

Louisiana State Background Brief

Introduction

Louisiana has been on the front lines of climate change for decades. The state is vulnerable to sea-level rise and hurricanes and faces increasing risk from inland flooding and extreme heat. Despite ranking fifth in carbon dioxide emissions per capita, Louisiana has not committed to reducing emissions from its industrial sector (EIA 2019). The state's signature climate change document, its Coastal Master Plan, is an ambitious adaptation plan that enjoys widespread popularity. The state's economy is heavily reliant on fossil fuels, though the sector is less dominant than at any point in the past 80 years. Moreover, the state's low wages, high unemployment rate, and shrinking fossil fuel sector mean that many workers would likely benefit from just transition policies. Political demand for climate action is growing in some areas of the state. Recent alliances of previously unaffiliated progressive groups demanding a Green New Deal for the Gulf South signify this growing constituency.

Policy Landscape

Despite its climate vulnerabilities, Louisiana has almost no statewide policies to address climate change. The state has not set targets for renewable energy generation or use, and lawmakers actively oppose any attempts to regulate greenhouse gas emissions at the state or federal level.

Foundational Policy: Comprehensive Master Plan for a Sustainable Coast

Louisiana's only climate change-focused policy is its Coastal Master Plan. The Plan calls for \$50 billion to be spent over the next 50 years to rebuild the state's wetland buffer to protect against flooding from sea-level rise and storm surges (CPRA 2017c). The Plan was developed by the state's Coastal Protection and Restoration Authority (CPRA), the agency created to oversee coastal land use after Hurricane Katrina. The first iteration of the plan was published in 2007, and Louisiana law requires CPRA to update the Plan every six years using the best available climate science. The 2017 Plan divides the \$50 billion equally between coastal restoration projects (e.g. rebuilding marsh and oyster reefs), and adaptation projects (e.g. levee construction, home elevation). The Plan has secured approximately \$10 billion over the next 15 years, with settlements from the 2010 Deepwater Horizon oil spill making up \$8 billion. Beyond 2035, the plan relies on several small yearly funding streams, the largest of which relies on revenue from offshore oil and gas production and is capped at \$140 million (Sutcliffe 2017). Securing funding for the Coastal Master Plan is critical to the state's climate adaptation plans and its future.

Louisiana has invested in some energy efficiency and renewable energy programs over the last decade, but none has been particularly effective.

- In 2008, the state legislature adopted two tax credits to encourage residential solar energy installations. The state covered 50% state of the first \$25,000 of the cost for homeowners who added solar arrays to their rooftops, which, combined with a 30% federal income tax credit, amounted to substantial savings. Legislators allowed the program to expire in

2017, and no such tax credit exists at the state level today (DSIRE 2018). Moreover, the federal tax credit begins phasing out in 2020 (Upton Jr. et al. 2019).

- The state's Public Service Commission began a pilot program in 2010 to assess the effectiveness of a Renewable Portfolio Standard but phased it out in 2013 due to the relatively higher cost of renewables compared to natural gas (Louisiana Public Service Commission 2013).
- Louisiana's Home Energy Loan Program (HELP) offers homeowners up to \$12,000 in loans to improve their home's energy efficiency (LA DNR n.d.). However, the state disbursed just 18 loans totaling about \$58,000 in the period between 2010–2015, after which data are not available (LA DNR 2016).
- Several municipalities and utilities offer financial incentives for improving home energy efficiency and renewable energy use.

Changing States Overview

Climate Vulnerabilities

Louisiana faces dire risks from sea-level rise, tropical storms, increased inland rainfall, and extreme heat. Since Hurricane Katrina in 2005, the state has taken steps to address its vulnerability to climate-driven coastal flooding, but statewide policies for other impacts do not exist.

Sea-level rise and storm surge are the most significant, and most widely publicized, threats to Louisiana. The state has already lost nearly 2,000 square miles from its coast since 1932 due to land subsidence, and without action it is projected to lose another 4,000 square miles within the century (CPRA 2017b). Half of the state's population lives within the state's coastal zone, and industrial economic activity is concentrated there due to oil and gas extraction and navigation channels like the Mississippi River.

