# ECONOMICS, HOUSING AND TRANSPORTATION

*"The official definitions of progress confuse 'more' with 'better,' 'costs' with 'gains,' 'borrowing' with 'earnings,' and 'means' with 'ends.' To achieve real progress we must learn to distinguish these again."*

**– Sagoff, 1997**

*Contributors to this chapter include:*

*Louisiana Department of Economic Development, Communications*
***225-342-5383***

*Louisiana Coalition for the Homeless*
***225-342-2277***

ECONOMICS, HOUSING AND TRANSPORTATION

# ECONOMICS

**How is this parish doing?**

*Income*
- *Per capita* ☹
- *Poverty level* ☹
- *Migration* 😐
- *Industries* 😐
- *International trade* 😐

*Costs*
- *CPI* ☺
- *PPI* ☺
- *Housing* 😐
- *Transportation* 😐

*Resources*
- *Savings* 😐
- *Banks* 😐
- *Bankruptcies* ☹
- *Investments* 😐

Everyone knows that a little extra money in the pocket today does not guarantee long-term prosperity. This concept also applies to a community. For example, one that looks well-off may be doing well for the moment. However, its long-term economic growth may not be as strong. Stable employment and growing incomes support communities for the near future. Investing wisely as well as developing diverse businesses and industries helps to sustain communities for the longer term. Communities need constant investment for their futures with savings, resources, education and improved infrastructure.

The relationship between economic status and health is commonly accepted (New York Times, 1999). Numerous studies have documented that lower family income is significantly associated with poorer physical and mental health status, less social support, more behavioral risk factors, higher rates of obesity and uncontrolled blood pressure, and poor medical diagnoses. After accounting for other factors, including baseline health status, family income is a significant predictor of health status (Fiscella, 1999). The impact of a family's economics on a variety of health concerns is well described in studies. For instance, studies in asthma (McConnochie, 1999), rural women's health (Barnes, 1999) and low birth weights (Longo, 1999) document a relationship to family income. Therefore, one way to improve community health is to work to improve community wealth.

To make improvements a community needs to know its status. Understanding a community's economic status is a complex task. One of the many ways to begin is to think of the community as if it were an individual. A person looks at earnings, costs and resources to understand personal finances. A community can do the same.

A single indicator or piece of data does not contain the breadth of economic activities in a community. That is why it is important to look at a wide collection of indicators, and even the ones that are presented here may not be the best answers to local questions. Also, each indicator has limitations. The way data are collected or reported defines the manner in which the information may be used. A wide variety of indicators can more clearly outline the overall economic health of a community.

The indicators discussed in this chapter include:

**Earnings**

- Per Capita Income (PCI)
- Proportion of the population living below the poverty level
- International investment and export
- Migration to or from the parish
- Leading industries

**Costs**

- ACCRA Consumer Price Index
- Percent of families owning cars
- People in homeless shelters
- Housing units

***DID YOU KNOW?***
*In 1998, the median (point at which 50% of people are above and 50% are below) income for U.S. males who didn't finish high school was $23,438 and for women it was $15,847. The same year, the media income for people with an associate degree (a two-year college degree) for men was $38,483 and for women, $28,377.*
- *(1) U.S. Bureau of the Census, 1999.*

**Resources**

- Amount of savings
- Number of insured banks
- Bankruptcies
- Taxes
- Investments
- Social capital

Analyzing indicators can help direct decisions on planning, taxing, investing and prioritizing improvements in a community. For example, an increase in the number of people who are served in homeless shelters may drive the decision to add another shelter. A community might also choose to develop rent subsidies to keep families with low incomes in housing.

Another example of a chosen indicator helping direct community development could be a report of increased investments in a local industry. The community might respond by planning training in local community colleges to prepare workers.

Once residents of a community have identified the indicators they believe measure the appropriate factors in their economy, they can use them to outline the steps that need to be taken to build economic growth.

***DID YOU KNOW?***
*"Agriculture and forestry pumped more than $9.6 billion into Louisiana's economy during 1998, only four percent less than in 1997, despite a disastrous drought... What we are seeing is the importance of agriculture to Louisiana's economy."*
- *Baton Rouge Advocate, 1999.*

## EARNINGS

### Per Capita Income

Figure 1 shows the per capita income (PCI) for the parish and for the state of Louisiana. PCI is the average amount of income earned per person in a parish or state. **In 1997, the average PCI in East Baton Rouge Parish was $23,561. East Baton Rouge is ranked 4th in the 64 parishes in the state.** In 1997, Louisiana's PCI was $20,458, which ranked it 42nd of the fifty states. The average PCI for the U.S. was $24,436. **From 1996 to 1997, East Baton Rouge's PCI increased 2.9 percent.** Louisiana's increase was 4.3 percent. Meanwhile, the national change was a

**Taking Care, Taking Control: Improving Louisiana with a Statewide Vision**

*Louisiana: Vision 2020* is a challenge to create a newer and better Louisiana and a guide to economic renewal and diversification. It is a platform for innovative initiatives. Since January 1997, the Louisiana Economic Development Council and its ten task forces have met more than 60 times, calling upon the best minds in the state in their efforts to construct the best possible economic development plan.

The result is a demanding, visionary document. The plan is built around a vision of Louisiana 2020 as a place with a vibrant, balanced economy; a fully engaged, well-educated workforce; and a quality of life that places it among the top ten states in the nation in which to live, work, visit and do business.

*Louisiana: Vision 2020* is grounded in reality and embodies a full awareness of our historical shortcomings. It assumes that we must alter our behavior radically to be fully competitive in a global economy. It calls for a philosophy of making investments in our future and of making those responsible for the investments accountable for their performance.

In pursuit of *Louisiana: Vision 2020*, three goals are used:
1)To recreate our state as a Learning Enterprise;
2)To build an economy that is driven by a diverse and thriving set of technology-intensive industries; and
3)To preserve, develop and promote Louisiana's natural and cultural assets for their recreational and aesthetic values.

