

The New Orleans Index at Ten

Executive Summary

When Hurricane Katrina struck and the levees protecting metro New Orleans failed, the western world witnessed an unprecedented catastrophe. More than 1,000 people died, more than a million were displaced, and total damage to the region was estimated at \$151 billion.¹ But since August 2005, the world has experienced multiple large-scale disasters including the 2010 earthquakes that devastated Haiti, the 2011 Great East Japan earthquake and tsunami that killed over 15,000 people, and Hurricane Sandy in 2012, which caused over 100 deaths and \$67 billion in damage along the East Coast.²

Southeast Louisiana alone has experienced multiple shocks since 2005. Since Katrina, Hurricanes Rita, Ike, Gustav, and Isaac all caused extensive flooding and wind damage across the region. And in 2010, the Deepwater Horizon explosion gushed millions of barrels of oil into the gulf, fouling miles of Louisiana’s delicate coastal wetlands—New Orleans’ first line of defense against storm surge.

The tenth anniversary of Katrina is a good time to assess how the region has recovered, and whether the metro is fortifying the capacities necessary to be resilient in the face of any shock. The lessons learned from New Orleans’ recovery can inform how the world responds to future disasters, and how it builds the resiliency capacities needed to withstand future shocks. Our indicators suggest that while the New Orleans economy is rebounding, and in some ways better than before, several social and environmental trends may test New Orleans’ resilience capacity in the future.

DEFINING RESILIENCE

Regional resilience is composed of two related components; they are: (1) *resilience performance*, how well a region rebounds after a disaster and (2) *resilience capacity*, the region’s ability to respond to any shock.

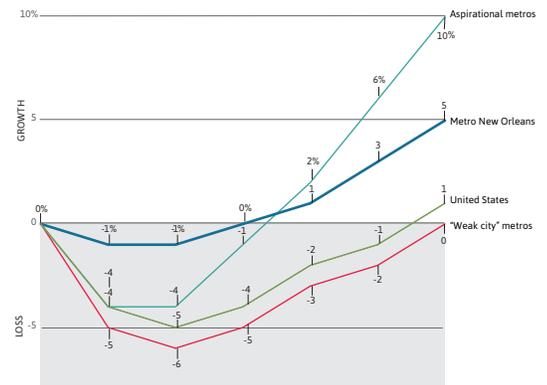
Scholars studying disasters spanning more than a century concluded that disasters tend to accelerate pre-existing trends.³ This did not bode well for metro New Orleans which had very weak population and job growth and high poverty levels pre-Katrina.⁴ However, in a few case studies, a region was able to break from historic trajectories, bouncing back better than before. The ability to rebound to pre-stress or better than pre-stress trend lines is influenced by a region’s resilience capacity.

A review of resilience literature points to several characteristics that support a region’s resiliency capacity. Certainly, strong infrastructure is an important factor.⁵ But a number of economic and social factors also impact the ability of a metro to respond to, bounce back from, and adapt positively to any negative shock. These resiliency factors include: a strong and diverse economy; a relatively small gap between the incomes of high and low-income residents; large shares of educated workers; wealth (whether government, private, philanthropic, or individual) that can provide adaptive cushion; strong attachment to place; social cohesion between groups; community competence and problem-solving ability; strong leadership; and trust in government.⁶



