

The labor market impact of Hurricane Katrina: an overview

Hurricane Katrina struck the gulf coast on August 29, 2005, causing unprecedented damage and resulting in the relocation of more than a million people.

The displacement of people and destruction of property complicated the collection of labor force information from households and businesses in our employment programs. A further description of the Bureau of Labor Statistics

adjustments to data collection and estimation methodologies for Katrina-affected areas is available in accompanying articles in this issue of the *Monthly Labor Review* or online at www.bls.gov/katrina.

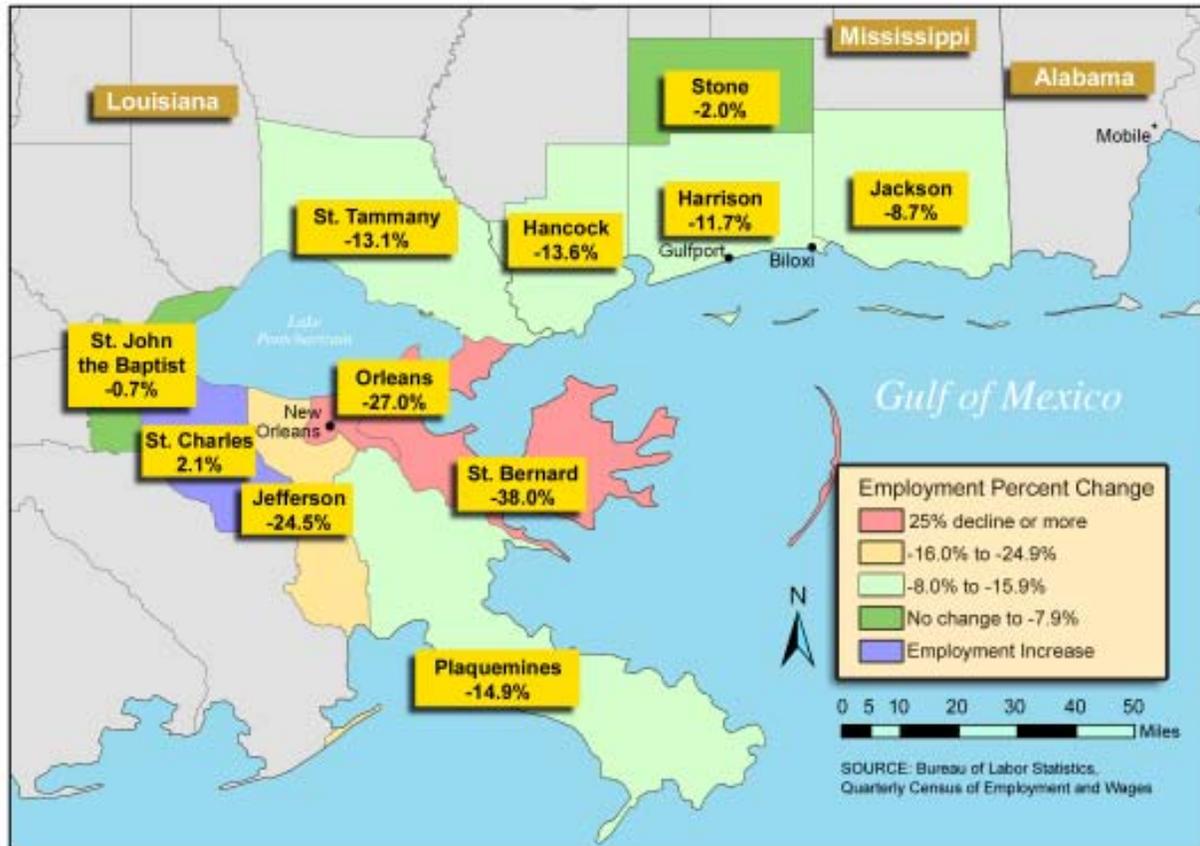
This overview was prepared by staff members from several data programs in the Bureau of Labor Statistics and was assembled by Karen Kosanovich. E-mail: kosanovich.karen@bls.gov

1. Approximately 38 percent of business establishments in Louisiana and Mississippi were within a 100-mile corridor of the path of Hurricane Katrina's center



