

WORKING PAPER SERIES

GREATER NEW ORLEANS ECONOMIC DATA CENTER

Prepared by Dr. Raymond J. Brady, Systems Solutions Consulting

Working Paper #3 (August 2026)

LOUISIANA'S ECONOMIC INDICATORS ON PRODUCTIVITY, UNIT LABOR COST, AND INFLATION ADJUSTED OUTPUT SHOWS DECREASED RELATIVE COMPETITIVENESS WITH OTHER SOUTHERN STATES

DEFINITIONS:

- **Labor productivity** - measures the hourly output of an economy. Specifically, it charts the amount of real gross domestic product (GDP) produced by an hour of labor. Growth in labor productivity depends on three main factors: saving and investment in physical capital, new technology, and human capital. In simpler terms, labor productivity = monetary value of goods and services produced divided by total hours worked.
- **Output Per Worker**- A measure of productivity calculated by dividing the total output by the number of workers.
- **Real value-added output** - removing the effect of price level changes from the nominal value of a good, service, or time-series data, to obtain a truer picture of economic trends.
- **Value added output**- The current dollar value of output that has been adjusted for changes in inventory (gross output) and the removal of intermediate inputs (energy, material, and services).
- **Unit Labor Costs** – ratio of labor compensation per hour divided by product output per hour expressed in dollars.

OVERVIEW

The most current data for the period 2007 to 2025 from the **Office of Productivity and Technology, Bureau of Labor Statistics** (released May 29, 2026) paints a bleak picture in the trend of Louisiana's economic competitiveness. Because these statistics are summary data, they raise several research questions that focus on the "why" to the problem. As this paper points out, Louisiana's competitive position has eroded across the board over the period of this data series. Data will be presented in two formats to minimize potential data bias. First, data will be presented as points- in- time, for example, 2007 to 2017 and 2017 to 2025. Data are presented over time to provide a context of change in the direction of the data (going up, down or stationary).

The first series of graphs focus on comparing economic statistics between Louisiana and ten other Southern states and summary of the South. Much of the data series uses a scalar (index) allowing Louisiana to be compared against other states. Consistent with other data series produced by the Bureau of Labor Statistics, the year 2017 is set at 100 which is a starting point to create a common scalar when comparing data at different levels by state and over time.

DATA PRESENTATION

Table 1 compares labor productivity in Louisiana against the other Southern states for the year 2025. Although Table 1 is a point in time measure, it provides a comparative measure of Louisiana’s productivity position relative to the sample states. Table 2 provides trend data between Louisiana and the South illustrating Louisiana’s deteriorated position with respect to the productivity measure over time from 2007 to 2025.