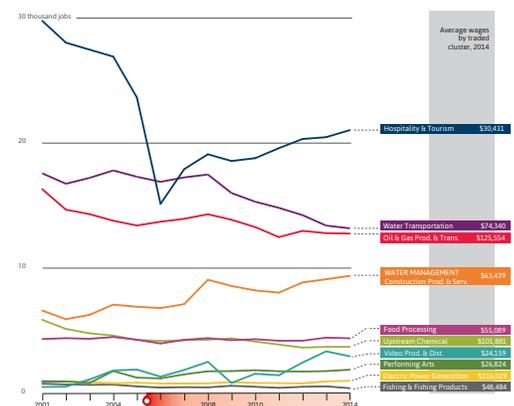
JOB GROWTH SINCE THE GREAT RECESSION

PERCENT CHANGE IN JOBS RELATIVE TO 2008



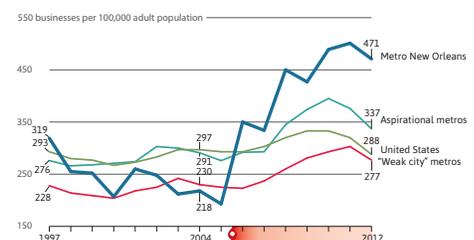
JOBS BY TRADED CLUSTER

FOR THE 10 STRONGEST SPECIALIZATIONS, METRO NEW ORLEANS

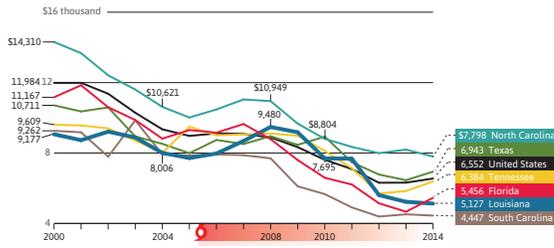


INDIVIDUALS STARTING UP BUSINESSES

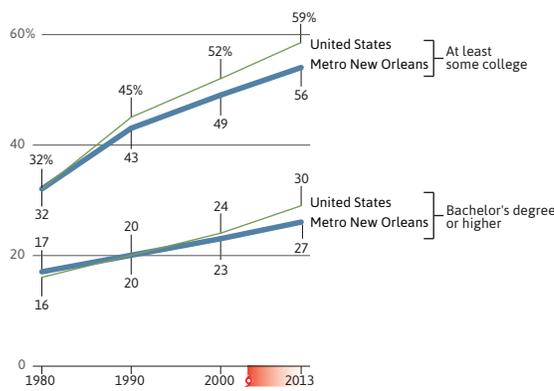
PER 100,000 ADULT POPULATION (THREE-YEAR AVERAGES)



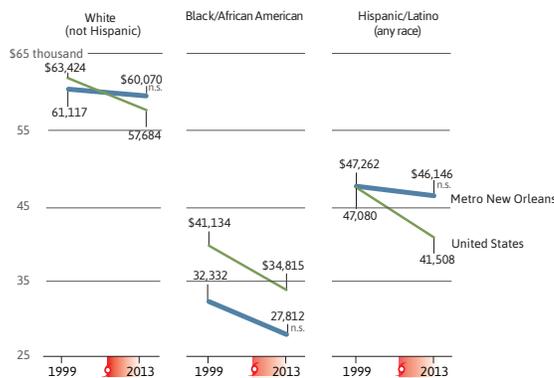
STATE HIGHER EDUCATION FUNDING PER FULL-TIME ENROLLMENT, 2014 INFLATION-ADJUSTED DOLLARS



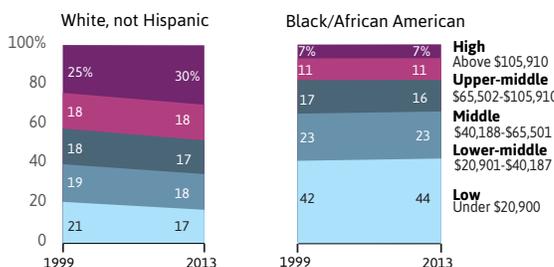
EDUCATIONAL ATTAINMENT FOR THE POPULATION 25 YEARS AND OLDER



MEDIAN HOUSEHOLD INCOME BY RACE/ETHNICITY 2013 INFLATION-ADJUSTED DOLLARS



HOUSEHOLDS BY NATIONAL INCOME QUINTILE BY RACE/ETHNICITY, NEW ORLEANS



The New Orleans Index at Ten analyzes over 30 indicators reaching back to 1980 to assess whether New Orleans has broken from its historic trajectories. It reveals areas of strength and weakness across many of the factors contributing to resilience capacity, organized by economic growth, inclusive growth, quality of life, and sustainability.

ECONOMIC GROWTH

The metro New Orleans economy is taking first steps towards a new trajectory—with sustained job growth, an increasingly diverse set of industry clusters, and high rates of entrepreneurship.