SOURCE: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

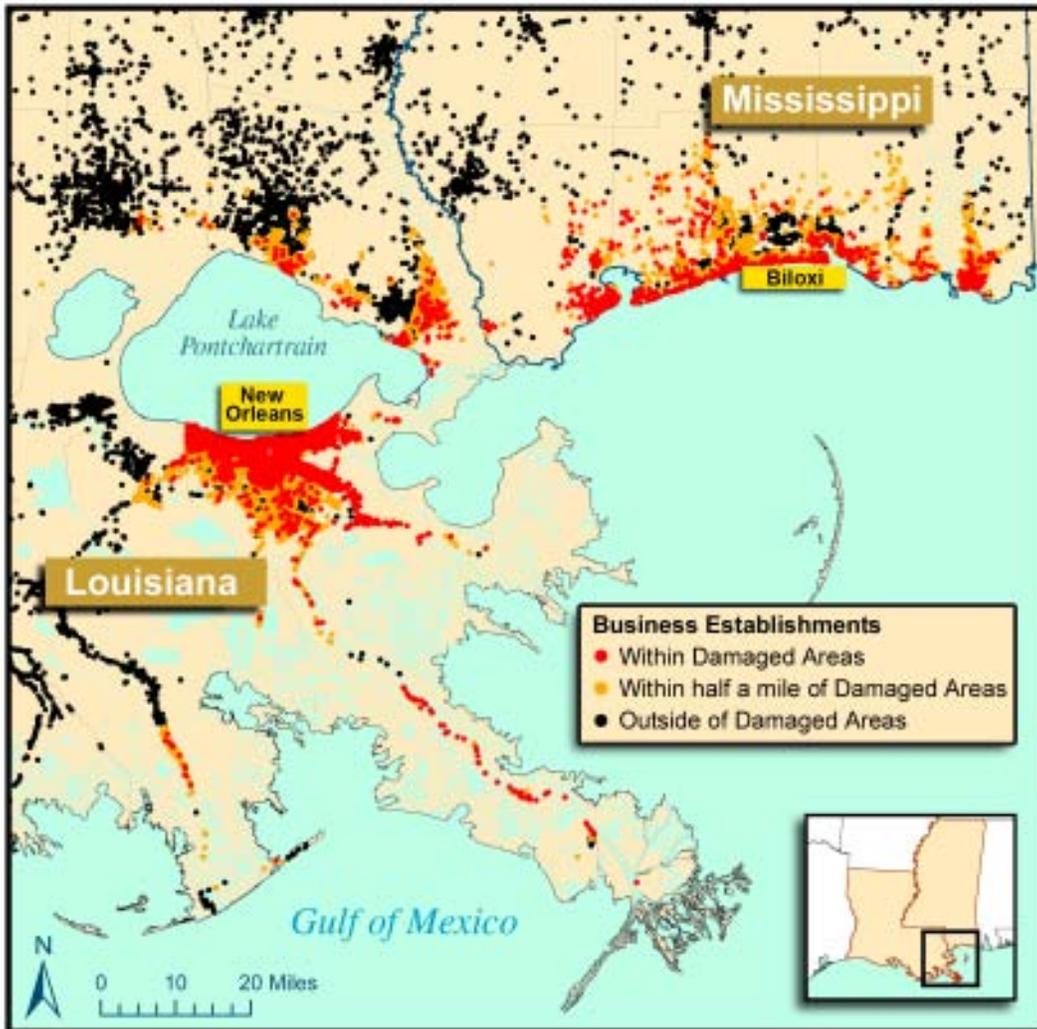
2. St. Bernard, Orleans, and Jefferson Parishes had the largest percent declines in employment between September 2004 and September 2005



NOTE: Over-the-year percent change in employment from September 2004 to September 2005.
 SOURCE: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

- The impact of Katrina on employment in specific counties (or parishes in Louisiana) can be determined by looking at over-the-year changes in employment. Employment in St. Bernard Parish, Louisiana, was down by nearly 40 percent in September 2005 from a year earlier. Employment fell by roughly 25 percent each in neighboring Jefferson and Orleans Parishes.
- In Mississippi, employment in Jackson, Harrison, and Hancock Counties declined by approximately 9 percent to 14 percent in the year ending September 2005.

