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Spring 2021

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# Policy Solutions for Growing the Middle Class of Greater New Orleans

A Report of GNO, Inc.'s Economic Mobility Initiative



## LETTER FROM OUR CEO

Reducing economic inequality requires increasing economic mobility.

In the fifteen years between “Katrina and Corona,” Greater New Orleans saw a remarkable economic resurgence. DXC Technology chose New Orleans for a 2,000+ job location – the largest economic development jobs win in Louisiana history. Buoyed by millions of investments from Ochsner, LCMC, and the VA, our healthcare sector is now top for growth in the U.S. LM Windpower has become a hub for the manufacturing and testing of wind turbines at NASA’s Michoud Assembly Facility, where we are also building the “Mission to Mars.” In 2019, Greater New Orleans was named “Major Market of the Year” for economic development.

Despite this success, race and class income disparity grew in New Orleans. In fact, data from The Brookings Institution ranks the New Orleans metro near-bottom when it comes to our share of households that are middle class. Furthermore, through an analysis of U.S. Census data, Bloomberg CityLab found that New Orleans ranked second-highest in the country in terms of income inequality.

The challenge is clear: it is not enough to bring more jobs to New Orleans. We must also ensure that diverse local residents can access and obtain these jobs, and thus benefit from career pathways, enhanced incomes, and personal wealth creation – economic mobility that will reduce inequality.

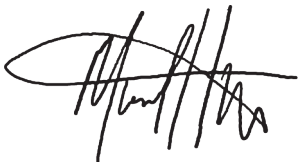
The coronavirus crisis made this situation all the more urgent. On one hand, the most vulnerable workers are the ones in hard-hit industries like hospitality. In fact, it is estimated that nearly a quarter of our region’s jobs are in jeopardy from a recession caused by the coronavirus. On the other hand, the economic changes wrought by coronavirus present opportunities for Greater New Orleans to develop a more diverse, resilient, and equitable economy going forward.

Economic mobility is a multi-faceted issue that links directly to a number of community challenges, including housing, transportation, education, and health care. While there are a number of efforts taking place locally and nationally to address these barriers individually, there is currently no strategy in Greater New Orleans aligning these efforts toward a shared goal of economic access and prosperity.

In order to address this gap, GNO, Inc. has embarked on creating the “Middle Class Report,” outlining not only the importance of the middle class in our region, but what we as an organization can do to build a stronger middle class. This report is part of GNO, Inc.’s broader Greater New Orleans Economic Mobility Initiative, which aims to 1. Reduce economic inequality; 2. Expand the middle class; and 3. Grow the overall “economic pie.”

I would like to give a special thanks to The Lupin Foundation for providing the support that made it possible to publish this report. Through partnerships like this, we are able to work toward building a stronger region for all.

Sincerely,



Michael Hecht  
President and CEO  
Greater New Orleans, Inc.

## INTRODUCTION

Amid the international coronavirus pandemic and halt in economic activity, the Greater New Orleans region is facing months, if not years, of economic disruption, workforce losses, and GDP stagnation. With a significant portion of the Greater New Orleans economy relying heavily on tourism and hospitality jobs — as well as industrial jobs in the energy sector — significant strategic interventions will be required in order to rebound. According to recent Brookings Institution analyses, the New Orleans metro area is:

- 1) **Likely to be among the hardest hit – #3 worst in the USA – due to the concentration of both the energy and tourism industries**
- 2) **Ranks fifth nationally for the largest population of “vulnerable workers,” due to the number of hospitality and retail workers**

Yet, while the economic disparities and wealth gaps in Greater New Orleans were certainly exacerbated by the pandemic, they were not created by it. As the findings herein illustrate, the region has long suffered from generational poverty and associated economic barriers. Longstanding gaps in healthcare, quality education, public transit, and availability of affordable housing have limited gains in overall economic growth — constraining specific populations from attaining economic mobility and wealth creation.

*While the following data pre-date the coronavirus crisis, they illuminate the landscape that our response and recovery take place within. Further, local and national protests around racial equity add additional urgency to this analysis. Understanding and addressing the following indicators is more relevant than ever now to ensure an economically prosperous and thriving Greater New Orleans – for everyone.*

## OVERVIEW

### Defining Middle Class

For decades, a stable middle-class income and the opportunity for children to achieve a higher standard of living than their parents have been associated with the American Dream.<sup>iii</sup>

Although reaching the middle class and attaining the American Dream have long been synonymous, defining the “middle class” is less certain. Most traditional definitions revolve around income. In the report *Defining the Middle Class: Cash, Credentials, or Culture* published by Brookings in 2018, researchers identify four common themes that are used to define the middle class:

- Distance from the median income (e.g. from 75 to 125% of median income)
- Range of the distribution (e.g. income quintiles 2 to 4)
- Distance from poverty (e.g. above 150 percent of the federal poverty line)
- Absolute purchasing power (e.g. \$10 to \$100 per person per day in purchasing power)

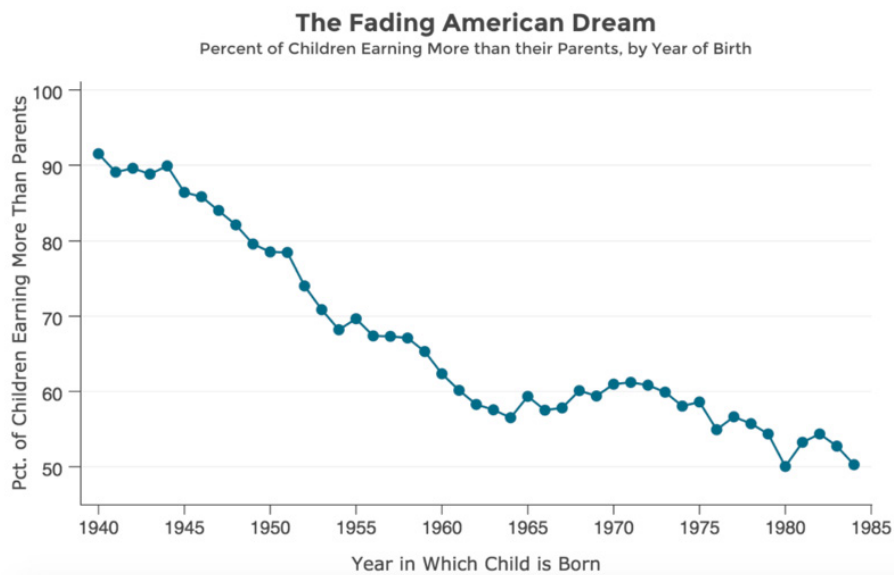
Even with these central themes present, little consensus exists on the proper ranges that define the middle class. One of the most commonly cited definitions of middle class is that of the Pew Research Center which defines middle class as all households with incomes between two-thirds and twice the national median.<sup>iii</sup>