- ✧ From 2008 to 2010, metro New Orleans lost only 1 percent of jobs compared to 5 percent lost nationwide. By 2014, metro New Orleans had recouped these losses and reached 5 percent above its 2008 level, while the nation reached only 1 percent above its 2008 level.
- ✧ Jobs in knowledge-based clusters have grown substantially since 2010 including in construction products & services (an essential part of the water management cluster), video production, and electric power generation, which have grown 14 percent, 90 percent, and 22 percent respectively.
- ✧ Job centers have shifted across the region. Parishes upriver and on the north shore are now home to 24 percent of all the metro’s jobs.
- ✧ The metro New Orleans entrepreneurship rate—at 471 startups per 100,000 adults during the three year period from 2011-13—is 64 percent higher than the nation, and 40 percent higher than other fast-growing Southern metros.
- ✧ Venture capital funding, which is critical to innovation, has doubled in metro New Orleans from \$16 per capita in 2010 to \$32 per capita in 2014. But this is only a fraction of the venture capital going to startups in competitive metro Austin, where funding has consistently been over \$100 per capita since 2006.
- ✧ Metro New Orleans lags the nation in producing and attracting workers with a bachelor’s degree. By 2013, only 27 percent of adults in the metro had at least a 4-year degree compared to 30 percent nationwide, and the gap between metro New Orleans and the nation has been widening since 1990.
- ✧ States have historically been the primary force behind funding public higher education, with the aim of supplying industry with in-demand, high-quality labor. In 2003, Louisiana’s appropriations per full time enrollment—at nearly \$8,886 (in 2014 dollars)—were 14 percent below the national average. By 2014, Louisiana’s funding had fallen to \$5,127—22 percent below the nation.

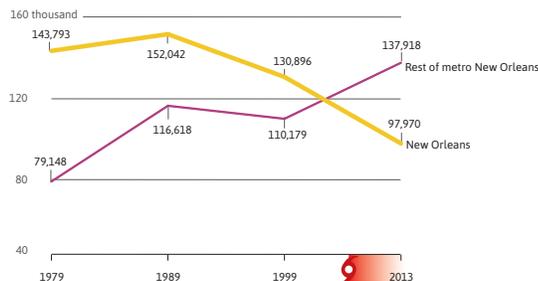
INCLUSIVE GROWTH

In metro New Orleans, employment and income disparities between African Americans and whites are starker than national disparities, and poverty is increasing—undermining social cohesion and resilience capacity across the region.

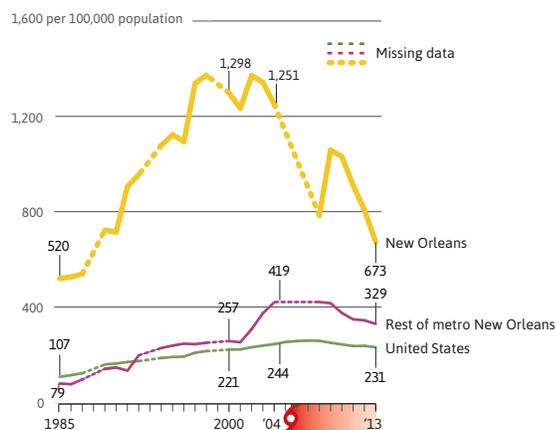
- ✧ The median income for white households in metro New Orleans is on par with white households nationwide, but the median income for black households in metro New Orleans is 20 percent lower than black households nationally. Thus, in 2013, the disparity in incomes between black and white households was 54 percent, compared to 40 percent nationally.
- ✧ Employment rates for white men in metro New Orleans, at 77 percent, are on par with fast-growing Southern metros. In contrast, with just 57 percent employed as of 2013, black men in metro New Orleans have employment rates that are significantly lower than fast-growing Southern metros, where 62 percent of black men are employed.

- * Jail incarceration rates in New Orleans have fallen from five times the national rate in 2004 to roughly three times the national rate in 2013.
- * The share of New Orleans' white households in the top national income quintile expanded from 25 percent in 1999, such that by 2013, 30 percent of white households earned more than \$105,910. In contrast, black households experienced no growth in the top earning tier. Instead, black households experienced growth only in the lowest national income tier. In 1999, 42 percent of New Orleans' black households earned in the lowest national income quintile. By 2013, 44 percent of black households earned in the lowest tier (less than \$20,900).
- * The share of the metro's poor that live outside the city continues to expand—growing from 46 percent in 1999 to 58 percent by 2013.

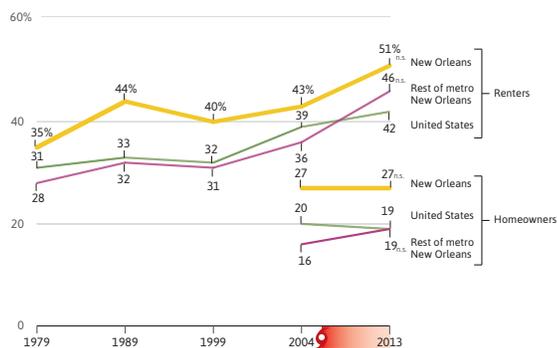
POPULATION LIVING IN POVERTY
FOR POPULATION FOR WHOM POVERTY STATUS IS DETERMINED