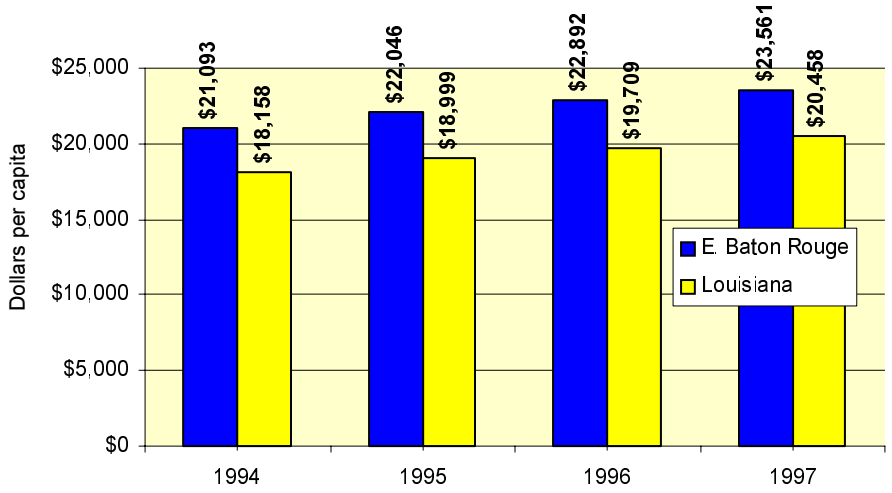
- For further information: Louisiana Economic Development Council. 1998. Vision 2020., and Meg Fuselier, Office of the Governor, 225-219-4557.

taking control

**Gov. Foster's Vision:** ***Louisiana: Vision 2020***

**ECONOMICS, HOUSING AND TRANSPORTATION**

**Figure 1:**
**Per Capita Income, East Baton Rouge and Louisiana, 1994-1997**




Source: (1) LEAP, Center for Business & Economic Research, 1999

***DID YOU KNOW?***
*"Louisiana has the greatest concentration of crude oil refineries, natural gas processing plants and petrochemical production facilities in the western hemisphere."*
- *(1) Louisiana Department of Economic Development, 1999.*

*"Louisiana is the second largest producer of natural gas in the U.S."*
- *(2) LEAP, Center for Business & Economic Research, 1999.*

4.6 percent increase. These figures show that people in the state and in the parish had higher earnings in 1996 than in 1995 ([1] LEAP, Center for Business & Economic Research, 1999). Although, the growth in income has not benefited everyone equally in Louisiana.

In the U.S. in 1998, 12.7 percent of the population lived below the poverty line. In Louisiana, the 1997-98 average was an estimated 17.7 percent of residents who lived in poverty. Small area estimates such as parishes are calculated less frequently than state statistics. **In 1995 estimates showed 17.5 percent of East Baton Rouge residents living in poverty** ([2] U.S. Census Bureau, 1999). Children are the largest subgroup of the population below the poverty line. **The 1995 U.S. Census Bureau data estimated that 36.6 percent of all children under the age of five in Louisiana live in poverty** ([3] U.S. Census Bureau, 1999). The national estimate for children for 1995 was 24.2 percent. For adults it was 21.2 percent.

The difference between the income of the wealthiest and poorest U.S. households has grown significatnly over past few decades (figure 2). The bottom 40 percent of American households have had limited benefit from the economic growth

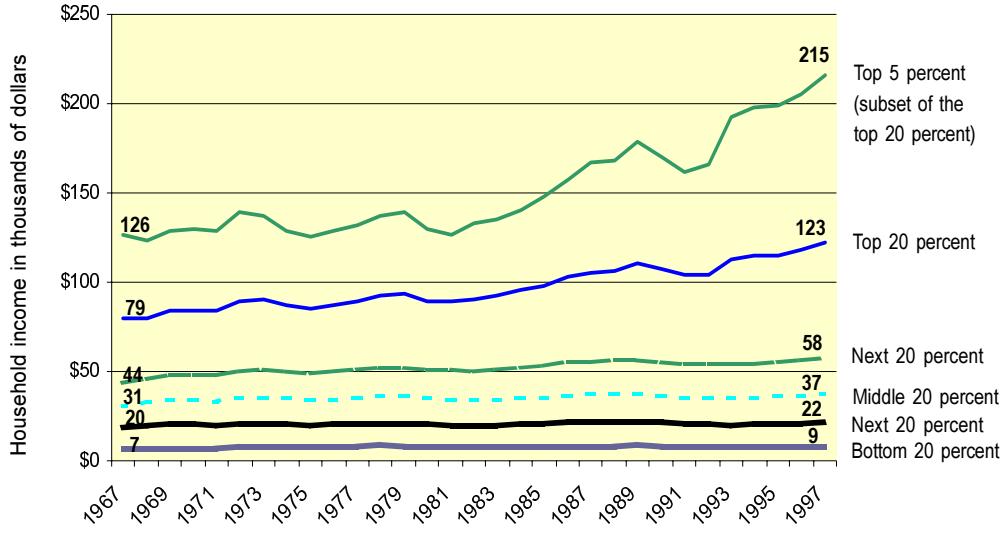
**The national impact of poverty on children's health**

| Outcome | Likelihood for a poor child* |
|---|---|
| Death during infancy | 1.3 times |
| Death during childhood | 3 times |
| Low birthweight | 1.2 to 2.2 times |
| Stunted growth | 2 to 3 times |
| Partial or complete deafness | 1.5 to 2 times |
| Physical or mental disability | about 2 times |
| Hospitalization for injury | at least 3 times |
| Fair or ill health | 3 times |
| Iron deficiency (preschool) | 3 to 4 times |
| Severe asthma | about 2 times |
| Lead poisoning | 2 times |
| Missed school** | 1.4 times |

** compared to a child who is not poor*
*** due to acute and chronic health conditions*

Source: The Children's Defense Fund, 1997.