Although income is one of the more common measures used to define the middle class, additional definitions exist that explore other metrics such as education or aspiration. In his 2015 book titled *Our Kids*, political scientist Robert Putnam places an emphasis on the role education levels play in determining the middle class. Putnam defines middle-class households as those with at least one adult who has some form of education beyond high school, who has not obtained a four-year college degree. Meanwhile, upper-class households are those where at least one parent has a college degree, and households where neither adult has education beyond high school are considered lower class.

Other studies have concluded that middle-class families are defined more by their aspirations than their income. These households aspire to “home ownership, a car, college education for their children, health and retirement security and occasional family vacations.”<sup>iv</sup>

Although the definition of middle class can vary widely, according to the Organization for Economic Co-Operation and Development (OECD), approximately half of all Americans are considered middle-income households. Similarly, the Pew Research Center estimates that 52% of Americans live in middle-income households.<sup>1</sup>

Despite the fact that middle-income households account for half of all American households, the middle class’s role as the center of economic gravity has waned.<sup>v</sup> While the percentage of Americans who are considered middle class largely remained unchanged in the 2010s, the financial gains of middle-income residents fell behind those of the upper class.<sup>2</sup> From 2010 to 2016, median income of middle-class households grew by 6%, while the median income of upper-class households grew by 9%.<sup>vi</sup>



Not only has the middle class declined, but the lack of upward mobility has also been on the downswing. In fact, those born in 1940 had a 90% chance of doing better than their parents, compared to those born in 1985 who only had a 50% chance of doing better.<sup>vii</sup>

It is with this understanding of who qualifies as middle class that one can begin to study and address the inequalities that face the middle- and lower-class residents across Greater New Orleans.

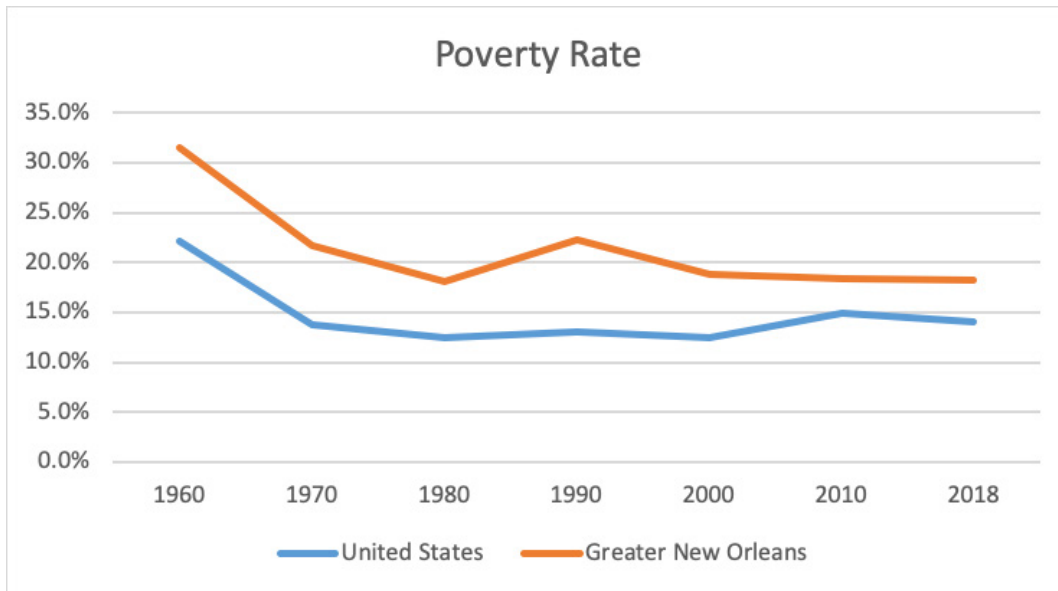
### The Middle Class in Greater New Orleans

According to Brookings, it is estimated that approximately 56.8% of households are considered middle class in the New Orleans-Metairie MSA, with 19.6% of those households considered lower-middle and 17.9% considered upper-middle.<sup>3</sup> New Orleans has one of the lowest percentages of middle-class residents amongst large metro areas, nationally. Meanwhile, the metro area has the largest number of lower-class households amongst large metros.<sup>viii</sup>

The high percentage of lower-class residents in the region is not a new development. Historically, the New Orleans region has had a low median household income, which has failed to grow substantially over the past 30 years. Since

- 1 In both definitions, “middle income” is used interchangeably with “middle class.”
- 2 An upper-class household of four must have a minimum household income of \$156,561, and a middle-class household of four must have a minimum of \$52,178 in income.
- 3 Brookings defines middle-class U.S. households as having incomes between about \$25,000 and \$120,000 in 2017. The analysis then adjusts those national thresholds for metropolitan variables based on regional price parities and average household size.

