

WE'RE ASKING YOU TO HELP LOUISIANA FOLLOW THIS MAP TO REACH OUR DESTINATION:

LOUISIANA AS AN ECONOMIC LEADER IN THE SOUTH BY THE YEAR 2030.

The Louisiana Association of Business and Industry believes 2023 is the year our state must plant the economic seeds that will yield better results for our citizens. Louisiana's public and private leaders must first raise their expectations and then rally around the implementation of a well-conceived growth strategy. Change will not be easy, and results will come slower than we want. But unless we start now we will continue to fall farther behind.

We need you in the driver's seat. But you are not hitting the road alone.

We at LABI have spent the last nine months hosting listening sessions across the state to hear the needs of everyday men and women and their thoughts on our economic future. We've hired outside experts to conduct statewide polling to get a clear assessment of the facts. We've enlisted professionals to tackle strategic solutions in the areas that emerged as true hazards in keeping Louisiana off the highway of success: workforce development, education, our tax system and crime. And we've created a roadmap to be used to make these changes happen.

But this is where the rubber meets the road. The planning stage is over. It's time to put the pedal to the metal.

Take the LA23 Strategic Plan and use this roadmap as way to vet candidates, challenge leaders and policymakers, weigh decisions and measure success. And buckle up, because here we go.

NAVIGATION SYSTEM

HIGHLIGHTING THE CLEAREST DIRECTION TO LOUISIANA'S ECONOMIC SUCCESS

The research and policy recommendations in this report were developed by Economic Leadership LLC and cover key issues to drive economic growth in Louisiana. The recommendations draw both on stakeholder feedback regarding Louisiana's current challenges and opportunities as well as best practices from other states around the country—where Economic Leadership has worked directly with dozens of state chambers and other business organizations.

Two separate reports were also prepared to offer deeper research and recommendations on the critical areas of education and tax policy. Those reports, prepared by Watershed Advisors and Advantous Consulting, respectively, are available in their full form at *LA23.org*.

THE GOAL

TO PRODUCE A
STRATEGIC PLAN
AND SPECIFIC
ACTIONS THAT WILL
POSITION LOUISIANA
AS A TOP-TIER
ECONOMIC LEADER
IN THE SOUTH BY
2030.

THE TEAM



BEVERLY MOORE HAYDEL

FOUNDER OF SEQUITUR CONSULTING

Beverly Haydel, founder of Sequitur Consulting, serves as the LA23 Strategic Plan Project Director. She has more than a decade of experience working in both the private, public and nonprofit sectors. Her expertise lies in project management, coalition building, stakeholder engagement, public outreach, issue advocacy, policy development and legislative strategy. Throughout her career, Beverly has demonstrated an ability to plan and execute complex projects involving multiple stakeholder groups and across numerous sectors, including health care, education, transportation and infrastructure, and economic development. Beverly applies her critical thinking and interpersonal skills to help clients plan and manage projects efficiently and to achieve positive results. Her ability to write persuasively, her vast knowledge across multiple policy areas and her indepth knowledge of the legislative processes at both the local, state and federal levels provide her with the expertise to bring value to clients in a wide array of situations.



TED ABERNATHY

MANAGING PARTNER OF ECONOMIC LEADERSHIP LLC

Ted Abernathy serves as the Managing Partner of Economic Leadership, LLC. Economic Leadership, based in Shallotte, NC, is a small group of data, strategy, and policy experts working with private and public clients to analyze competitiveness, develop strategy, support leadership, and reimagine the future. Over the past nine years, the team has worked on 146 projects in more than twenty states and internationally. Ted is the principal author of close to 100 reports on future trends, economic and workforce development, technology, and leadership, and he speaks on the economy almost every week. He currently serves as an economic advisor to the Council of State Chambers and previously held a similar position to the Southern Governor's Association.



PAT MCFERRON

PRESIDENT OF COLE HARGRAVE SNODGRASS & ASSOCIATES

Pat McFerron is the President of Cole Hargrave Snodgrass & Associates and is nationally known for his polling and focus group work for corporations and political campaigns. McFerron has been involved in many successful marketing efforts, ranging from those for start-up operations, to Fortune 500 companies and charitable organizations and grassroots lobbying efforts. A veteran focus group moderator, he has directed more than 1,000 specific research projects in 41 states, as well as designed and managed national and international studies. With CHS since 1993, McFerron was Director of Survey Research for 18 years as the firm cemented its national reputation. McFerron is still very active in the day-to-day operations of the call center because he knows reliable data starts with the collection process. In addition to being President of CHS, McFerron is a founding partner of CMA Strategies, Oklahoma's leading political campaign consulting and lobbying firm. He is William Randolph Hearst Scholar who graduated summa cum laude from Oklahoma City University and attended graduate school at The American University.

