available at http://www.census.gov/hhes/www/poverty/thresholds/index.html.


26. While quantifying the cost of disconnection is difficult, at least one study discusses the types of costs that might be incurred by unemployed youth and in the U.S. economy. We name just two of the eleven costs addressed in a study from the Northeastern University Center for Labor Market Studies (Sum, 2004).


29. A recent report from the White House Council for Community Solutions and the Corporation for National and Community Service (Belfield, et. al. 2012) uses the phrase “opportunity youth” in lieu of “disconnected youth.”

30. Across multiple studies of disconnected youth, the ages of the youth, their economic status and education level, and the length of time they are out of school or work for purposes of being considered disconnected differ. Moreover, the data sources used to define disconnected youth vary based on the context of their study and some of these data sources do not provide robust data locally. In addition, a smaller number of studies have also incorporated incarcerated youth into estimates of the population. Due to these methodological differences, the number of youth who are considered disconnected widely varies. For example, in a review of the literature, the Congressional Research Service (Congressional Research Service 2009) found an estimated percentage of disconnected...
youth between 8 and 15 percent, while a report from the Corporation for National and Community Service and the White House Council for Community Solutions (Belfield, et. al. 2012) estimated that 17 percent of all youth are disconnected derived from four estimates based on different national data sources.

31. Annual data from federal statistical agencies comes from sample surveys that yield estimates with large margins of error. Additionally these sources are able to provide little reliable information about the demographic characteristics of the disconnected youth in a region (such as their degree of educational attainment, family status, etc). Customized primary data collection is necessary to provide insight about the specific characteristics of the disconnected youth in any community.


33. At the 95 percent confidence interval, the true percentage of the youth population who was disconnected during the 2008-10 time period was between 8.9% and 11.5%, with a mid-point of 10.2%. In April 2010, the Census counted 147,524 young people between ages 16 and 24 in the New Orleans metro, but the estimated average for the 2008-10 period was slightly lower. At the 95 percent confidence interval, the true number of disconnected youth during the 2008-10 time period was between 12,195 and 15,781.

34. At the 95 percent confidence interval, the true percentage of the African American youth population who was disconnected during the 2008-10 time period was between 13.8% and 18.8%, with a mid-point of 16.3%. In April 2010, the Census counted 59,816 young African Americans between the age of 16 and 24 in the New Orleans metro, but the estimated average for the 2008-10 period was slightly lower. At the 95 percent confidence interval, the true number of disconnected African American youth during the 2008-10 time period was between 8,010 and 10,968.


36. There were a total of 20 unweighted Latinos that met the definition of disconnected youth in the 2008-2010 American Community Survey Public Use Microdata Sample.


46. Ibid.


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About the Greater New Orleans Community Data Center

Since 1997, the Greater New Orleans Community Data Center (GNOCDC) has been gathering, analyzing, and disseminating data to help leaders at all levels work smarter and more strategically.

A product of Nonprofit Knowledge Works, GNOCDC plays a critical role in assessing the strength of the New Orleans economy and housing market since the onset of the Great Recession. GNOCDC is also recognized across the country for expertise in New Orleans demographics, disaster recovery indicators, and actionable data visualization.

Acknowledgments

The authors are grateful to the many people who reviewed this report and provided valuable feedback, including Robin Barnes, Jennifer Barnett, Liza Cowan, Flozell Daniels, Shawn Escoffery, Thelma French, Margaret Montgomery-Richard, Linda Pompa, and Kim Rugon. The authors also thank colleagues at GNOCDC who contributed to this report. Charlotte Cunliffe provided editorial support. Melissa Schigoda supplied information design and layout, and Ben Horwitz provided data analysis and editorial assistance. In addition, the authors thank the Federal Reserve Bank of Dallas for allowing us to republish their graphic on the transformation of the U.S. economy since 1800.

The authors also wish to thank Martha Ross, Jonathan Rothwell, Alan Berube, and Jennifer Vey at the Brookings Institution for providing additional insights, data, and support for our analyses of disconnected youth, the education gap, and inclusion in practice.

In addition, the authors are grateful for the trail-blazing research conducted by PolicyLink in their report America’s Tomorrow: Equity is the Superior Growth Model. That report, which makes the case that racial and economic inclusion is critical to succeeding in the new economy, served as inspiration for this report.

Finally, the Data Center wishes to thank Baptist Community Ministries, United Way of Southeast Louisiana, RosaMary Foundation, Metropolitan Opportunities Fund at the Greater New Orleans Foundation, Surdna Foundation, and Foundation for Louisiana for their ongoing support.