1989, according to U.S. Census figures adjusted for inflation, the median household income in the metro area has increased by less than 0.5% compared to the 2% average growth nationally in the same timeframe.<sup>4</sup> Further, the low levels of household income in the region are significant contributing factors to the comparatively high levels of poverty. Although the region has made great strides in lowering the poverty rate, the current poverty rate of 18.2% is still four points higher than the national poverty rate.<sup>ix</sup>



There are a number of reasons for the ebbs and flows in poverty rates in the region. In the 1960s, many parishes outside of the population core were largely rural with limited business and industry. The increase in poverty levels from 1980 to 1990 can largely be attributed to the oil bust of the 1980s. While the national poverty rate rose from 2000 to 2010 due to the 2008 recession, the poverty rate in New Orleans actually decreased. This slight decrease occurred partially as a result of the post-Katrina rebuilding efforts. Due in part to a more diversified economy, the poverty rate did not increase at a noticeable rate during the 2014 oil downturn as it did in the 1980s.

The high levels of poverty, and stunted median household income levels, can have impacts spanning across generations, which in turn can significantly hinder economic upward mobility. The Opportunity Atlas, a project by Harvard University led by Raj Chetty, tracked over 20 million Americans born between 1978 and 1983, measuring the average outcomes (e.g., earnings, employment rate, incarceration rate, etc.) of children growing up in each neighborhood in America. The tool focuses on the neighborhoods in which people grew up, rather than where they live as adults.

The findings of this landmark study highlight the significant economic disparities that can be traced back to one’s childhood neighborhood. For example, a child who grew up in a low-income household in the Little Woods neighborhood of New Orleans East—a predominantly African-American community with high rates of poverty—had an adult income of just \$27,000. Meanwhile, a child who grew up in a low-income household in Luling—a more rural, white, working-class community with wide offerings of industrial jobs—had an adult income of \$45,000.

Stark differences in earning potential are also exhibited in neighborhoods that border each other. For example, in Tangipahoa Parish on the north shore of Lake Pontchartrain, a child that grew up in a low-income household in Northwest Hammond has adult earnings that are \$12,000 higher than those of someone raised just one census tract over in East Hammond.

At the broader level, the study found that children who grew up in a low-income household in the New Orleans-Metairie MSA had a household income of \$29,000, while those who grew up in a middle-income household had a

<sup>4</sup> Dollars are adjusted for 1989 inflation.

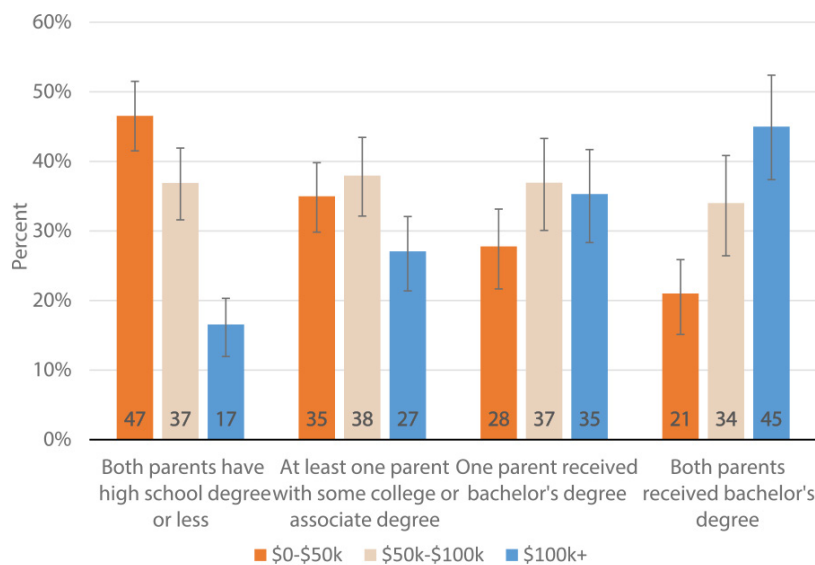
future household income of \$40,000. Meanwhile, residents who grew up in a high-income household had a future household income of \$53,000. Breaking down the data even further, the report found that white, low- and middle-income households had future earnings \$13,000 to \$15,000 higher than African-American households.

The profound linkages between adult income and neighborhood upbringing highlight the importance of not only providing access to good jobs, but also ensuring the region has a good education system, reliable housing, access to public transportation, and strong healthcare. When a person does not have adequate access to these resources and services, their chances of either becoming middle class or remaining middle class are hindered. What follows in this report is a comprehensive analysis of education, housing, public transportation, and healthcare, and the impacts these factors have on building a vibrant middle class. This report will highlight why these issues are important to building a strong middle class, where our region stands in terms of ensuring access, and what our region can do to improve.

## EDUCATION

Increased levels of educational attainment enhance opportunities available to workers, offering pathways for career and wage advancement. According to the Bureau of Labor Statistics, national median earnings associated with workers holding a bachelor’s degree is \$24,300 more per year compared to workers holding only a high school diploma. Even for workers with only a high school diploma, yearly median earnings are \$9,200 higher than workers without a high school diploma.

Particularly impactful in creating upward mobility is obtaining a four-year college degree. With a college degree, a person is three times more likely to rise from the bottom of the family income ladder to the top.<sup>x</sup> Meanwhile, Pew Research concluded that 39% of persons raised in the middle of the family income ladder who did not obtain a college degree fell from the middle to the lower quintiles compared to only 22% who had a degree and fell from the middle to the lower quintiles. A college degree can also have a generational impact. Children who grow up in a household where both parents have obtained a bachelor’s degree are significantly more likely to have higher earnings as adults.<sup>xi</sup>



However, it is important to note that a number of opportunities exist in Greater New Orleans to access the middle class without having to attend a four-year college. For the 49% of jobs in the region that are middle-skill (requiring more than a high school diploma, but less than a college degree), students can access high-paying jobs by receiving relevant certifications and training without having to attend a four-year school. These jobs are important not only because they account for a significant portion of the economy, but also because they provide a large number of career pathways to prosperity that do not require a bachelor’s degree.