- FEMA-designated damage zones contained an estimated 17 percent of Louisiana's employment and 5 percent of Mississippi's employment



SOURCE: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

- The Mississippi coast was hit with a 30-foot storm surge that destroyed businesses and residences close to the gulf. This map shows the concentration of businesses in damage zones defined by the Federal Emergency Management Agency (FEMA). Significant damage was limited primarily to the coastal areas as the storm lost strength rapidly after making landfall.
- An estimated 17 percent of Louisiana's employment and 5 percent of Mississippi's employment were within the FEMA-designated damage zones.
- Louisiana's damage was more concentrated—New Orleans was devastated by flooding first from Hurricane Katrina and then again a month later from Hurricane Rita. New Orleans residents faced long-term evacuation as well as flood damage to housing, businesses, and infrastructure.
- In both areas, jobs, incomes, facilities, business relationships, and production were severely disrupted.

- The hurricane's impact varied by location. Louisiana suffered primarily from flooding, while Mississippi suffered from more typical hurricane damage, such as that due to high winds or storm surge. Florida and Alabama had less damage.
- In Louisiana, there were 16,920 businesses located in the Katrina-damaged areas, nearly all in the designated flooded area. Businesses in the flooded area in Louisiana lost 110,080 jobs between December 2004 and December 2005.
- Mississippi had 2,678 businesses located in the damaged areas, nearly half within the “catastrophic” storm damaged areas. Businesses in this category in Mississippi lost 16,294 jobs, about half of their employment, between December 2004 and December 2005. By contrast, businesses in areas with “moderate” damage lost about a third of employment over the period.
- In the 2 months following Hurricane Katrina, nonfarm payroll employment in Louisiana fell by 241,000, a decline of 12 percent. In the New Orleans-Metairie-Kenner metro area, employment declined by 215,000, or 35 percent.
- In Mississippi, nonfarm payroll employment fell by 14,000, or about 1 percent, from August to October 2005. However, the Gulfport-Biloxi metro area lost 18,000 jobs, or 15 percent of the area's nonfarm employment.

4. Louisiana businesses suffered primarily from flooding, while Mississippi establishments had more typical hurricane damage

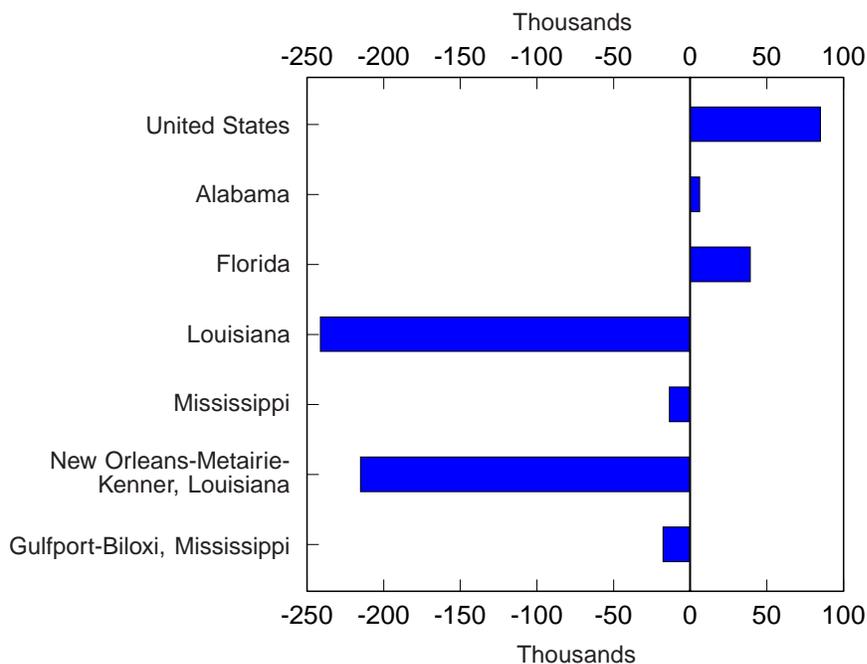
| Damage type | Louisiana ¹ | | Mississippi | |
|------------------------|------------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | Establishments December 2004 | Employment change, December 2004-05 | Establishments December 2004 | Employment change, December 2004-05 |
| Total | 16,920 | -113,106 | 2,678 | -20,551 |
| Flooded area | 16,101 | -110,080 | 57 | -174 |
| Nonflooded area | | | | |
| Limited damage | 668 | -1,862 | 794 | -1,028 |
| Moderate damage | 125 | -1,061 | 468 | -1,731 |
| Extensive damage | 40 | -219 | 95 | -1,324 |
| Catastrophic damage.. | 47 | -149 | 1,264 | -16,294 |

¹ Totals for Louisiana were adjusted for 61 establishments that were classified as both "flooded" and "limited damage." The employment change total was adjusted for the employment in these establishments.