**Figure 2:**
**Average Inflation-Adjusted Income of Households by Income Group and the Change of Income over Time, United States, 1967 - 1997**




Source: Doyle, 1999.

***DID YOU KNOW?***
*The first oil well ever drilled out of sight of land was off the coast of Louisiana. Many of the techniques used in offshore oil exploration around the world were first developed in Louisiana.*
- *(4) LEAP, Center for Business & Economic Research, 1998.*

*In 1992, there were estimated to be 25,652 farms in Louisiana, which made up about 28% of the total land in the state.*
- *(5) U.S. Bureau of the Census, USA Counties 1996*

of the last decade, whereas the top 20 percent of households have had historic gains in their incomes.

Several national trends may help to explain the increased inequity between the top and bottom incomes of society. These include the national decline of trade unions that work to narrow the difference between workers' and managers' incomes, a drop in well-paying manufacturing jobs, the growth of the number of college-educated workers, the rising number of single-parent households, the increased competition for unskilled labor with immigrant populations and the decline in the real value of the minimum wage.

It is important for social cohesion that as wide a range as possible of social levels benefits from programs of improvement in a community. An increase in either income or education, or both, increases the likelihood of being in good health. Investment in quality education, particularly the education of children, is one of the most effective ways to reduce income inequity in the long term (Doyle, 1999). As was mentioned earlier, the wealth of a community translates to the health.

## Migration

Migration, the movement of residents in and out of a community, is one of many ways of measuring the ability of a community to support the people who live in it. The effect of migration on a local economy should be considered in combintaion with other factors. For instance, it may be that new people are

**Migration**

**Change in the number of people in the parish**

| Year | E. Baton Rouge* |
|---|---|
| 1980-82 | 5,925 |
| 1982-83 | 5 |
| 1983-84 | -4,338 |
| 1984-85 | -3,198 |
| 1985-86 | -6,523 |
| 1986-87 | -9,082 |
| 1987-88 | -4,860 |
| 1988-89 | -5,442 |
| 1989-90 | -2,205 |

** net migration in number of persons*
Source: (3) LEAP, Center for Business & Economic Research, 1998.

not moving into a parish, yet at the same time PCI can still be increasing for the residents. Conversely, a community can have an influx of new residents but they might be getting low-paying jobs that have little potential for advancement.

**Between 1990 and 1996, there was a net gain of 130,415 persons to Louisiana, which was a 3.1 percent increase.** The U.S. had a net gain of 6.7 percent ([4] U.S. Census Bureau, 1999).

***DID YOU KNOW?***
*"The average car emits a quarter-pound of pollutants for each mile driven. On a 100 mile trip, a single car can release 25 pounds of pollutants..."*
- *Baton Rouge Area Commuter Services Program - Vanpools, 1999.*

### Diversification

In the rapidly changing economy of today, one of the best assurances to earning a decent wage is having many skills. This is also what Louisiana is doing by diversifying.

The main elements of the Louisiana economy are mineral production, petroleum refining, chemical and petrochemical manufacturing, tourism, forestry, pulp, plywood, papermaking, agriculture, food processing, commercial fishing, shipping, international trade, ship building and general manufacturing.

Louisiana's petroleum refineries produce enough gasoline to make the state the second leading refiner in the U.S. The petrochemical industry in Louisiana is also ranked second in the nation for production. There are 19 refineries and over 100 petrochemical plants in the state.

In 1998, tourism employed over 112,000 people in Louisiana. This employment contributed an estimated $7.8 billion to the economy. These figures were an increase over 1997, when 110,000 people were employed in the tourism industry, generating $7.3 billion for the state (U.S. Travel Data Center, 1999). The aerospace, aviation and biotechnology industries are also adding to Louisiana's diversification as well.

It would be useful to know what kind of industries helped fuel the 3.7 percent increase in earnings of Louisiana residents in recent years. Figure 3 charts the growth of major sectors of Louisiana's economy over the past seven years, excluding private

### Taking Care, Taking Control: Revitalizing Communities through Housing

taking control

**Working Together:** *true community collaboration*

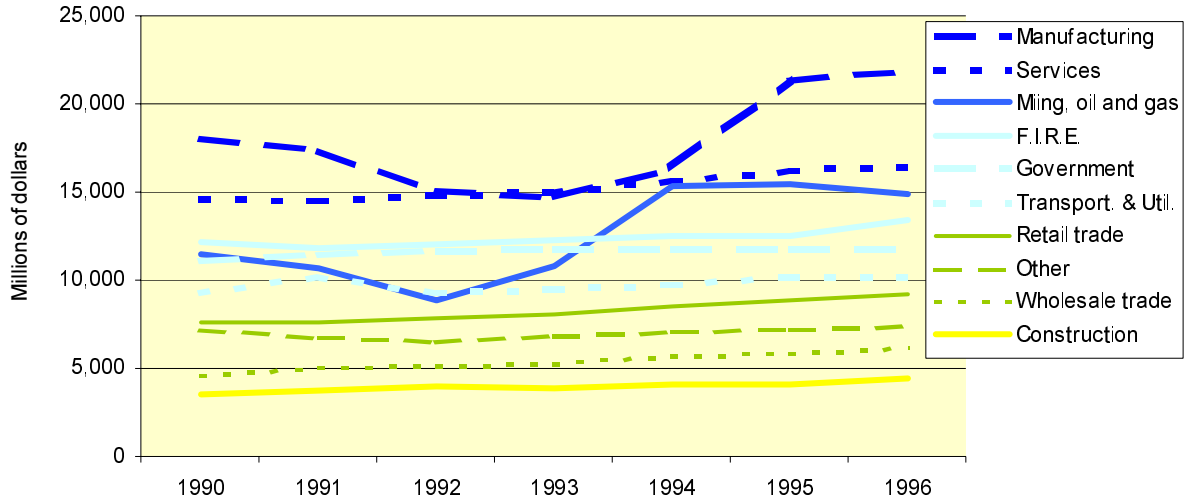
People have to be ready for change, and the Alexandria Inner City Revitalization Committee knew that. They knew that they could not work alone to improve Alexandria housing. So, in the beginning, a few people from Alexandria Affordable Housing Authority came together to collaborate. They listed 27 people who represented many aspects of the Alexandria community — faith, social services, government and citizens — and needed to be included to improve housing.