The connection between college attendance and rising out of poverty is undeniable, underscoring the importance of

access to quality K-12 education. Often, the foundation for improved educational outcomes is established in a student’s early years, hence, the importance of increasing quality education starting in early childhood. A study following the long-term effects of early childhood education in low-income neighborhoods in Chicago discovered that, on average, students who participated in Chicago Public School District’s Child-Parent Center (CPC) program experienced a 40 to 50% increase in college graduation rates.<sup>xii</sup> By improving educational opportunities early in a child’s educational experience, a foundation can be established that will help the student excel in both high school and college.

## Data

### *Early Childhood*

As previously alluded to, early childhood education often forms the foundation for the proceeding years of education. In terms of enrolling students in early childhood education, Greater New Orleans outperforms the national average. In fact, 57% of children aged three to four years old are enrolled in school compared to 48% at the national level.<sup>xiii</sup> Further, in Louisiana, 23% of low-income four-year olds are enrolled in a Head Start program<sup>5</sup>, compared to 20% at the national level.<sup>xiv</sup> While there is no doubt that Greater New Orleans and Louisiana can improve when it comes to providing access to early childhood education to children, the comparatively higher number of students enrolled in these critical programs highlights that quality of the programs may be as important an issue as enrollment.

Louisiana and the Greater New Orleans region often lag when it comes to metrics measuring the quality of early childhood education. According to the Louisiana Department of Education (LDE), there are 435 early childhood centers in the Greater New Orleans area, with nearly 16,000 publically funded students enrolled. Yet, LDE data further show that only 8% of students attend a center that received a performance rating of “excellent” – the highest award. An additional 47% of students attend schools that received the state’s second-highest performance rating of “high proficient.” This means that nearly 7,200 students attend centers that do not have a quality ranking designation.

### *Elementary and Middle School*

Similar to early childhood education, the region falls behind when it comes to ensuring access to high-performing elementary and middle schools. In fact, only 8% of elementary and middle school students attend an A-rated elementary or middle school. When incorporating B-rated schools, less than 40% of students attend an A- or B-rated school.

Letter Grade	% of Students
A Rated	8%
B Rated	30%
C Rated	37%
D Rated	18%
F Rated	7%

*Source: Louisiana Department of Education*

These low-performing schools disproportionately impact economically disadvantaged students. In Greater New Orleans, approximately 76% of students enrolled in public elementary and middle schools are considered economically disadvantaged. Even more noteworthy is that 71% of all economically disadvantaged students enrolled in a public elementary and middle school in the region attend a school rated C or worse.

According to the National Center for Education Statistics, by the time students in Louisiana reach the fourth grade,

5 Head Start is a program of the U.S. Department of Health and Human Services that provides comprehensive early childhood education to low-income children.

many have already fallen behind their peers nationally. At the fourth-grade level in Louisiana, only 29% of students are at or above the proficient level for math, 26% for reading, and 14% for writing. This compares to national levels of 40% for math, 34% for reading, and 27% for writing. For all three categories, Louisiana ranks among the bottom four states in the country.

### High School

High schools in the region perform comparatively better than elementary and middle schools, with 63% of students attending an A- or B-rated school.

Letter Grade	% of Students
A Rate	30%
B Rated	33%
C Rated	31%
D Rate	5%
F Rated	1%

Source: Louisiana Department of Education

However, similar to elementary and middle schools, poor-performing high schools almost exclusively impact economically disadvantaged students. According to LDE data, approximately 89% of economically disadvantaged students attend a D- or F-rated school. Furthermore, of the 12 public high schools in the region that are A-rated, only four schools had a higher percentage of economically disadvantaged students compared to the average across all high schools in the region.

### TOPS and College Enrollment

The Taylor Opportunity Program for Students (TOPS) provides scholarships for students who qualify to attend a Louisiana institution. This scholarship can serve as a springboard for lower-income students to attend a college or university in Louisiana, thus increasing their economic mobility.

Of the nearly 13,200 students in Greater New Orleans that were processed in the class of 2018, 65% were TOPS eligible. However, significant discrepancies exist between public and private school students. While 84% of private school students were TOPS eligible, only 58% of public students were eligible.<sup>xv</sup>

Furthermore, significant gaps also exist between private and public schools in terms of award level. While 50% of TOPS-eligible students at private schools qualified for Honors or Performance awards, only 23% qualified for the same level of award at public schools.

For students who do not qualify for TOPS, attending a four-year institution can often be out of reach financially. In Louisiana, families need on average 23% of their income to pay for educational expenses for a full-time student at public category 1 institutions<sup>6</sup> and nearly 27% at public, four-year category 2 institutions.<sup>7</sup> For the 28% of families in Louisiana with a family income of less than \$30,000, 43% of their income is needed to attend a public, four-year category 1 institution.<sup>xvi</sup>

## Preliminary Policy Recommendations

6 Four-year institutions awarding at least 100 doctoral degrees

7 Four-year institutions awarding at least 30 doctoral degrees



**Increase Access to and Quality of Early Childhood Education.** Louisiana should prioritize new revenue sources for early childcare and education. This should also involve a review of existing dedicated funds to determine if they remain a priority or whether they could be redirected to early childhood services through the appropriations process. Louisiana should also engage in developing a process to expand access to high-quality early childhood care and education.

**Increase Availability and Standardization of Dual Enrollment.** Louisiana should increase access to dual enrollment and other credit-earning courses, expanding access to students regardless of which parish they are in, and also making the fees uniform. This will help to ensure high school graduates earn credentials leading to meaningful employment or post-secondary options. Louisiana should also continue to refine the Jump Start program to align workforce training with high-demand, high-wage jobs.

**Enhance Workforce Quality through Higher Education.** Louisiana should support and find ways to support the Board of Regents's goal of ensuring 60% of Louisiana's adult population has a high-value credential or degree by 2030. Louisiana also must continue to identify innovative approaches to leverage existing resources and clear hurdles to elevating Louisiana's overall education attainment.