NOTE: Data are restricted to businesses located in Katrina-damaged areas during the third quarter of 2005.

SOURCE: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

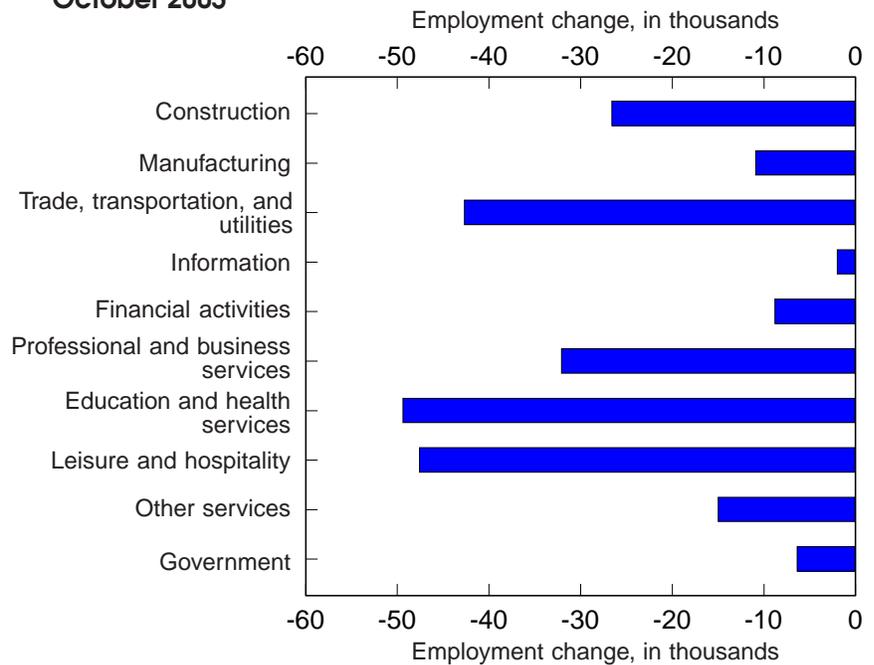
5. Payroll employment declined in Louisiana and Mississippi between August and October 2005



NOTE: State data are seasonally adjusted; metro area data are not seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

- From August to October 2005, non-farm employment in Louisiana fell by 241,000, a decline of 12 percent.
- All the major industry sectors lost jobs in Louisiana.
- The largest job losses occurred in education and health services, in leisure and hospitality, and in trade, transportation, and utilities.

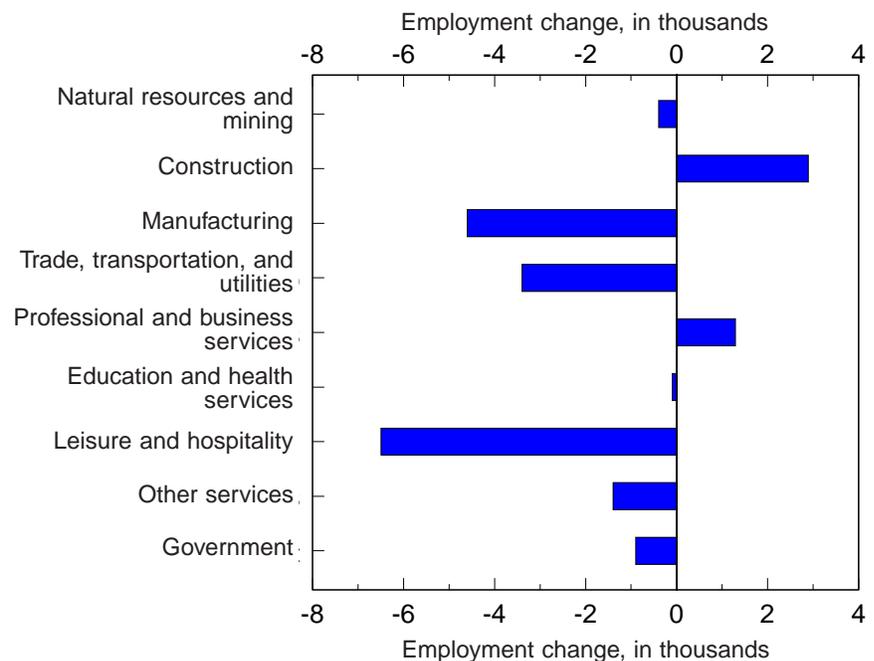
6. In Louisiana, the education and health services and leisure and hospitality industries lost the most jobs between August and October 2005