Inland flooding due to increased rainfall is a growing climate change concern in Louisiana. In August 2016, an unnamed storm stalled over the south-central portion of the state for three days, dropping more than two feet of rain in several locations across the area (Wright 2016). The storm resulted in \$2.5 billion in payouts from the National Flood Insurance Program (NFIP), the fifth most expensive flood event in the program's history (Insurance Information Institute n.d.).

Conditions for Change

Economic

Louisiana's economy has grown modestly over the past forty years. Since the 1990s, the state's GDP has increased 44%. Louisiana's GDP has grown more slowly than the US, though growth accelerated substantially in the early 2000s and continued until 2005.

Louisiana has seen a similar level of job growth (42%) over the same period. Jobs in the state have grown more slowly than nationally despite steady growth since the early 1990s. However, most Louisiana workers have not reaped the benefits of the growing economy, as earnings-per-job have grown only 8% (compared to 22% nationally) since 1979. This gain has all come in the last 20 years. In addition, the gender pay gap is especially stark. In 2017, the median yearly earnings for men was \$53,000 compared to just \$36,000 for women.

Louisiana's unemployment rate has generally mirrored that of the country. In 2017, 5.1% of the state's eligible workforce was unemployed. Unemployment is highest among Black workers compared to other races. In 2017, 9% of Black workers were unemployed, double the rate of all other races except for Native Americans (6%).

Nearly 20% of Louisiana residents live below the federal poverty line, and rates vary substantially across racial and ethnic groups. Sixteen percent of white families lived in poverty in 2017 compared to 24% of Asian/Pacific Islander families, 35% for Latino families, and 43% for Black families. While the poverty rate has decreased for most groups since 1990, the state has seen a three percentage-point increase in Latino families living below the poverty line since 1990.

Industry analysis

The fossil fuel industry was the backbone of Louisiana's economy for the better part of the 20th century. Not just economically dominant, the industry has held enormous cultural and political power in the state. Oil and gas companies delivered high-paying jobs to rural areas, employing so many people across the southern part of the state that many simply referred to their employer as "The Company" (Theriot 2014). Though fossil fuel sector makes up a smaller portion of the economy than any time in the last 100 years, this legacy is critical to understanding the importance of fossil fuels to Louisiana's economy and culture.

Despite losing prominence, the fossil fuel industry makes up a significant portion of the economy. As of 2019, 4% of establishments and 5.5% of jobs in the state are in fossil fuels. Louisiana's fossil fuel sector fluctuates intimately with the price of oil, and employment numbers follow. The industry employed about 1.5 million people in 2006. By 2010, fossil fuel companies had added and subsequently lost 60,000 jobs. Job growth has climbed steadily since 2010.

Wages in the fossil fuel industry are, on average, more than double those in other industries. In 2019, the average worker in the sector made nearly \$100,000 annually, compared to just under \$50,000 in other industries. Wages in the sector have also grown by 25% in the last two decades, while wages in other sectors have seen only 8% growth. Because of this, the sector makes up nearly 10% of the state's annual pay. However, total wages have fallen across the sector, and just three industries have experienced net wage growth since 2015: fossil fuel electric power generation, petroleum and coal products manufacturing, and industrial gas manufacturing.

The largest sector of the state's fossil fuel industry by employment is oil and gas. In 2019, 73,000 jobs in the state were tied to oil and gas.¹ The largest subsectors were support activities for oil and gas operations (23,083 jobs), pipeline construction (14,777 jobs), and petroleum and

coal products manufacturing (12,030 jobs). Additionally, nearly 20,000 people worked at gas stations.

The oil and gas sector supports low-, middle-, and high-income jobs. The average worker across the broader sector earned \$145,000 in 2019 (excluding gas station workers). Subsectors that depend on oil and gas are also lucrative. Petroleum and coal products manufacturing workers make an average salary of \$130,000. Drilling, pipeline construction, and other support activities earned about \$84,000 on average in 2019, while workers at gas stations earned just \$21,000.

COVID-19 has heavily disrupted Louisiana's economy.ⁱⁱ New Orleans, the state's largest and most economically productive city, was an early hot spot for the virus. As of May 2020, over 33,000 Louisianans have tested positive and nearly 2,400 have died (WAFB 2020). The unemployment rate jumped from 5% to 7% since the beginning of February 2020, and the state reported over 500,000 initial unemployment insurance claims since the beginning of March (FRED 2020). Most unemployment claims have come from the accommodation & food services, health care, and retail trade sectors (Habans 2020). But the state's fossil fuel industry is facing an unprecedented downturn. The Louisiana Oil and Gas Association (LOGA), the industry's main trade group, reported that falling oil prices pose an immediate threat as many as 23,000 jobs in the industry. A survey of LOGA members found that they had already laid off 25% of the workforce and more than half expected to file for bankruptcy (Hyer 2020).