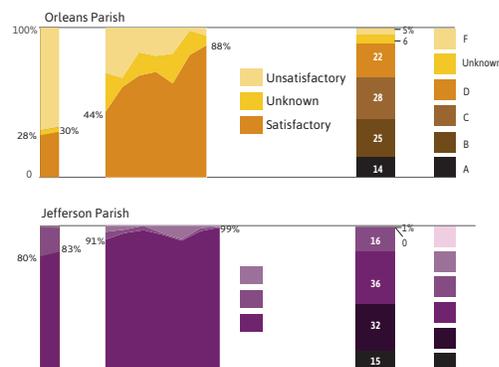
PERSONS HELD IN JAIL
PER 100,000 POPULATION



HOUSEHOLDS PAYING UNAFFORDABLE HOUSING RATES
35% OR MORE OF PRE-TAX INCOME ON HOUSING



ENROLLMENT BY SCHOOL PERFORMANCE
BY PARISH, AS OF FALL OF EACH YEAR



QUALITY OF LIFE

New Orleans has seen a surge in youth investments, increased convictions of public corruption, and much needed reductions in crime and improvements in schools—all of which may yield increased community competence and problem-solving capacity in the years ahead.

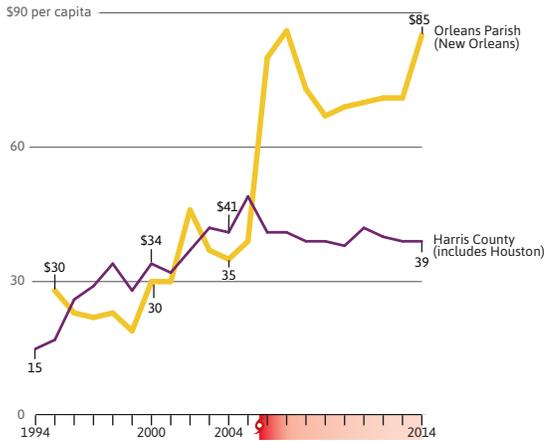
- * Per capita revenues to arts and culture nonprofits doubled from \$213 in 2004 to \$428 in 2014, and revenues to youth development nonprofits nearly tripled from \$35 per capita in 2004 to \$85 in 2014.
- * In 2004, only 30 percent of students in New Orleans attended schools that passed state standards. Ten years later, 88 percent of students attend satisfactory schools in New Orleans, but only 39 percent are in schools rated "A" or "B."
- * Although the quality of public schools is increasing, graduation rates across the metro remain low, indicating that more needs to be done to improve youth outcomes. Public schools in six of eight metro parishes have graduation rates consistently below 80 percent.
- * In 2004, violent crime rates in New Orleans were almost twice the national average. By 2013, both local and national violent crime rates had fallen by 17 and 21 percent respectively.
- * Even before Katrina in 2004, federal corruption convictions picked up pace in the New Orleans area. From 2004 to 2013, there were an average of 26 corruption convictions per year, well above the 18 conviction annual average from 1998 to 2003—indicating a stepped up effort to enforce corruption laws in the region.

SUSTAINABILITY

Expanding bike lanes point to greater appreciation for sustainability. But disappearing wetlands and encroaching salinity put a spotlight on the importance of coastal restoration and urban water management.

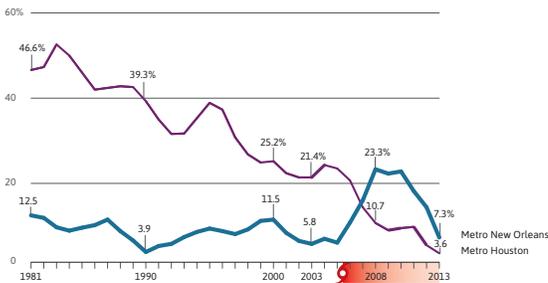
- * Bike lanes and pathways have increased more than eightfold in New Orleans from 11 miles in 2004 to 92 miles in 2014.
- * The share of commuters using public transit in New Orleans is only 7 percent in 2013, down from 13 percent in 2000, and in the rest of the metro, the share has remained flat at barely 1 percent since 2000.
- * Not only has the metro lost 29 percent of the coastal wetlands that protect it from storm surge since 1932, but measurements within the levee walls since 1951 demonstrate that saltwater is encroaching, with eight of nine groundwater sample sites registering increasing salinity.