NOTE: Data are seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

- From August to October 2005, non-farm payroll employment in Mississippi fell by 14,000, or about 1 percent.
- The largest job losses occurred in the leisure and hospitality industry. Employment in construction edged up slightly from August to October 2005.

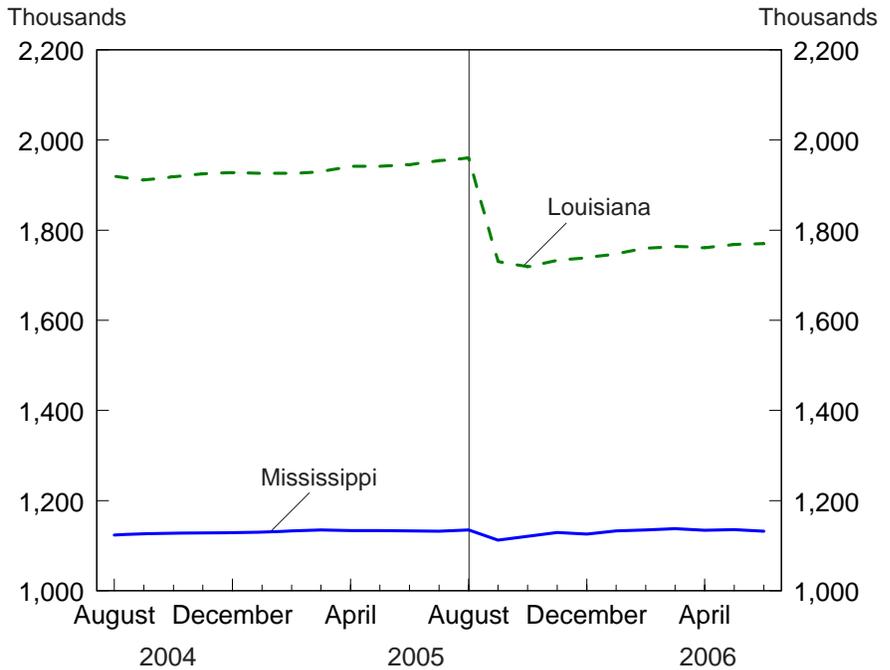
7. In Mississippi, the leisure and hospitality industry lost the most jobs between August and October 2005



NOTE: Data are seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

- Employment in Louisiana fell sharply following Hurricane Katrina and remains well below its August 2005 level. In June 2006, non-farm payroll employment in the New Orleans metro area was about 30 percent below the level a year earlier.
- Employment in Mississippi edged down after Hurricane Katrina, but returned to its prehurricane level by February 2006. In the Gulfport-Biloxi metro area, however, employment was down 19 percent over the year ending June 2006.