## HOUSING

In a 2015 survey by the MacArthur Foundation, 31% of respondents said that stable, affordable housing or owning a home is the most important factor in achieving a middle-class lifestyle.<sup>xvii</sup> Only a stable, decently paying job received a higher percentage of responses in terms of importance and connection to a middle-class lifestyle.

It is important to note that access to quality housing should not be defined by home ownership alone. While home ownership can play an important role in society, equally important is ensuring stable and affordable access to rental housing. Access to rental properties is especially critical today, considering more U.S. households are renting than at any point in the past 50 years.<sup>xviii</sup>

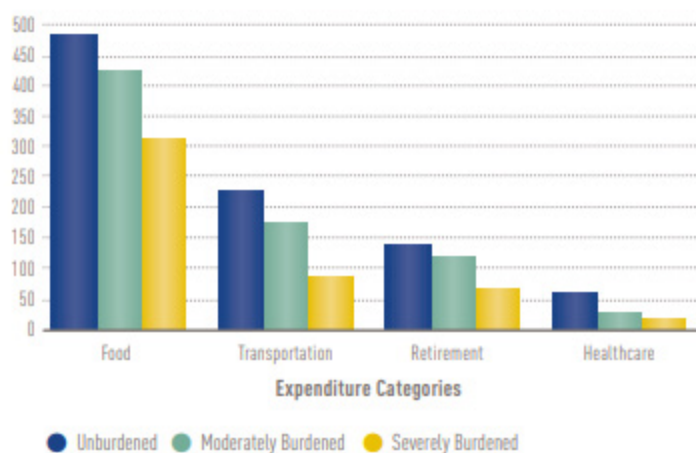
In regions where access to public transit is inconsistent, and car ownership is low, housing in a desirable location that is close to employment centers can allow for residents to reach their job in a more efficient manner. Often, housing near large employment hubs can be expensive and cost prohibitive.

There is additional evidence that suggests housing can also increase levels of educational attainment amongst children.<sup>xix</sup> When families experience housing and financial instability, it often leads to children moving to poorer performing schools.<sup>xx</sup> A stable housing environment not only increases the likelihood that a student will attend a higher-performing school, but it can reduce the stress on children, which is critical for a child's development.

Further, the lack of affordable housing also negatively impacts what a resident, especially from a low-income household, has to spend on other basic needs. The 2017 Consumer Expenditure Survey indicates that households with moderate cost burdens (30-50% of total expenditures) spend 13% less on food, 40% less on healthcare, and 23% less on transportation. Meanwhile, severely cost-burdened households spent 37% less on food, 77% less on healthcare, and 60% less on transportation.

## When Burdened with High Housing Costs, Lowest-Income Families with Children Spend Little on Other Basic Needs

Monthly Expenditures (Dollars)



Notes: Expenditures are averages for households with children under age 18. Low-income families with children are in the bottom quartile of families with children ranked by total spending. Households allocating more than 30% (more than 50%) of expenditures to housing are moderately (severely) cost burdened.

Source: JCHS tabulations of Bureau of Labor Statistics, 2017 Consumer Expenditure Survey.

Source: *The State of the Nation's Housing, Harvard, 2019*

## Data

### Cost

Despite the links between housing and upward economic mobility, the lack of affordable housing across the region continues to be an issue. Although both median home price and rent are below or at the national level, median home values in the metro are rising at a rapid pace. The current median home value of \$203,800 has increased by 9% since 2013 according to Census data. Meanwhile, the median gross rent paid has remained the same since 2013 when adjusted for inflation.

The issue isn't necessarily that housing costs are comparatively more expensive than other large metros, *rather it is that costs are rising at a more rapid rate than income*. According to Census data, the median household income since 2013 has only risen by 1.7%. This stagnation of household income, coupled with the increase in home value, puts homeownership out of reach for many residents across the region.

Although median rental rates for the metro area have largely stayed the same over the past five years, access to affordable, quality rental housing can still act as a roadblock for many middle-class residents. In the metro area, 60% of occupied rental units have cost-burdened tenants, meaning that 30% or more of their income goes to rent. Cost-burdened housing poses challenges because it is often associated with increased levels of food insecurity, child poverty, and poor health outcomes.<sup>xxi</sup>

### Homelessness

Although there are a number of complex social and economic factors that can lead to homelessness, access to reliable and affordable housing is often a contributing factor. According to a 2014 survey conducted by the U.S. Conference of Mayors, cities reported the top cause of homelessness to be lack of affordable housing.

Since 2007, Orleans Parish and Jefferson Parish have made great strides in lowering the homeless population. Having decreased by 90% since 2007, the homeless population in the two parishes was 1,179 as of 2019.<sup>xxii</sup> Despite the drastic decrease over the past decade, the homeless population in the two parishes only declined by 1% from 2018 to 2019.

Particularly concerning is the high percentage of residents who do not live in shelters. Approximately 51% of the homeless population in the City of New Orleans does not live in a shelter according to Unity of Greater New Orleans. This percentage of citizens that are unsheltered is significantly higher than other large cities including Chicago (25%), Baltimore (22%), and Detroit (9%).

## Preliminary Policy Recommendations

**Develop Public and Private Sector Partnerships.** Creative collaborations between the public and private sector are critical for moving the needle for affordable housing. Engaging with public officials across different areas of expertise can help to identify specific zoning incentives and solutions for incentivizing construction, such as expedited processing, which does not carry a fiscal burden.

**Develop Funding Tools.** Create a dashboard that locates and tracks naturally occurring affordable housing. Increase the affordable housing stock by exploring the establishment of tax increment funding (TIF) districts in neighborhoods already experiencing or likely to experience economic growth.

**Improve Policy.** Critically analyze and then change laws and other public policies that may have the (unintended) consequence of reducing the stock of affordable housing. For example, restrictions on density may prevent affordable units from being built by developers who cannot “get the math to work” on fewer units, given construction and other costs.