REVENUE TO YOUTH-SERVING NONPROFITS PER CAPITA, 2014 INFLATION-ADJUSTED DOLLARS

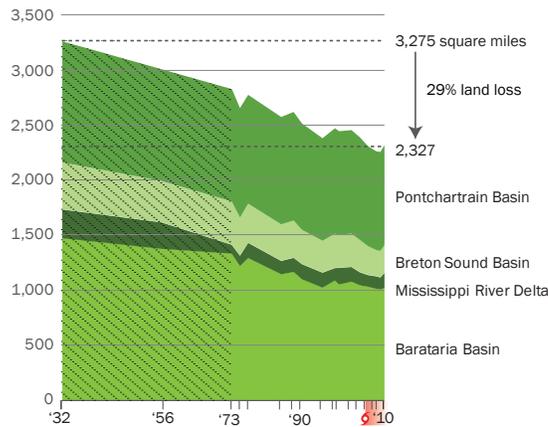


Our indicators suggest that while the New Orleans economy is rebounding, and in some ways better than before, several social and environmental trends may test New Orleans' resilience capacity in the future.

PERCENT OF DAYS WITH "UNHEALTHY" AIR QUALITY AQI GREATER THAN 100 (THREE-YEAR AVERAGES)



LAND LOSS IN THE MISSISSIPPI DELTAIC PLAIN SQUARE MILES



For acknowledgments, notes, and source citations, see The New Orleans Index at Ten at: datacenterresearch.org

CONCLUSION

Ten years after Katrina, the regional economy is embarking on a new path, benefitting from a more diverse economy and an entrepreneurship boom. The region remains committed to culture, with revenues to arts nonprofits four times the national average. Revenues to youth development nonprofits have doubled, and public school improvements are measurable. Importantly, incarceration rates have dropped by nearly half as the city has dedicated itself to reforming its criminal justice system. New Orleanians have worked hard to not only rebuild, but also to better their institutions.⁷ Their love of home, high levels of citizen engagement, and dedication to improving their community have been key strengths that have fueled the region's resilience.⁸

Despite this progress, the poverty rate in New Orleans has risen to its pre-Katrina level, a crushingly high 27 percent. In the surrounding parishes, poverty has grown to 16 percent. While white males have seen increasing employment, black males have not, and by 2013, black households earned 54 percent less than white households in metro New Orleans. On many indicators of inclusion, metro New Orleans is performing worse than the nation and other fast-growing Southern metros. But the most existential issue that New Orleans faces is coastal erosion and sea level rise. Since 1932, the New Orleans region has lost nearly 30 percent of the land that forms its buffer from hurricane storm surge, and saltwater is increasingly infiltrating groundwater within the levee walls.

New Orleans has a unique opportunity to both celebrate hard-earned successes and continue to confront systemic challenges. There is great momentum behind reforming public education, land use, housing, and criminal justice systems. These efforts should be built upon to address unfinished business. Greater access to data is needed to enhance transparency, build trust in government, and inform improvements. Networks of businesses and education institutions can work together to develop a long-term plan to reverse declining investments in higher education. And regional connectivity will be essential to increasing economic mobility as jobs expand in outlying parishes.

On the eve of this 10th anniversary of Katrina, a historic settlement offer from BP for the 2010 oil spill promises to bring billions more dollars to Louisiana—the majority of it already committed to coastal restoration and protection. Starting in 2017, Louisiana is slated to receive anywhere from \$6.5 to \$8.7 billion in settlements funds, with at least \$5 billion likely to be spent in Southeast Louisiana, where most damage occurred. At the urban level, New Orleans is investing in its water management assets and green infrastructure, with billions of federal and local dollars to be spent by the Sewerage and Water Board in the next decade to improve pumps, canals, and drains.

Significant cultural shifts toward accountability, especially given impending investments, will be required to set New Orleans on an aspirational path. By building civic momentum, increasing skilled workforce, and accelerating innovation investments, leaders can leverage the state's 50 year, \$50 billion coastal master plan and the Greater New Orleans Urban Water Plan to create a self-sustaining economic cluster. Done well, this funding could not only fortify the regions' defenses against hurricanes, but also boost economic diversification, and provide employment for a diversity of workers. With the right innovation ecosystem and a well-trained workforce, New Orleans could lead the way in managing and living with water, challenging Dutch dominance in this field, just as sea level rise threatens coastal economies around the globe.

As New Orleans prepares for its tricentennial in 2018, leaders and residents must harness the unique diversity and love of home for which their city is known, to model interaction across groups that is manifested in more inclusive prosperity. At the end of the day, to ensure resiliency, New Orleanians must restore their coast while growing prosperity. If successful, New Orleans' efforts will serve as a global demonstration of deliberate adaptation to the challenges that many cities will face in the century ahead.