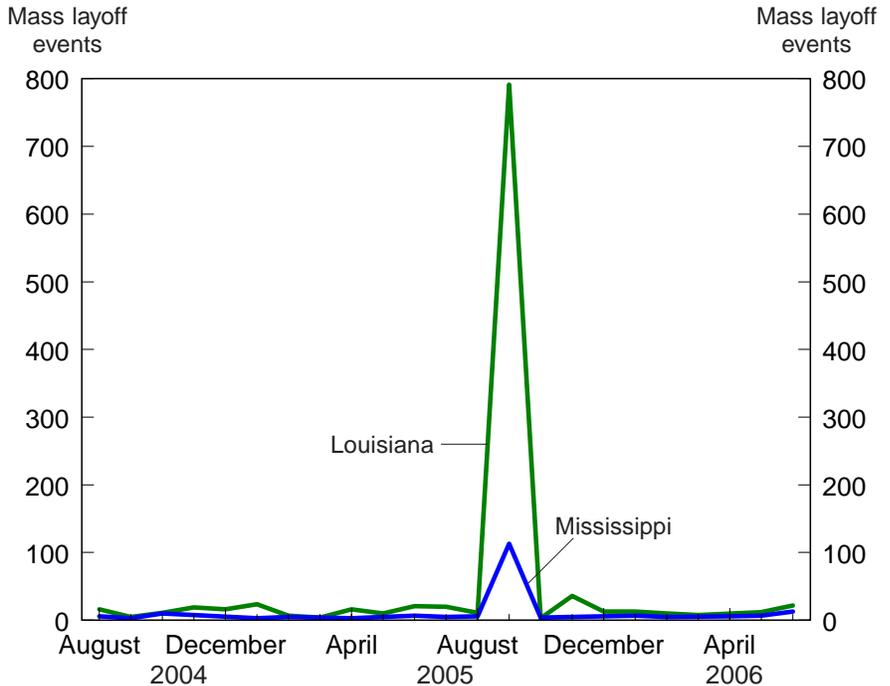
8. Louisiana's employment is still below its pre-Katrina level, while Mississippi's employment has returned to its earlier level



NOTE: Data are seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

- A mass layoff event occurs when 50 or more initial claims for unemployment insurance benefits are filed against an establishment during a 5-week period. The number of mass layoff events rose sharply in September 2005 after the gulf coast hurricanes, with 2,219 layoff actions affecting nearly 284,000 U.S. workers. In Louisiana, 791 mass layoffs affected some 104,000 workers. The 113 events in Mississippi in September 2005 affected almost 27,000 workers.
- From September to December 2005, there were 358 extended mass layoff events (lasting at least 31 days) related to the gulf coast hurricanes, involving 57,551 workers. By industry, accommodation and food services, retail trade, and health care and social assistance accounted for the highest number of separations.

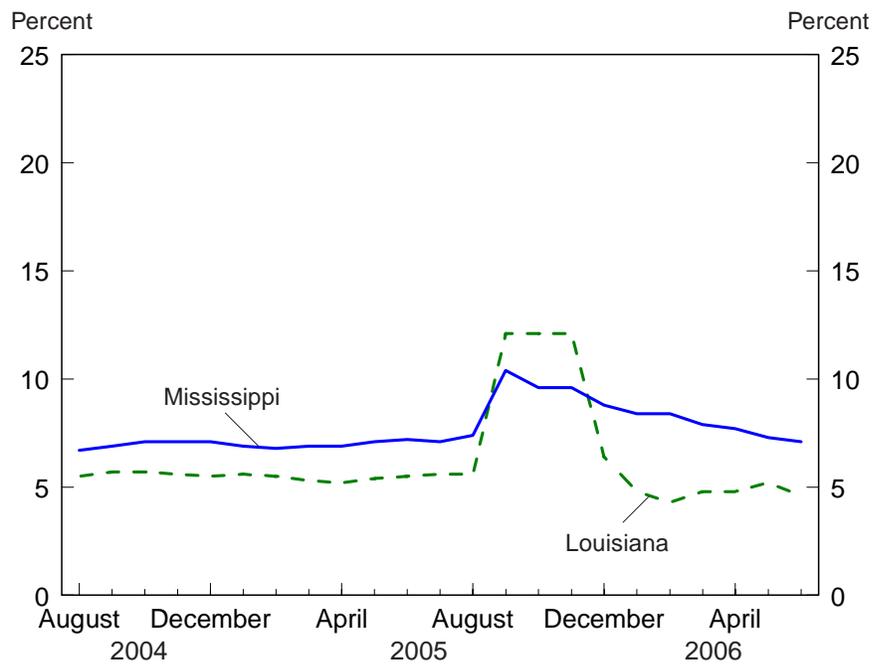
9. Mass layoff events rose sharply in September 2005 after the gulf coast hurricanes



NOTE: Data are not seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics.