## TRANSIT

With the price to purchase a vehicle out of reach for many middle-income American households<sup>xxiii</sup> and younger generations being less reliant on vehicles,<sup>xxiv</sup> efficient and reliable public transit is a new social imperative for many metro areas. Public transit can play a critical role in reducing social and economic inequalities amongst a population,<sup>xxv</sup> while poor access to efficient public transit can have disproportionately negative impacts on many lower-income residents without a car, hindering the potential of upward mobility. In fact, commute times are one of the strongest components of upward mobility according to Chetty's *The Fading American Dream*, a report on intergenerational mobility in the United States.

A 2012 study<sup>xxvi</sup> by Daniel Chatman and Robert Noland found that doubling transit service levels was associated with significant increases in central city employment density and wage increases from 1.1% to 1.8%, or between \$7 million and \$12 billion per year, depending on the size of the workforce and average entry-level wages.

For many hourly workers who rely on public transit, being late is not a luxury. This in turn forces riders to depart for work well before their scheduled start time, which can impact childcare and limit activities outside of work. Further, unreliable commute times can also limit essential activities like access to health care, education, and grocery stores.

Not only are investments in public transit sound policy for fostering economic mobility, but they also can lead to increased levels of job creation and tax revenue. The American Public Transportation Association estimates that every \$1B in investment in public transit supports 50,000 jobs and \$642 million in tax revenue (APTA).

## Data

According to Census data, in the New Orleans metro area, the mean commute time to work of 26 minutes is slightly shorter than the national average. However, in Orleans Parish, which has the highest concentration of public transit options, taking public transit still often means a significantly longer commute. For residents who drive alone to work, the mean commute is 25 minutes; however, for residents who take public transit, the average commute is 50 minutes. In fact, nearly 30% of those taking public transit have an average commute of greater than an hour.

In Greater New Orleans, access to high-quality public transit is of particular importance to the thousands of low-income workers who rely on public transit as their primary mode of transportation to work. Of the 15,000-plus workers in Greater New Orleans who take public transportation, 53% of them earn less than \$25,000.

According to transit-tracking website AllTransit, in Orleans Parish, where public transit is the most concentrated, 97% of jobs are accessible within a half mile of a public transit stop and 67% are near high frequency stops – a service that runs every 15 minutes on average. Outside of Orleans Parish, public transit is at best limited, and at worst nonexistent. In Jefferson Parish, 87% of jobs are within a half mile of a public transit stop, however, less than 1% of jobs are within a half mile of a high-frequency stop. In St. Bernard Parish, less than half of all jobs are within a half-mile walk of a public transit stop or are accessible to high-frequency routes.

Although Orleans Parish does have access to public transit, travel times are often well over the regional median commute time. In New Orleans, public transit riders can only reach 12% of the region’s jobs in 30 minutes or less via transit and walking, and only 42% of jobs can be accessed in under an hour. In New Orleans East, the average resident can only access 2% of the region’s jobs in 30 minutes or less, and only 21% in under an hour.<sup>xxvii</sup>

For many residents across the region, reaching the New Orleans Central Business District (CBD) via public transit can take upwards of an hour. According to RIDE New Orleans, approximately 15% of New Orleanians cannot reach the CBD in less than 45 minutes. Further, 66% of Jefferson Parish residents cannot reach the CBD in less than 60 minutes via public transit, and the vast majority of St. Bernard Parish residents cannot reach the New Orleans CBD in less than 90 minutes.

Not only do workers have a difficult experience reaching the CBD, but residents also face challenges in reaching job opportunities in Jefferson Parish. Over three quarters of residents cannot reach the Veterans Boulevard corridor in Metairie in less than 60 minutes via public transit. Even in Jefferson Parish, over 50% of residents cannot reach the Veterans corridor in less than an hour on public transit, according to RIDE.

One significant factor contributing to increased transit times on public transportation is the fact that a number of buses and streetcars fail to arrive on time. According to RTA data in 2018, RTA buses were on time only 74% of the time, with streetcars performing even worse, only arriving on time 65% of the time.

## Preliminary Policy Recommendations

**Support Transportation Infrastructure Investments.** Louisiana should make investments in neglected infrastructure, and these investments need to be significant enough to decrease the state’s backlog of safety, maintenance, and capacity-building projects. Funding sources for infrastructure may include adjustments to the gas tax to account for its long-term loss in buying power, and indexing the tax to prevent erosion of future purchasing power due to inflation. This also will allow the state to meet the matching threshold for federal transportation dollars. Innovative solutions also should include public-private partnerships that pave the way for infrastructure projects when state and federal funding is in short supply.

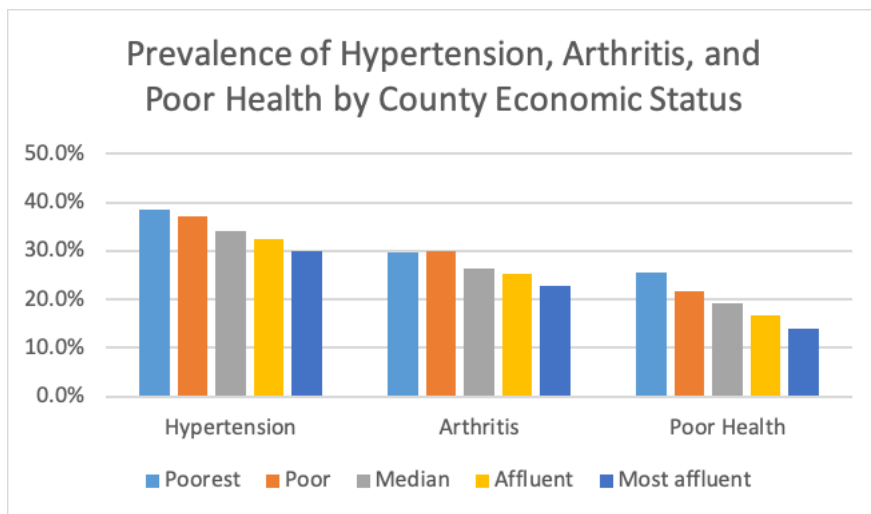
**Build Intercity Rail and/or Bus Rapid Transit Systems.** With Federal Assistance (e.g., TIGER grants), systems should be put in place to allow workers to reach jobs across the region without the need for private transportation. A NOLA-MSY light-rail or bus rapid-transit line would help to fulfill this purpose, as it would serve workers as much, if not more, than the airport.