Demographics

Approximately 4.6 million people live in Louisiana.ⁱⁱⁱ As of 2019, 58% of residents were white, 32% were Black, 6% were Latino, and 2% were Asian/Pacific Islander. Black Louisianans have made up around 30% of the population since the 1980s, and the population of white residents has declined approximately three percentage points each decade. The state's Latino population has grown 115%, and the Asian/Pacific Islander population has increased by almost 50%. Louisiana has the second-highest percentage of Black residents in the United States, and more than double the national average (Kaiser Family Foundation 2020). The state has a uniquely high rate of endemism among its residents: in 2017, nearly 80% of Louisianans were born in the state, whereas 58% of US residents were born in the state in which they currently live. Four percent of Louisianans were born outside of the US compared to 13% for the nation.

Politics

Conservatives dominate Louisiana electoral politics. Republicans hold 68 of the Legislature's 105 seats, while Democrats hold 35 and independents hold two. There are 39 state senators, 27 are Republicans and 12 are Democrats. Governor John Bel Edwards is a twice-elected Democrat. Edwards narrowly won his re-election bid in 2019 with 51% of the vote (Ballotpedia n.d.). No other Democrat holds statewide office.

The Republican Party has controlled Louisiana's federal delegation since 2005, though the state had a Democratic senator, Mary Landrieu, until her ouster in 2015. Louisiana has voted for every Republican presidential candidate since 2000, and voters chose Donald Trump over Hillary Clinton 58% to 38%. Prior to 2005, the state alternated between Republican and Democratic

governors. Democrats controlled the State Legislature and Senate for over 100 years, and voters consistently sent Democrats to represent them in Washington (Ballotpedia n.d.).

Areas for Change

Legislative

The most prominent climate-related legislation, the Coastal Master Plan, is updated every six years, and is approved via an up-or-down vote in the House and Senate. The Plan has passed both bodies unanimously the three times it has been introduced (in 2007, 2012, and 2017).^{iv} The document takes climate science into account and includes specific references to climate change but does not seek to reduce greenhouse gas emissions.

In 2018, the Louisiana legislature passed a bill criminalizing pipeline protests. The law was a response to indigenous-led direct actions to halt construction of the Bayou Bridge pipeline through a coastal forest (Brown and Parrish 2018).

In early May 2020, members of the Louisiana state Senate introduced a bill that would block individual parishes from suing oil and gas companies for damage to wetlands. Lawsuits against the industry are potentially a large source of funding for coastal restoration efforts (Bridges 2020). Governor Edwards has expressed opposition to the bill (Hammer 2020).

Judicial

Six parishes have filed more than 40 lawsuits against dozens of oil and gas companies for damages to Louisiana's coastal wetlands since 2013 (Bridges 2020). Governor Edwards has publicly supported the lawsuits, and the Louisiana Attorney General and the Department of Natural Resources have joined as plaintiffs in all six lawsuits. The City of New Orleans became the seventh parish to take legal action when it filed suit in March 2019 (Associated Press 2019).

Corporate

Louisiana provides nearly twice the corporate subsidies of any other state in the country, though fights for reform have been growing. The Industrial Tax Exemption Program (ITEP) is a generous state tax subsidy nominally to promote economic development. ITEP grants 100% property tax exemptions for five years for new industry and expansions of existing industry. Applications for ITEP require approval by the state Board of Commerce and Industry, but the exemptions include local property taxes. An analysis by Together Louisiana, a state advocacy group, found that the program had provided \$23 billion in subsidies to 1400 companies over 20 years, during which those companies reduced their net employment by 26,000 jobs (Together Baton Rouge 2017). In 2017, local governments in Louisiana gave 43% of their property tax revenue to corporations, and local schools districts gave away \$720 million (Together Louisiana 2017). Upon taking office in 2016, Governor Edwards ordered the program to require corporations seek approval from local tax districts before the state board could grant an exemption (Ballard 2018). In 2018, the Governor amended the rules to grant the state board the power to overrule local tax districts. Given that the state board approved 99.95% of applications

between 1997 and 2016, this change significantly weakens local control (Together Baton Rouge 2017).