- The unemployment rate for Louisiana rose sharply after Hurricane Katrina to 12.1 percent. It began falling in December and in June 2006 was near its prehurricane level.
- The unemployment rate for Mississippi rose to 10.4 percent after Hurricane Katrina, but has edged down since. In June 2006, the unemployment rate was comparable to its prehurricane level.

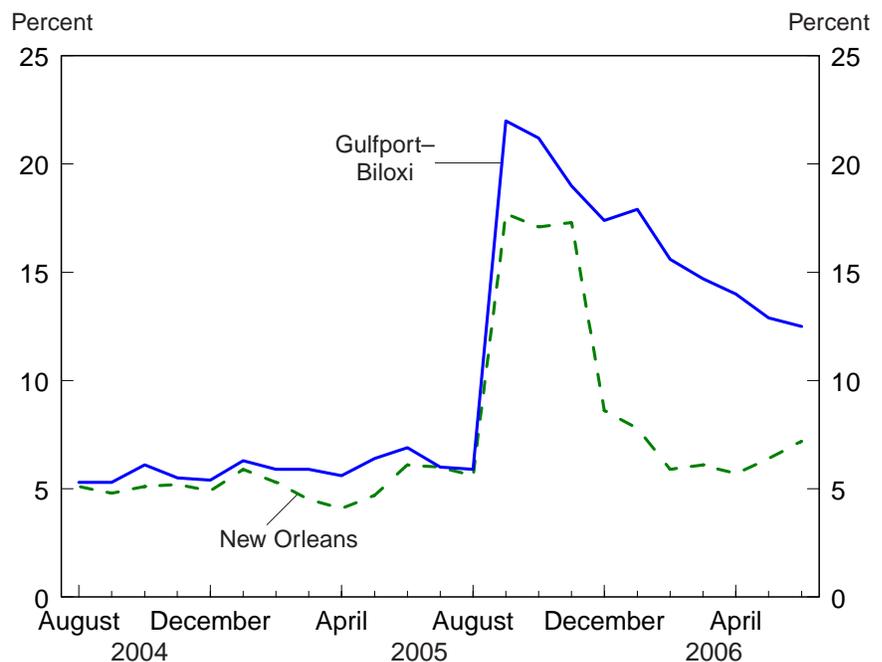
10. Unemployment rates for Louisiana and Mississippi rose sharply after Hurricane Katrina



NOTE: Data are seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Local Area Unemployment Statistics.

- The unemployment rate for the New Orleans metro area rose sharply in September 2005 to 17.7 percent. It began falling in December and in June 2006 was at 7.2 percent, slightly higher than the rate a year earlier.
- The unemployment rate for the Gulfport-Biloxi metro area rose sharply to 22.0 percent in September 2005, but has fallen since. However, at 12.5 percent in June 2006, the Gulfport unemployment rate remained substantially higher than the rate a year earlier.

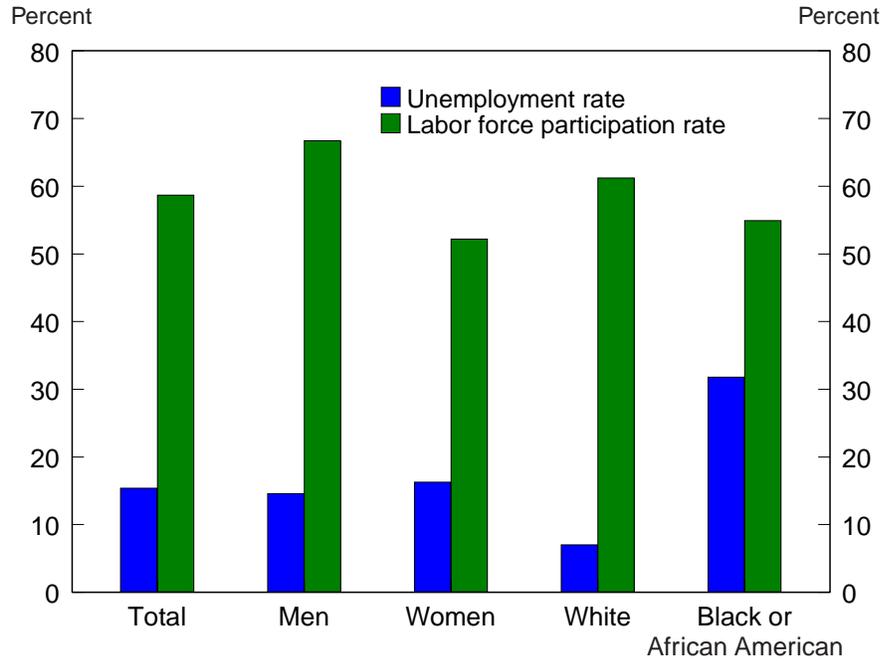
11. Unemployment rates for the Gulfport-Biloxi and New Orleans metro areas rose sharply after Hurricane Katrina



NOTE: Data are not seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Local Area Unemployment Statistics.