The committee then looked around the country and Louisiana to see what other communities had done to improve housing. The former director of New Directions in Kentucky came to visit Alexandria and share his community's experiences. With the help of an instructor from the ABCD Institute, they invited citizens participated in a community visioning session. A graphic artist created a picture of what the group envisioned their community would look like in five to ten years. The Inner City Revitalization Committee has established five-year goals, a strategic plan and are working on approving phase one of their plan.

One of the biggest obstacles the group recognized was the need to gain control over abandoned housing units in order to renovate them. The committee recently held a press conference publicizing new policies where they could use abandoned housing. Many citizens living in the affected neighborhoods attended, as well as government officials and the media. There was tremendous media coverage publicly celebrating an important victory.

- *By Michael Burns, Staff Reporter. Alexandria Town Talk, July 29, 1998.*

**Figure 3:**
**Gross State Product by Industry, Louisiana, 1990-1996**




*F.I.R.E. is financial, insurance and real estate

Source: (13) LEAP, Center for Business & Economic Research, 1998.

industry. Manufacturing, services and mining (which includes gas and oil) are the three sectors generating the most money in Louisiana. Amidst the increases in all of the sectors, it is important to note the fluctuations of both manufacturing and mining. Louisiana has had a long history of economic volatility. Increased diversification of Louisiana's economy will help blunt the impact of the ups and downs of any one sector. One of the slowest growing sectors in the state was state and local government ([1] U.S. Department of Commerce, 1999).

**Percent of industry earnings of top three industries in East Baton Rouge and Louisiana,* 1997**

| Industry | E. Baton Rouge | Industry | LA |
|---|---|---|---|
| Services | 29.1% | Services | 27.2% |
| State & local gov. | 17.0% | State & local gov. | 13.1% |
| Construction | 11.3% | Retail trade | 9.4% |

*percent of total East Baton Rouge and Louisiana earnings in 1996

Source: (3) U.S. Department of Commerce, 1999.

**Growth of the largest industries,* 1996-97**

| | |
|---|---|
| **Fastest growing** | |
| **E. Baton Rouge:** Finance, Insurance, Real Estate | +5.7% |
| **LA:** Mining | +14.0% |
| **Slowest growing** | |
| **E. Baton Rouge:** Construction | -8.9% |
| **LA:** Nondurable goods manufacturing | +2.7% |

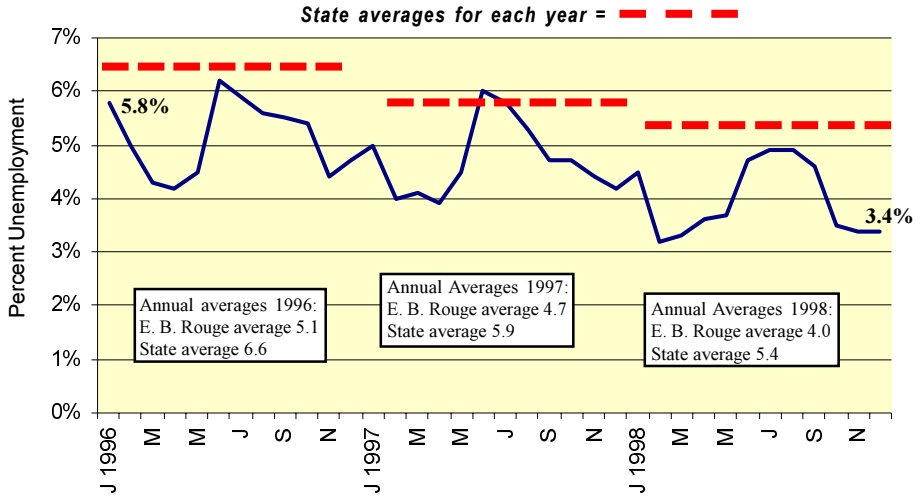
* contributing over 5% to total activity

Source: (3) U.S. Department of Commerce, 1999.

## The Unemployment Rate

Most people think that industry growth translates into an impact on a state's or parish's work force in terms of the unemployment rate. This is a statistic used to describe the proportion of a population which is not currently employed. The poverty that can result from unemployment is more than just a statistic. It affects people's lives and health. Like all indicators it has some limitations. The unemployment rate is a ratio composed of the number of persons believed to be unemployed divided by the number believed to

**Figure 4:**
**Unemployment for East Baton Rouge, January 1996- December 1998 with Louisiana Average**




Source: (6) LEAP, Center for Business & Economic Research, 1998.

***DID YOU KNOW?***
*The social costs of automobile driving in the U.S. are estimated at $125 billion. The highest cost, $56 billion, is for health damage due to air pollution.*
- *(1) Cobb, 1998.*

*As of January 1999, the state law limits federal cash assistance to 24 months out of a 60 month lifetime limit. This is part of the welfare-to-work movement.*
- *Personal Responsibility and Work Opportunity Reconciliation Act (PROWRA) 1996*

*In 1998, about 42% of all homeless shelter users were reported in Orleans parish in a recent needs assessment survey.*
- *(1) Louisiana Interagency Action Council for the Homeless, 1999*

be in the civilian labor force in a given region. The unemployment rate is included here because many people refer to it as a measure of economic performance. It is not a simple measurement. When the economy is weak, people may think the unemployment rate should be high, and that a strong economy leads to low unemployment rates. Several factors counter these beliefs:

- When the economy is good, more people will come into a region to find work. These new job seekers will be recorded in the unemployed statistics.
- Job seekers who become discouraged and stop looking for work will not be included in the statistics, although they continue to be unemployed. Other people who are not recorded in the statistics are nonworking students, retirees, institutionalized persons and homemakers.
- Other events to consider are: people returning to school in times of poor employment, seasonal fluctuations and the workforce that works for undeclared pay (Maruggi and Rivas, 1996)

The unemployment rate is a good example of the need for the use of caution and multiple indicators when trying to define measures in a community's economic status (Maruggi and Rivas, 1996). Parish unemployment rates can fluctuate widely over time (Figure 4; [6] LEAP, Center for Business & Economic Research, 1998).