Table 1

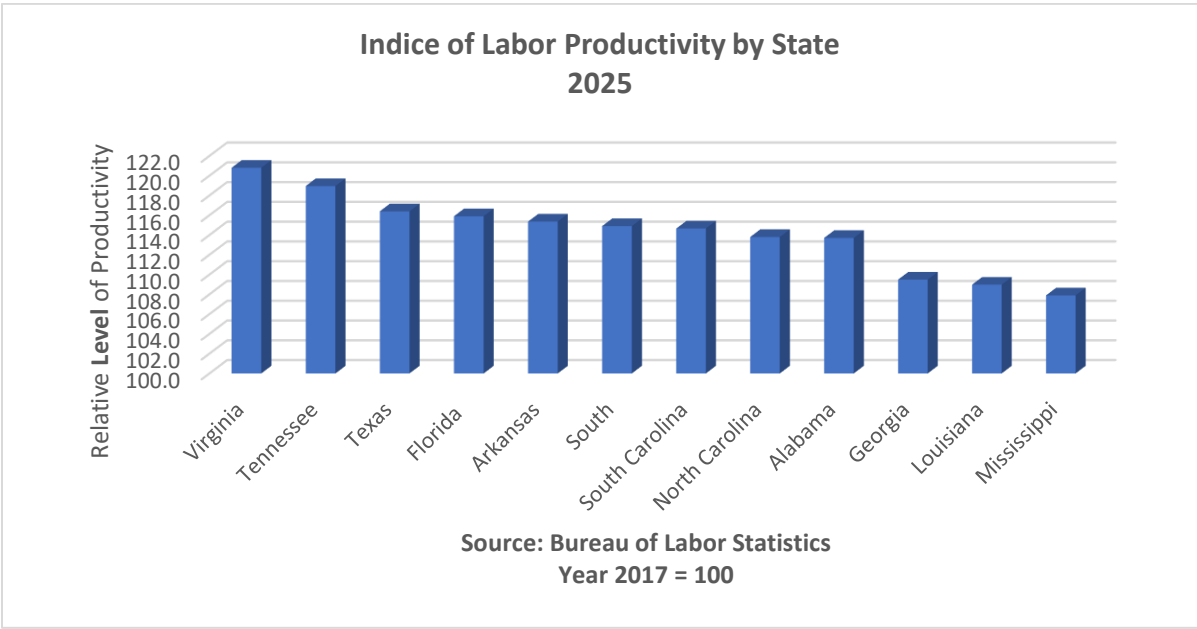
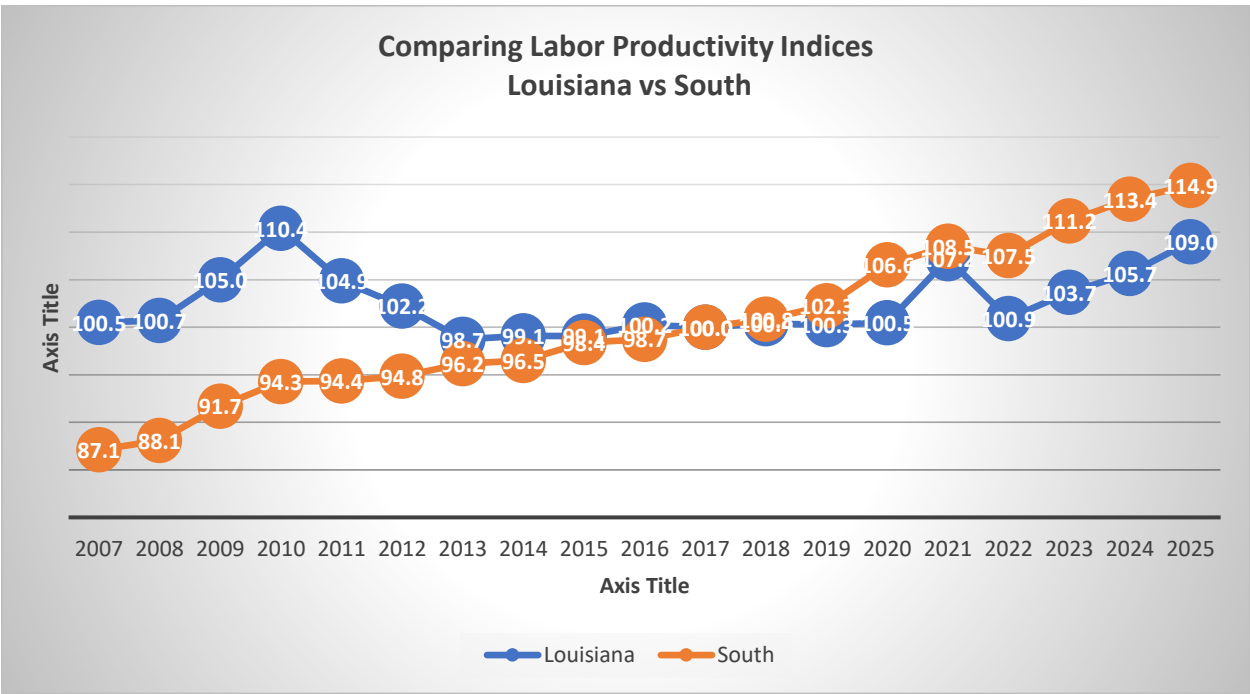


Table 2



As table 2 illustrates, Louisiana’s labor productivity performance between the base year and up to 2010 showed an economy dominated by industries that generated high labor productivity. Data shows that 2010 was an inflection point. What might have caused this labor productivity weakness relative to other states in the sample? Clearly, **structural changes** in Louisiana’s economy, as illustrated in Table 2, begin to occur around the year 2010. One indicator of structural changes in an economy is real output per worker.

Table 3 breaks the time frame of these changes into three sets: 2007 to 2025; 2007 to 2017 and 2017 to 2025. This gives the reader a context of narrowing the time frame of changes occurring in Louisiana’s economic structure. Again, the data set is far too aggregated to provide any understanding of the depth of changes affecting the productivity measure for Louisiana. However, the table presents a comparison of the percentage change in output per worker over time and shows the relative (to its Southern neighbors) lack of growth in output per worker in Louisiana. One might hypothesize that structural change in Louisiana’s economy would be picked by the productivity statistics reported by the Bureau of Labor Statistics (labor productivity, output per worker) and **reflect growth** in either high or low value-added industries in the period. It is clear from Table 3 that the structural changes in the Louisiana economy reflect decreased value of output. In short, the substitution effect of high value-added industries (manufacturing and mining) for Leisure and Hospitality may have contributed to this poor performance relative to the other states in the sample.