Louisiana's large oil and gas sector has produced local expertise in building offshore energy systems. Some companies have won contracts to produce platforms for offshore wind turbine installations. A wind farm project in 2015 off Block Island, RI, hired three Louisiana firms to help construct platforms (Nobel 2017). Growth in renewable energy production has been slow, however, in part due to the political dominance of the fossil fuel industry.

Electoral

Elections in Louisiana do not often focus on climate change, though sea-level rise and the state's disappearing coast are frequent topics of discussion. During the 2019 gubernatorial election, the incumbent Governor, a Democrat, highlighted the recent growth of the state's natural gas industry as a transition fuel. Both candidates committed to expanding the state's fossil fuel and petrochemical industries while stating that Louisiana must do more to protect its fragile coast (Karlin 2019).

Generally, however, the Louisiana electorate accepts climate science. A recent poll showed that 71% of voters believe in climate change, and 50% say it's affecting them today (Lux 2019). Opinions seem to be shifting, though conversations focus on coastal erosion and land loss rather than emissions reductions.

Communications/Cultural

Climate change is rarely discussed explicitly on a statewide level. Coastal land loss and restoration dominate discourse around climate change, and references to sea-level rise seem to obliquely signal an acceptance of some climate science.

Louisiana politicians, business groups, and environmental organizations have worked hard to promote south Louisiana on a national scale. The Coastal Master Plan makes frequent reference to the national economic contributions of the state's energy and navigation industries. The seafood industry, along with Louisiana's unique cultural makeup, are often employed rhetorically to convince the national public that the state is "worth saving" from climate change (CPRA 2017a).

Capacities for Change

Louisiana has a network of organizations and alliances that work on various aspects of climate change. Mainstream environmental organizations such as the Environmental Defense Fund, the National Wildlife Federation, and the Sierra Club have field offices in Louisiana. Other well-known local organizations include the Coalition to Restore Coastal Louisiana, Healthy Gulf, and the Deep South Center for Environmental Justice. Most of these organizations are headquartered in New Orleans and work primarily in the southern portion of the state.

Newer environmentally-focused progressive alliances have also begun forming in the state. A coalition of organizations called Energy Future New Orleans took shape to fight a proposed natural gas power plant in New Orleans. The group, headed by the Alliance for Affordable Energy and the Sierra Club, also advocated for a Renewable Portfolio Standard. The New Orleans City Council eventually passed a watered-down version of the RPS, but the coalition forced a conversation about the city's dependence on fossil fuels. Another alliance of organizations called Gulf South for a Green New Deal has united disparate groups behind a campaign for a Green New Deal. Central to their message is a just transition for workers across the Gulf Coast (Gulf South 4 GND n.d.).

Two Louisiana organizations have been calling for a just transition since at least 2015. The Gulf Coast Center for Law and Policy (GCCLP) has been integral in building, shaping, and organizing around these demands. GCCLP has led other progressive campaigns in the state and coordinates the Gulf South for a Green New Deal alliance. Another Gulf Is Possible has also advocated for a just transition. The group is a loosely defined grassroots collaborative with ties to multiple organizations. Another Gulf Is Possible has worked closely with GCCLP and is a member of the Climate Justice Alliance.

Hurricane Katrina brought national attention to Louisiana's sinking coast. Since then, several large philanthropic organizations have funded ongoing political and environmental work. The Ford Foundation, the Rockefeller Foundation, and the Walton Family Foundation have all invested significantly in projects on Louisiana's environmental challenges.

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ⁱ The Louisiana Workforce Commission says that the oil and gas industry employs roughly 34,000 workers. The discrepancy may come from which sectors the analyses group with oil and gas.

ⁱⁱ All data on COVID-19 were written prior to May 16, 2020.

ⁱⁱⁱ Unless otherwise stated, all analysis related to industry data was sourced from the U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW). All analysis related to demographic and economic data is USC ERI analysis of: IPUMS USA; U.S. Census Bureau; Woods & Poole Economics, Inc; GeoLytics, Inc; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; and U.S. EPA National Air Toxics Assessment

^{iv} The Plan used to be updated every five years but has since been changed to every six years. The next Plan will be introduced in 2023.