- Information gathered from October 2005 to June 2006 showed that about 1.1 million persons age 16 and older had evacuated from their August residence, even temporarily, because of Hurricane Katrina. The unemployment rate for these evacuees averaged 15.4 percent over the time period. More than half of the evacuees (58.7 percent) were in the labor force—either working or looking for work.
- Black evacuees were nearly 5 times more likely to be unemployed than their white counterparts. Their labor force participation rates were lower than those for whites.
- These national data on Katrina evacuees do not account for all persons who evacuated; those living outside of the scope of the survey—such as persons living in hotels or shelters—are not included.

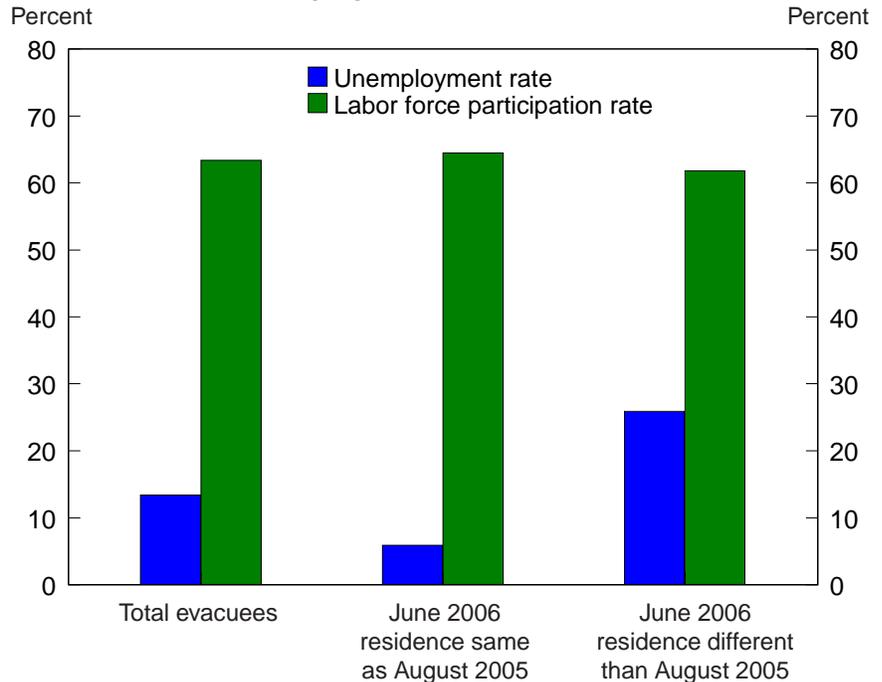
12. Between October 2005 and June 2006, 15.4 percent of Hurricane Katrina evacuees were unemployed



NOTE: Data are not seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Population Survey.

- About 6 in 10 persons age 16 years and older who had evacuated because of Hurricane Katrina were again living in their August 2005 residences when surveyed in June 2006; the rest were in other residential units covered in the survey.
- The June 2006 unemployment rate for persons identified as evacuees was 13.4 percent. The rate for evacuees who were again living in their August (pre-Katrina) homes (5.9 percent) was much lower than for those who were not (25.9 percent).
- The labor force participation rate for evacuees who were again living in their August homes (64.5 percent) was about the same as the rate for those who were not (61.8 percent). However, evacuees living in their pre-Katrina residences were more likely to be employed (60.6 percent) than those not living in their prehurricane homes (45.7 percent).

13. Evacuees again living in their pre-Katrina homes in June 2006 had a lower unemployment rate than those who were not



NOTE: Data are not seasonally adjusted.
SOURCE: Bureau of Labor Statistics, Current Population Survey.