Table 3
PERCENTAGE CHANGE IN VALUE-ADDED OUTPUT

	2007-2025	2007-2017	2017-2025
Alabama	100.0%	25.3%	59.6%
Arkansas	108.3%	27.6%	63.3%
Florida	142.3%	33.1%	82.0%
Georgia	127.0%	42.1%	59.7%
Louisiana	64.1%	15.1%	42.6%
Mississippi	81.8%	20.4%	51.1%
North Carolina	126.6%	35.7%	66.9%
South Carolina	136.5%	39.3%	69.7%
Tennessee	143.1%	44.1%	68.7%
Texas	144.3%	40.3%	74.1%
Virginia	108.9%	31.3%	59.2%
South	124.6%	35.5%	65.7%

Source: Productivity Statistics, Bureau of Labor Statistics

Table 4 presents inflation adjusted GDP data comparing Louisiana to a similar state over the study period.

Table 4

State Gross Domestic Product Growth in Inflation Adjusted \$				
	% CHANGE		REAL GDP in (Billions) CHANGE	
Industry	2017-2024		2017-2024	
	Louisiana	South Carolina	Louisiana	South Carolina
Total	27%	92%	\$55	\$133
Mining Services	53%	259%	\$1.8	\$0.6
Manufacturing	25%	48%	\$9.4	\$12.4
Wholesale Trade	28%	103%	\$2.5	\$7.5
Retail Trade	91%	131%	\$8.7	\$12.8
Information	237%	459%	\$4.1	\$8.1
Professional and Business Services	67%	163%	\$9.8	\$21
Healthcare and Social Assistance	87%	168%	\$10.3	\$19.4
Leisure and Hospitality	16%	89%	\$1.4	\$6.1

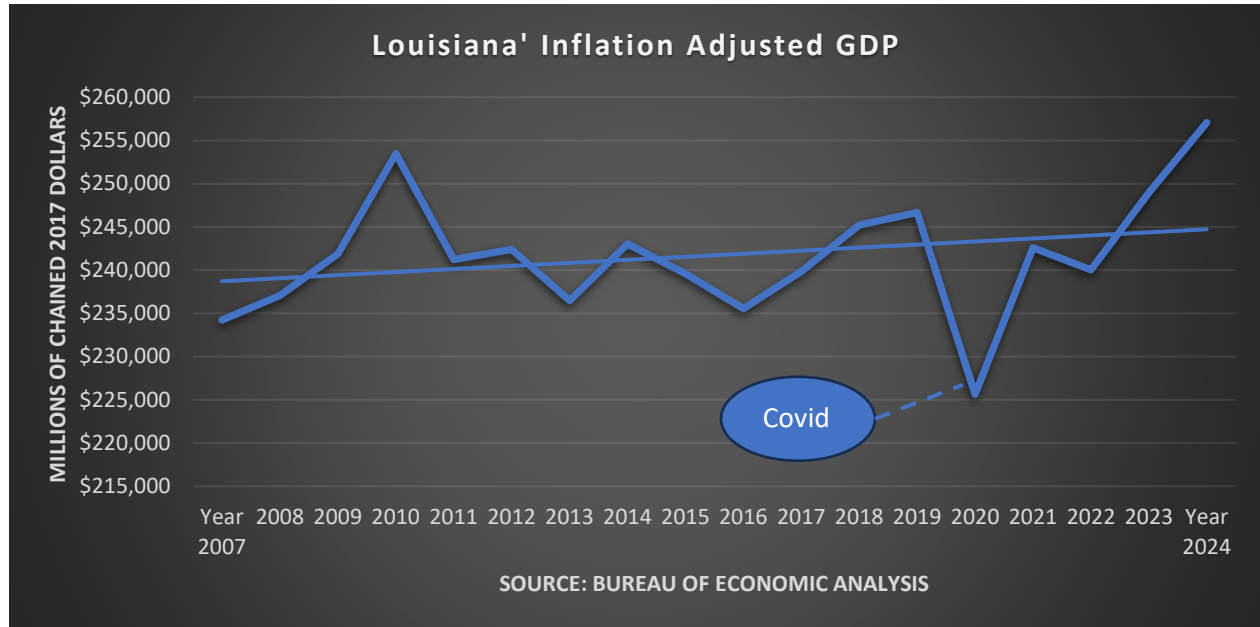
Source: Bureau of Economic Analysis (BEA)

Note: 2024 is the latest year.