**International Investment and Export Trade**

The Louisiana Department of Economic Development reports that international holdings in the state total nearly $21 billion. This is the ninth largest investment among all the states in the U.S. ([1] Louisiana Department of Economic Development, 1999) **The**

**U.S. Department of Commerce and Office of Trade and Economic Analysis reported that between 1993 and 1998, Louisiana had a 36.4 percent increase in state export sales to the world.** The U.S., in this same time period, had a 4.7 percent increase ([2] U.S. Department of Commerce, 1999).

## COSTS

Smart budgeters know where their money is going and try to control spending to fit their earnings. There are key measures that can approximate costs that a community has collectively. The cost of living measured through the Consumer Price Index (CPI) is usually the most common measure of costs. Also, there are the costs of housing, utilities and transportation.

### Common Cost Indices

The ACCRA (a research organization) Cost of Living Index is reported by metropolitan area, not parish, in Louisiana. Cost of living is calculated by combining the prices of a number of commonly purchased goods and services. It is usually reported quarterly. From the first quarter 1997 through the first quarter of 1999, Baton Rouge was, on average, a slightly more expensive metropolitan area in which to live than Alexandria, Lafayette, Lake Charles, Monroe, New Orleans and Shreveport ([8] LEAP, Center for Business & Economic Research, 1999).

CPI is the statistic that people are more likely to hear quoted in the news. The CPI is not calculated by state but by region. Louisiana is one of 16 states in the South region. The CPI is more useful for national price trends. For instance, for the whole nation, the CPI increased only very slightly in 1997.

All of this adds up to a national and state economy with a stable cost of living, consistent levels of production and low inflation. The average consumer can expect few price increases at the check out stand as a result.

### Housing and Utilities

In general, in the 1990s, construction increased in Louisiana. **As of the 1990 U.S. Census, one of the traditional sources of housing information, there were 156,767 total housing units in East Baton Rouge Parish** ([7] U.S. Census, 1999).

The most recent data estimates from the U.S. Census Bureau (1996) found that the percentage of families who could afford a moderately-priced house in the area where they live was about 58 percent (30 year fixed rate mortgage, 5 percent down). Most of the families who were renting could not buy due to

***DID YOU KNOW?***
*Based on a 1993 study of the nation, if a $2,500 down payment subsidy was provided, 3% more renters would be able to become home buyers; with $5,000 it was 14% more.*
*- Savage H. 1997.*

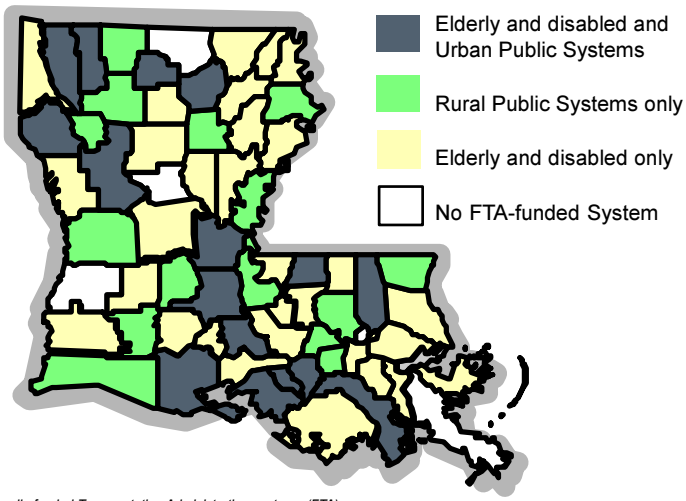
*Low income people in the U.S. are less likely than higher income people to have a phone. Twenty-three percent of poor families did not have a phone, versus three percent of non-poor families.*
*- Murakami and Young, 1997.*

**Housing in East Baton Rouge Parish, 1990 U.S. Census**

| | |
|---|---|
| Total housing units in East Baton Rouge | 156,767 |
| Percent houses with three bedrooms | 42% |
| with two bedrooms | 29% |
| Percent occupied | 88% |
| • Heated by gas | 51% |
| • Heated by electricity | 47% |
| • Use public sewerage system | 94% |
| • House older than 20 years | 76% |
| • Owner occupied | 53% |
| • Median monthly cost of mortgage | $644 |
| • Median monthly cost of rent | $375 |

Source: (7) LEAP, Center for Business & Economic Research, 1999

**Figure 5:**
**Transportation in the Parishes**
**FTA* Administrated Providers, Louisiana, 1998**




** Federally-funded Transportation Administration systems (FTA)*
Source: Applied Technology Research Corporation, 1999.

excessive debt and too little income for a mortgage (Savage, 1997).

Unfortunately, national data (U.S. Department of Health and Human Services, 1998) show that some populations have carried a greater cost burden for housing over recent years. The technical definition of affordable housing is housing which costs 30 percent or less of a family's income. In 1975, the percent of U.S. households with children that spent 30 percent or more on housing was 28 percent. By 1995, that percentage increased 42 percent. The percentage of renters during the same span of years paying 30 percent or more for housing increased from 59 to 68 percent.