## HEALTH CARE

Health and health outcomes can greatly impact a person’s economic mobility. However, what is less certain is the degree to which health status in adulthood is a result of income rather than a cause of income.<sup>xxviii</sup> Regardless of whether income increases positive health outcomes, or if health outcomes increase income potential,

overwhelming evidence indicates that lower-income individuals disproportionately face poorer health outcomes. For example, from 2001 to 2014, life expectancy increased by approximately 2.5 years for the top 5% of the income distribution, while those in the bottom 5% experienced no gains.<sup>xxxix</sup> The authors of the same report also found that life expectancy between the richest 1% and poorest 1% of individuals was 14.6 years for men and 10.1 years for women.

One reason that life expectancy has grown at a slower rate for lower-income individuals is because they are more likely to have a chronic disease. Low-income individuals are more likely to experience hypertension, arthritis, or be in poor health.

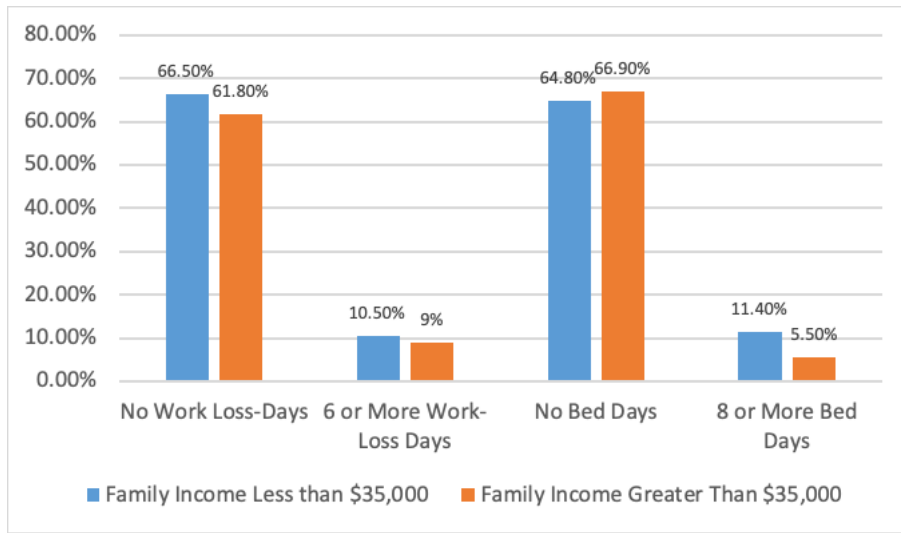


Source: *Chronic Disease Disparities by County Economic Status and Metropolitan Classification, Behavioral Risk Factor Surveillance System, 2013*

Understanding that lower-income individuals are more likely to encounter poor health outcomes, especially in terms of chronic diseases, is important because evidence suggests that chronic diseases can lower earnings by up to 18%.<sup>8 xxx</sup>

For many low-income residents who do not have the same access to sick leave as higher-income workers, missing just half of a day of work can lead to economic hardship. Although low-income workers are less likely to take a sick day when compared to higher-income earners, low-income workers are also more likely to lose six or more days of work. Further, these low-income workers are more likely to have extended overnight stays in a hospital.<sup>xxxi</sup> According to the Economic Policy Institute,<sup>xxxii</sup> for the average worker that takes seven and a half days of unpaid sick time, the lost income would be equivalent to a monthly rent or mortgage payment.

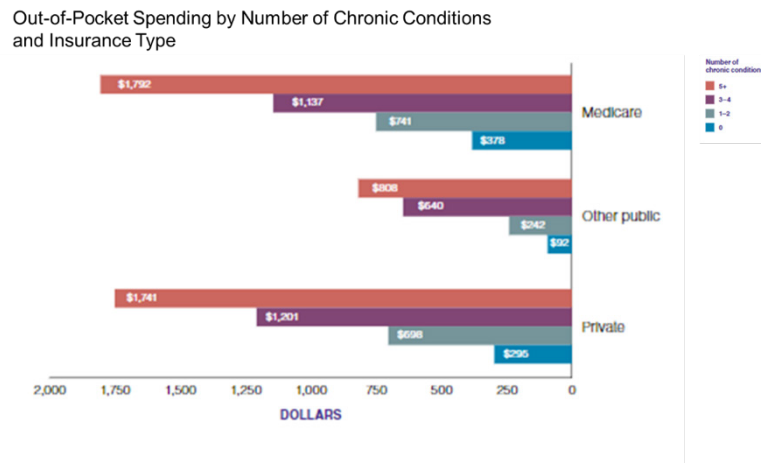
8 The results of this study were only analyzed in men.



Source: *Summary Health Statistics: National Health Interview Survey, 2016*

Note: A “bed day” is a day during which a patient is confined to a bed and stays overnight in a hospital.

Further, those with just one chronic disease paid more than double in out-of-pocket costs than those with zero chronic diseases. This, in turns, leaves people with less disposable income to spend on other essentials such as housing or transportation.