Table 4 simply confirms why Louisiana performed so poorly in value added output table (Table 3). In one phrase: *the collapse of real GDP growth between 2017 and 2025*. In industry sectors, such as Information and Professional and Business Services, the difference in GDP growth between South Carolina and Louisiana is striking. In the sectors “Information,” and “Professional and Business Services,” real GDP increased twice as fast in South Carolina than in Louisiana. Even in Leisure and Hospitality, the difference is stark! Louisiana’s growth in Manufacturing was attributable to Chemical Manufacturing. Louisiana’s Manufacturing is heavily concentrated in input products (chemicals used in higher value added products), rather than final demand products or inputs in secondary input industries, such as auto manufacturing. Critical future industries with high value added, such Computers and Electronic Product Manufacturing in South Carolina increased by \$1.3 billion inflation adjusted dollars or by 2978%. In Louisiana, the increase was 370 million in 2017 \$ or by 1924%. And looking critically at the broad spectrum of manufacturing, one sees poor performance across the board.

Table 5 presents time series of the level of inflation GDP for Louisiana over the period 2007 to 2024. Louisiana’s inflation adjusted GDP peaked in 2010 at \$253 billion in inflation adjusted \$ (2017 value =100). The value for 2024 was \$257 billion. The 2019 level (pre-Covid Pandemic level) was \$247 billion. It speaks to the terrible impact that the Covid-19 lockdown on the fragileness of Louisiana’s economy.

Table 5



Another factor that feeds into the poor productivity indicator for Louisiana is the value-added per worker in current \$. Table 6 ranks growth both in terms of percentage **change** and value-added per worker level **change** in current \$ over the period 2007 to 2025. Why would both the percentage change and value-added growth for Louisiana again be at the near bottom of the rank order? The GDP data (only available up to 2024) found in Table 4 gives a hint. The GDP of high valued-added industries, such as mining and mining services, collapsed between 2017 and 2025, going from \$21.8 billion in 2017 to \$11.7 billion in 2024 in real 2017\$. Real GDP output in Manufacturing showed slow growth during this period, going from \$37 billion in 2017 to \$46 billion in 2024. Real dollar increases in the GDP of those industries with growth were unable to strongly affect the overall weakness in the real Louisiana GDP. For example, between 2017 and 2024, Professional and Business Service, Health Care and Social Services and Leisure and Hospitality increased by \$ 21.6 billion real inflation dollars. (48% of the increase was in Health Care and Social Services. 7% of that growth in GDP was attributed to Leisure and Hospitality)

Industry losses in high value-added output far outweigh the gains in other industries. As Table 6 illustrates, **Louisiana's percentage 2017\$ growth** in value-added per worker was lack luster compared to other Southern states. **The level of growth was not quite as poor.** Part of the reason for the better showing has to do with the fact that Louisiana's value-added base level was second only to Texas in 2007. By 2025, it had slipped to sixth, (as shown in Table 7) but still relatively high. In practical terms and because of the number of capital-intensive manufacturing industries in Louisiana, the **level increase rank position overstates the issue of level change** in value-added per worker.

Table 6

2007-2025			
	Value-Added per Worker in 2017\$		
	Level Growth		Percentage Growth
Texas	\$174,625	Texas	225%
Florida	\$140,055	Tennessee	225%
Tennessee	\$137,816	Florida	201%
South	\$134,048	South Carolina	192%
Georgia	\$133,799	South	187%
Virginia	\$130,139	North Carolina	177%
North Carolina	\$127,714	Virginia	176%
South Carolina	\$113,940	Georgia	176%
Louisiana	\$113,913	Arkansas	163%
Arkansas	\$101,490	Alabama	152%
Alabama	\$100,851	Louisiana	130%
Mississippi	\$71,978	Mississippi	113%