***DID YOU KNOW?***
*"The personal savings rate stood at 5.7% in 1992 and has plummeted since. Recently it dropped into negative numbers for the first time since 1993. At this rate, economists warn that net savings will drop to - 4.5% in just two years. In other words, Americans will be spending not only everything that they earn, but 4.5% of what they have yet to earn."*
- *Coverdell and Torricelli, 1999*

*In a 1998 study, differences in the investment patterns of African American families and white families came to light. Among families that earned $50,000 or more, African Americans:*
- *Were less likely to use a brokerage or mutual fund account;*
- *Tended to use more conservative investment strategies; and*
- *Tended to start retirement savings later.*

- *New Orleans Times Picayune, 1999*

## Homelessness

The rates of homelessness are important for communities to measure because they describe people who are not in stable living situations. Homeless people are also particularly physically and emotionally vulnerable to poor health and quality of life, and are often excluded from community life. Unfortunately, many social services, privileges of citizenship such as voting, and some basic health care are available only when people have a residence. People staying in homeless shelters can receive some of those services.

About 90 percent, or 122, of the homeless shelters in Louisiana responded to a recent needs assessment. In the study, a total of 32,423 clients were reported to have been housed in Louisiana during 1998. Eleven percent, or 3,542 clients, were youths and children 5 through 17 years of age. It was reported that 2,473, or 8 percent, were under 5 years of age. **East Baton Rouge Parish has 16 shelters, which reported serving 3,482 clients during 1998. Of those 3,482 clients, 521, or 15 percent, were youths and children 5 through 17 years of age. Four hundred and forty-six, or 13 percent, were under 5 years old** ([2] Louisiana Interagency Action Council for the Homeless, 1997).

## Transportation

It is difficult to represent the costs of transportation, since there is no one agency that oversees transportation, nor is there one manner of travel. Reliable transportation improves quality of life, reduces the cost of living and makes work more accessible. For example, people can reduce their shopping costs by getting to stores with lower prices and more choices of foods. They can get to a clinic and reduce the time they must take off to go to see a doctor.

There are many people who can not afford a car. Recent national research describes how people with low incomes make their daily travel. In 1995, 26 percent of low income households in the U.S. did not have a car. Only four percent of higher income households did not have a car. When a low income household has a car, it is likely to be an average of ten years old. Higher income households own cars which are, on average, 7.3 years old (Murakami and Young, 1997).

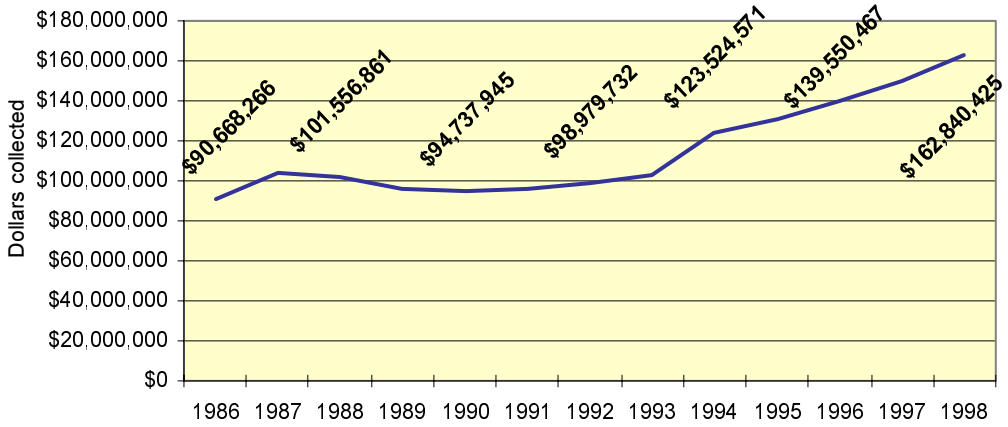
People who were on public assistance in the U.S between 1992-93 spent nearly 15 percent of their income on transportation. People who earned low incomes were likely to have more passengers on their car trips than higher income families. They also made about 20 percent fewer trips in general than people in higher income households. People in low income households were more likely to walk to work and use public transportation, even for recreational or family outings. Because so many trips are by foot, the average distance of trips is shorter for low income households. Sixty percent of their trips are three miles or less compared with 50 percent for higher income households. **In East Baton Rouge Parish, according to the 1990 census, the people in 9.2 percent of occupied housing units reported they did not own a vehicle** ([7] LEAP, Center for Business & Economic Research, 1998).

Figure 5 shows the Federally-funded Transportation Administration systems by parish. **In Louisiana, as of 1998, there were 302 transportation providers that received some form of funding from the federal government.** This funding included public and private services. The urban systems usually have fixed routes and times. Rides using the rural systems are most often made by reservations, and daily routes are based on the calls for rides made by customers. The general public pays full fare, while elderly and disabled fares are most often subsidized. In Louisiana, rural public transportation is almost always provided by the same agencies that provide elderly and disabled transport. The agency reports that the majority of the transit riders on the rural systems are the elderly and disabled. In addition to these federally-funded services, there are private companies that also provide transportation in Louisiana. These include intercity buses owned by private companies (Applied Technology Research, 1999). These transportation services are vital for the elderly and disabled to maintain their health by accessing health care.

In the U.S. according to the 1990 census, 73.4 percent of commuters drove alone. About 13.4 percent of commuters carpooled and 5.3 percent used public transit. In

***DID YOU KNOW?***
*Federal payments made directly to citizens increased 24% between 1990 and 1995, expressed in constant 1995 dollars. Retirement and disability benefits make up nearly two-thirds of federal payments. The highest per-capita increase was posted by Louisiana, where residents saw a 28% per-capita increase in direct payments.*
*- (1) American Demographics. 1996.*

**Figure 6:**
**Local Tax* Collections,**
**East Baton Rouge, 1986-1998**




** Exclusive of Homestead Exemptions*
*Value for even numbered years shown, and starting and ending amounts*

Source: (10) LEAP, Center for Business & Economic Research, 1999.