Source: *Multiple Chronic Conditions in the United States, Rand Corporation, 2016*

Not only does increasing access to quality healthcare serve as a contributing factor toward economic mobility, it also plays a role in growing the economy as a whole. A 2018 report by the Integrated Benefits Institute<sup>xxxiii</sup> estimated that illness-related productivity loss cost the U.S. \$503B per year. Using a similar metric, and analyzing the GDP output per worker in Louisiana, decreasing the average number of sick days by just one would add nearly \$1B to the economy of Louisiana.

## Data

### Quality of Care

The state of Louisiana is continuously ranked at or near the bottom when it comes to rankings of the healthiest states in the country including, rankings of 45th by U.S. News & World Report and 49th by the United Health Foundation. In Louisiana, 22% of adults reported being in fair or poor health, compared to 18% nationally.<sup>xxxiv</sup>

When it comes to health care access, Louisiana actually has comparatively better results. According to *U.S. News & World Report*, the state ranks 27<sup>th</sup> in the country in terms of health care access. Further, Louisiana ranks 25<sup>th</sup> in public health funding at \$89 a person, and 27<sup>th</sup> in uninsured population – with only 8.2% of the population uninsured – according to the United Health Foundation.<sup>xxxv</sup> Although these health care rankings no doubt leave room for enhancements, they are a marked improvement over Louisiana’s rankings in other categories.

Louisiana’s comparatively higher levels of access to care, coupled with poor overall health outcomes, highlights the impact of socioeconomic factors in Louisiana and Greater New Orleans. In fact, socioeconomic disparities are the most fundamental cause of health disparities.<sup>xxxvi</sup> Socioeconomic status is linked to a wide range of health problems, including low birthweight, cardiovascular disease, hypertension, arthritis, diabetes, and cancer.<sup>xxxvii</sup>

A number of these socioeconomic health indicators are prevalent across Greater New Orleans and Louisiana. According to the Louisiana Department of Health (LDH), 12% of births in Greater New Orleans are considered low birthweight – that is a birth weight below 2,500 grams. Nationally, the percentage of babies born low birthweight is just 8%, according to the CDC. Additionally, according to the CDC’s Behavioral Risk Factor Surveillance System, in most cases, the New Orleans MSA and Louisiana are above the national median with many risk factors that are commonly associated with socioeconomic factors.

In addition to the high number of low birthweights across our region and state, the maternal mortality rate in Louisiana is significantly higher than the national rate. According to a 2018 LDH report on maternal mortality<sup>9</sup> in Louisiana, maternal deaths per 100,000 live births in Louisiana was 77.6 in 2016, compared to 21.8 nationally. Of the pregnancy-related deaths that the LDH was able to verify and confirm through further review,<sup>10</sup> it was determined that almost half were preventable, and 76% of deaths were minorities and 62% were on Medicaid.

### Chronic Condition Prevalence by Type

	New Orleans MSA	Louisiana	United States (Median)
High Blood Pressure	39%	39%	32%
High Cholesterol	38%	38%	33%
Obesity	36%	36%	31%
Arthritis	28%	27%	25%
Angina or Coronary Heart Disease	4%	5%	4%
Heart Attack	4%	5%	4%
Diabetes	15%	14%	11%

Source: CDC BRFSS Prevalence & Trends Data, 2017

Many of these socioeconomic statistics often lead to preventable hospital admissions. According to *U.S. News & World Report*, Louisiana has 6,343 preventable hospital admissions per 100,000 Medicare/ Medicaid beneficiaries, which is 38% higher than the national average of 4,603 per 100,000 people.

The COVID-19 pandemic highlighted a number of health and racial disparities across the region and state. According to data from the LDH, of the over 3,500 deaths that occurred in Louisiana as of July 22, 2020, 62% had hypertension, 38% had diabetes, 20% were obese, and 21% had chronic kidney disease. Further, African Americans

9 Maternal mortality is defined as a death during or within 42 days of pregnancy. Mortality rates may vary significantly based on the definition used.

10 Although 187 deaths were identified from 2011 to 2016, LDH was only able to confirm 47 cases where the cause of death was related to or aggravated by the pregnancy or its management, and not due to accidental or incidental causes. In 2016, the confirmed maternal mortality rate was 22.2 per 100,000 births.

accounted for half of all deaths in Louisiana despite only accounting for 32% of the state's population. Closing health disparity gaps that exist in our region is critical in protecting our population and lessening the burden of future crises.

## **Preliminary Policy Recommendations**

**Continue Enhancements to Technology and Innovation.** Support and encourage the use of technology and innovation to deliver effective health care services. Patients should also have access to accurate information and data on services and pricing that are electronically accessible, which will allow for consumer comparison of healthcare costs. Recognizing the importance of the healthcare industry to Louisiana's economic development, and supporting innovative initiatives to grow a qualified and healthy workforce, will help to support strong in-state capacity for medical research.

**Employer Incentives.** A healthy workforce is necessary for economic mobility. Supporting efforts to provide incentives for employers to offer affordable health care benefits helps employees and employers alike.

## **CONCLUSION**

Despite the significant gaps and challenges facing the Greater New Orleans region in advancing economic mobility for residents across the region, the transformative reforms and investments made post Katrina are indicative of the momentum and shifting paradigms currently underway. From radical changes in K-12 education, to the multi-billion buildout of a new bioinnovation and healthcare corridor, the rankings and metrics included in this report indicate 15 years of sustained, incremental progress.

However, there are even greater statistics that illustrate the need for continued progress and advancement. From statewide policies to federal investments and modified business practices, ensuring sustained economic progress will take a coordinated effort on the part of various stakeholders. The need for such continued conversations is more pressing now than ever before given the stark public health and economic crises brought on by the COVID-19 pandemic.

Greater New Orleans now finds itself in a similar position to 10 years ago, following the BP Oil Spill, and 15 years ago, following Hurricane Katrina: a moment of inflection and decision-making that will determine the region's prosperity for decades to come. Based on the data and recommendations above, GNO, Inc. is prepared to seize this moment as we did 10 and 15 years ago – by bringing together diverse partners in recovery and sustained resilience for the region.



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