Source: Bureau of Labor Statistics; *Systems Solutions Consulting*

Table 7 illustrates the advantage that Louisiana had in 2007 relative to the value-added per worker in current dollars, and the latest relative position in 2025. In 2007, Louisiana's rank position, as noted earlier, was 1st among Southern states. By 2025, that rank had slipped to 6th. Although some might suggest that the slide from 1st to 6th place over time "is not so bad," a closer look suggests the situation might not be so favorable. For example, the ratio of value-added per worker in Louisiana to that of Alabama was 1.3 in 2007. That ratio fell to 1.2 in 2025. What might this gross number tell you? First, as Table 7 illustrates and in Alabama, value added per worker increased (percentage wise) by 151%. In Louisiana, that value increase was 130%. ***(Note: value added per worker in Louisiana remained 20% higher in 2025 than Alabama. But it was 32% higher in 2017. The point is that the marginal change had eroded over this eighteen-year time.)*** If we compare Texas to Louisiana, the picture looks even less competitor. Louisiana value added per worker in 2007 was the highest among the selected states and was about \$10,000 per worker higher than its nearest Texas competitor. By 2025 that ranking with Texas had disappeared, and valued added output per worker was \$51,000 higher in Texas than Louisiana or the 25% higher. In Louisiana, industries continue to be focused on petrochemical and ancillary industries. Industries such as ship building and mining have shrunk and not being replaced by such industries as auto and high-tech manufacturing. Again, the competitive advantage of Louisiana's economy relative to other states in the South has shrunk.

(Note: the potential of data centers still is an unknown. But measuring value-added in this type of industry remains uncertain. What we do know is high tech manufacturing-software industries still remains concentrated outside of Louisiana.)

Table 7
Rank Order Growth in Value-Added per Worker in Current \$ in Each State GDP

Value-Added per Worker in Current \$			
	2007		2025
Louisiana	\$87,462	Texas	\$252,198
Texas	\$77,573	Georgia	\$209,884
Georgia	\$76,084	Florida	\$209,776
Virginia	\$73,981	South	\$205,553
North Carolina	\$72,219	Virginia	\$204,119
South	\$71,505	Louisiana	\$201,375
Florida	\$69,722	North Carolina	\$199,932
Alabama	\$66,469	Tennessee	\$199,092
Mississippi	\$63,871	South Carolina	\$173,341
Arkansas	\$62,408	Alabama	\$167,320
Tennessee	\$61,277	Arkansas	\$163,899
South Carolina	\$59,401	Mississippi	\$135,850

Source: Bureau of Labor Statistics; Systems Solutions Consulting

Table 8 presents the rank order of unit labor costs growth (*recall the definition Unit Labor Costs – ratio of labor compensation per hour divided by product output per hour expressed in dollars.*) over the period 2007 and 2025. Again, labor cost increase in Louisiana was highest among the sample states. This would be less of a problem had Louisiana ranked higher in productivity, real output per worker and real GDP growth. However, given the dismissal results identified in the above tables, the final table screams out for an analysis to ask the simple questions: “Why?” or the “How?”

Table 8
Change in Factors Affecting Louisiana Competitiveness in the South

	Unit Labor Costs	Real Output Per Worker	
	2007- 2025	2007-2025	
Louisiana	53%	Texas	225%
North Carolina	49%	Tennessee	225%
Florida	49%	Florida	201%
South Carolina	44%	South Carolina	192%
Georgia	42%	South	187%
Arkansas	42%	North Carolina	177%
Mississippi	41%	Virginia	176%
Alabama	39%	Georgia	176%
South	38%	Arkansas	163%
Virginia	31%	Alabama	152%
Texas	30%	Louisiana	130%
Tennessee	30%	Mississippi	113%

Source: Bureau of Labor Statistics; Systems Solutions Consulting

Continuing to focus, the long-term ratio (2007-2025) shows that for Louisiana a ratio of 2.5 of real output per worker to unit labor cost (see definition on first page) illustrating that the churning of industry mix was toward low productivity, low value added *from* high productivity and high valued added industries. Over the same period, states like Texas, Tennessee or Virginia ratios were between 7.5 to 5.7. In short, real output per worker grew by over six to seven times faster than unit labor costs in those select states. The median change was 4.1.

The answer requires greater analysis, but the data shows an economic weakness and is reflected in a large educated out-migration population, slow recovery from economic disruptions, etc. *In short, a caution light turning red.* Although productivity cracks are appearing in the other states, the gap has not improved. THE PROBLEM IS: LOUISIANA HAS BEEN AN OUTLIER IN A FAST-GROWING REGION.

CONCLUSION

Why are the data presented in the above tables essential to Louisiana's economic future? Obviously directly and indirectly, the data reflects the potential for income growth of the resident population and future economic opportunities.

The results, from the above tables, are quite distressful. All the *identified* principal Louisiana economic indicators over the study period 2007 to 2025, suggest deficiency in either (a) labor force development, (b) policy failures in attracting high value-added industries or new technology industries or (c) negative structural changes in current industries or developing industries (d) a combination of all the above. The data, as noted in the introduction, is an initial step for further analysis to better understand the "why" or "how" this poor showing in Louisiana's key economic indicators relative to other states in the sample. In short, the paper can best be defined as the "canary in the coal mine problem" that should not be ignored.