***DID YOU KNOW?***
*"By 1996, three-fourths of all Louisianians were living in metropolitan areas."*
- *(2) U.S. Department of Economic Development, 1999.*

*"A baby born in the United States will consume twenty times as much of the world's resources during its lifetime than an African or an Indian baby [in their respective countries]."*
- *Sagoff, 1997.*

*The U.S. spends about $1.5 billion a day for health care, only two percent of which is spent on disease prevention.*
- *Centers for Disease Control and Prevention, 1999*

*In November, 1997, President Clinton signed into law the "Savings Are Vital to Everyone's Retirement Act of 1997." The SAVER Act is aimed at advancing the public's knowledge and understanding of the importance of retirement savings.*
- *The National Summit on Retirement Savings, 1997.*

1990, the average commute in the U.S. was 22.4 minutes. **The patterns of commuting are similar in Louisiana. In 1990, 75.3 percent of commuters drove alone while 15.0 percent used carpools. Three percent used public transit. The average commute in Louisiana in 1990 was 22.3 minutes** ([7] LEAP, The Center for Business & Economic Research, 1999).

## RESOURCES

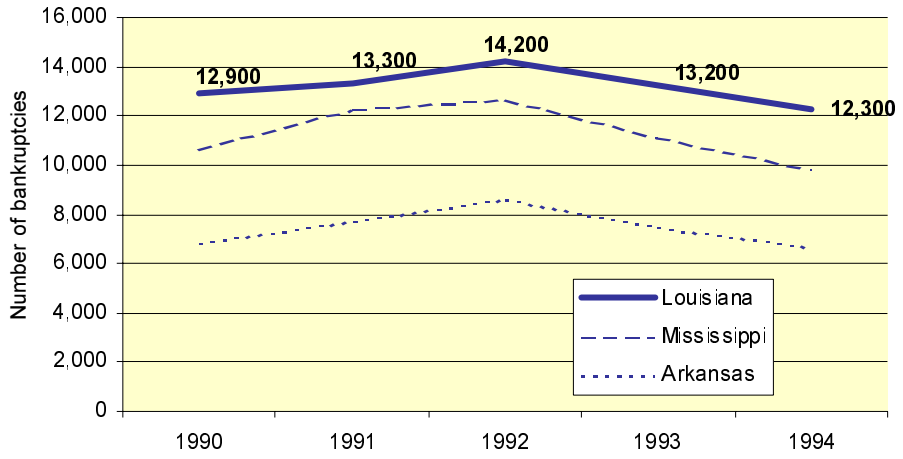
A resource is something that can be drawn upon for support or help. While communities have many kinds of resources, only a few of them are listed below. Investments are the funds and efforts that people put into their community to improve it for the future. Savings are finances put aside for future use. One indicator of a resource for future use is the savings that people put into banks. For communities, another indicator of a resource are the taxes that a parish collects for local expenditures. Another resource is the personal efforts people put into their building relationships in their community, often called social capital.

### Financial resources

There are many different ways to describe the financial status of a community. Even several indicators together can give only a partial picture. Each community needs to choose the ones that are meaningful for their circumstances.

One way of describing financial status is the amount of savings that individuals have in federally insured banks. **The Federal Deposit Insurance Corporation (FDIC), which insures bank deposits, reported 16 commercial banks in East Baton Rouge. These banks combined had approximately $4.6 billion in total depos-**

**Figure 7:**
**Bankruptcy Petitions Filed in the Louisiana, Mississippi and Arkansas District Courts, 1990-1994**




Source: (11) LEAP, The Center for Business & Economic Research, 1999.

***DID YOU KNOW?***
*The Gross Domestic Product (GDP), a commonly quoted indicator of national economic activity, is simply a gross measure of market activity. It makes no distinction whatsoever between the desirable and the undesirable exchanges of money and goods, or of costs and gains. On top of that, it looks only at a portion of market reality... the part involved in monetary transactions.*
*- (2) Cobb, 1995.*

**its in 1997. Meanwhile, there was over $900 billion in the 37 credit unions in East Baton Rouge** ([12] LEAP - Louisiana Electronic Assistance Program, 1999). The usefulness of the amount of money in savings as an indicator depends a lot on how that money is used. For example, it is possible to have too much money saved in an account that does not have high return, limiting the usefulness of that money. Savings can be spent for an investment, such as education, yet be reflected in the data as reduction in savings.

Local taxes, such as parish, road, school, drainage and miscellaneous taxes, represent the amount of money that a community or parish can use for local development and maintenance of infrastructure. The limitation to using local taxes as an indicator is that every parish and state has different tax rates. Therefore, taxes of one parish are not comparable to those of another parish. Looking at trends over time can be more useful (see Figure 6).

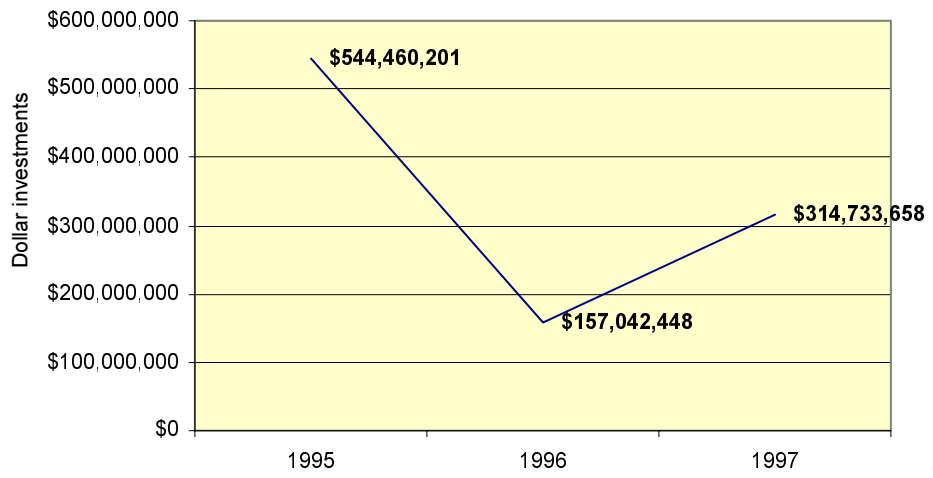
One possible indicator of the viability of businesses is the number of bankruptcies. Figure 7 shows the number of bankruptcies filed in Fifth District Court, which includes Louisiana, during 1990-94.

**Infrastructure**

Infrastructure is physical development of a community. It includes roads, bridges, airports, railroads and communications systems. Infrastructure provides the foundation, or resources, upon which businesses and communities may build.

Baton Rouge has the nation's farthest inland port for seagoing ships. More than 25 percent of the nation's waterborne exports are shipped through the five major or deep

**Figure 8**
**Investments in East Baton Rouge, 1995-1997**




Source: (2) Louisiana Department of Economic Development, 1999

***DID YOU KNOW?***
*Prevention is cost effective. Community-based programs for prevention also build local capacities. Information about costs and benefits can help attract support for community collaboration programs for prevention. These are some prevention activities that save money:*

- *One dollar spent on water fluoridation could save as much as $80 in treatment costs for dental caries in children.*
  - *Centers for Disease Control and Prevention, 1992*
- *School health education is a cost effective public health measure.*
  - *Rothman, 1993.*
- *As the result of new HIV drug therapies, hospital admissions have been reduced by 39%, serious HIV-related illnesses by 44% and AIDS deaths by 40%.*
  - *Wasserman, 1999*

water ports in Louisiana. Additionally, more than 40 percent of the U.S. grain exports move through Louisiana ports (Entergy Corporation, 1995).

**East Baton Rouge is served by several highways. There are three interstate highways, two U.S. highways and 11 state highways. East Baton Rouge Parish is also served by two railways. There are 43 motor freight terminal facilities available within the parish. The Baton Rouge Metropolitan Airport is less than 25 miles from the parish seat.**

Communications systems, including cable and satellite systems, are a part of the local infrastructure. The federal government is actively promoting increased connections to the internet through community grants. Cable systems and telephone providers are among those carrying internet connections. Despite the excitement of new communication technologies, traditional communications systems, such as telephone systems, should be invested in and maintained. **For instance, in 1990, out of the housing units that were occupied in East Baton Rouge Parish, 4.4 percent (6,082) had no telephone** ([7] LEAP – Louisiana Electronic Assistance Program, 1999).

### Investments in Businesses

Business investments are built around a community's infrastructure and available work force. Over four recent years (1995-1998) the Louisiana Department of Economic Development reported investments from the businesses that have applied for government incentives. There are, of course, investments that are not counted through this indicator. It is common to see investments fluctuate from year to year in small regions like a parish (see Figure 8). While an investment may be a one-time event the on-going impact of the investment continues to benefit the parish for years. The addition

or completion of a single commercial investment before the start of another can cause wide changes in dollar figures from year to year ([2] Louisiana Department of Economic Development, 1999).

**Investments in People – Social Capital**

Investing in people takes many forms in a community. Like a business, these kinds of investments are capital improvements. Some investments are obvious. They are those reflected in the titles of the sections of this book: Education, Chronic Disease and Access and Equity. Some investments form the invisible glue that keeps communities vital, sometimes called social capital. How community members decide to measure their social capital is only limited by the creativity of their ideas. Social capital can include all the varied efforts that keep a community united. The social capital building activities of churches, recreation, art, charity, music, camps, scenery, equitable justice and income lead to renewed hope, joy, trust and belief in the future. The standard data collected by government agencies or by formal processes does not reach into the phenomenon of a community's social capital. Social capital can be an important element of the long term resolution of local concerns.

One local activist recently told the story of a rural Louisiana community. Each month the community would hold a party attended by the majority of the residents. It was always a potluck tied to a local event, such as a baseball game or school graduation. Those get-togethers built social capital. The effort put into the community potlucks made that small town a place where people enjoyed living despite hardships. Investments in social capital can begin counterbalance the events and histories that have given rise to a difficult situations in communities.

## THE COMMUNITY CAN . . .

❶ **Increase earnings**

- Become active in planning for your community's spending. Volunteer to work with your parish police jury. Carefully read what your bonds, millages and other local taxes do.
- Invest in education. Improve the quality and access to local colleges. Your community's earnings are related to your community's educational attainment.

❷ **Lower costs**

**Housing**

- Support programs that reduce the amount of down payment required for poor families or subsidize down payments. Your community becomes stronger as more of its residents become homeowners.
- Develop housing clean-up or fix-up programs for needy families.

**Transportation**

- Encourage the use of car- or van-pools for commuting.

***DID YOU KNOW?***

*There has been increased acceptance of the relationship of social-economic status and health. For instance:*

- *"In the past five years, 193 papers addressing the socioeconomic status and health have appeared in scientific journals - twice the number in the previous five-year period."*
- *"The National Institutes of Health, last year, declared research on disparities in health related to social class or minority status one of its highest priorities..."*
- *"Researchers found people who had been employed for one month or more under highly stressful conditions were 3.8 times more susceptible to a virus than people who were not under significantly stressful events... For humans ...a sense of control over life events is intimately related to stress."*

*- New York Times. 1999.*

- Bicycle to work or school.
- Team up your trips. Buddy-up with several people to go to the store so as to reduce your number of trips in a car.
- Identify key transportation routes for private vehicles. Establish bus routes to provide options to private vehicle use.
- Make biking safe with bike lanes and bike paths. Wear a helmet.

❸ **Savings and Resources**

**Financial**

- Volunteer with an agency that teaches how to manage money or with the small business administration.
- Work with local banks to encourage savings plans for employees in businesses in your community.

**Infrastructure**

- Convene a neighborhood group to do a clean-up of some local public property, such as a park.
- Encourage your community to investigate grants to become connected to the internet at libraries, schools and other public facilities.

**Business**

- Investigate local ordinances that have been shown to encourage local business.
- Investigate tax breaks for local business investments.

**Human Resources**

- Invest in community education and training programs that give people new skills.
- Schedule more of the classes at the community or vocational colleges during hours that workers can attend.
- Promote cultural and social events to bring the community together.

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