THE TEAM



WATERSHED ADVISORS

John White, Jessica Baghian, and Merlyn Tejada of Watershed Advisors provided education research and policy recommendations for this strategic plan. Watershed Advisors supports governments to design, implement, and scale transformative education plans. Watershed was founded by former leaders of the Louisiana Department of Education, whose nearly decade-long tenure was defined by nationally recognized innovation in early childhood education, curriculum and preparation, college and career pathways, student assessment, and school accountability. Leveraging the team's unique, vast public c- sector experience, Watershed researches policies, systems, and initiatives around the world for potential scale and impact on America's youth, families, and adults, matches high-potential ideas, visionary public sector leaders, and social impact investors or philanthropists to create multi-year plans for scale at the regional, state, or national levels, and manages the communications, policymaking, piloting, analytics, software development, and public financing necessary to scale and sustain implementation for a period of up to three years.

ADVANTOUS CONSULTING



Jason Decuir and Mary Robinson with Advantous Consulting provided great tax insight and recommendations for the LA23 Strategic Plan. Advantous Consulting is a state and local tax consulting firm based in Baton Rouge in multiple states across the U.S. They provide customizable end-to-end tax solutions ranging from turnkey compliance to high-level planning and advisory consulting. The owners have many years of experience with large international accounting and tax firms, and our management team has decades of relevant experience. They believe that every project has unique facts, circumstances, and business parameters. Their unmatched experience allows them to seamlessly combine the client's specific project requirements with their proven processes to produce a successful overall strategy to maximize their client's opportunities.

THE STAKEHOLDERS



CLEAR DESTINATION

THE ECONOMIC GOALS TO GET US THERE

Stakeholders suggested many ways to improve the state's competitiveness but felt that if leaders addressed the most obvious problems, the Louisiana economy could truly flourish. Here's what we mean by our destination. This is the goal we're working to achieve for Louisiana.

Have a fair, predictable, and stable tax system and legal climate to encourage more investment and job growth.

Improve our quality of life to be better able to attract new people to our state.

Be a state where our children are ready for adulthood, where high school graduates and college graduates are prepared for our state's jobs.

Encourage and enable everyone to work.

Be a safe state - crime rates must come down.

Be a healthy state; more must be done to promote healthy habits and make health care available and affordable to more people.

Enable all of our communities to prosper.

Encourage new businesses and their growth.

Support our existing industries and help them as they face disruption and new opportunities.

Achieve alignment and collaboration among our public and private leaders in education, workforce development, community development, and economic development.

Become a national leader in energy, trade and transportation, and technology.

LA23 DRIVING STRATEGY









WORKFORCE DEVELOPMENT & EDUCATION

Enhance efforts to find and develop talent by expanding work-ready skills, providing more training for in-demand occupations, and increasing the number of Louisianans in the labor force.

TAX & BUSINESS CLIMATE

Improve tax policies and the business climate, and position Louisiana in the top tier of states on national rankings.

SAFETY & RESILIENCY

Improve safety and resilience by reducing crime while improving health and wellness.

ECONOMIC DEVELOPMENT

Improve economic development outcomes through greater alignment, enhanced tools, and more support for innovation and entrepreneurship.



THE ROADMAP

STRATEGIES AND ACTIONS FOR SUCCESS



ENHANCE EFFORTS TO FIND AND DEVELOP TALENT BY EXPANDING WORK-READY SKILLS, PROVIDING MORE TRAINING FOR IN-DEMAND OCCUPATIONS, AND INCREASING THE NUMBER OF LOUISIANANS IN THE LABOR FORCE

TO ENHANCE EFFORTS TO FIND AND DEVELOP TALENT

- Establish a cabinet-level Talent
 Development office in Louisiana,
 required to be led by an individual
 with a private sector background, to
 coordinate all relevant programs and
 funding.
- Continue to demand career-focused accountability for K-12 public schools and state-supported universities by measuring and rewarding performance metrics such as dual enrollment credits, credential attainment, and career exposure for students.

TO IMPROVE WORK-READY SKILLS

- 3. Establish a goal that every high school student in Louisiana be offered a relevant, paid internship opportunity.
- 4. Ensure that each of the state's public universities works with area employers to expand paid internship offerings for college students.
- 5. Build a statewide pre-apprenticeship program for high school students using Kentucky's TRACK as a possible model.

TO TRAIN FOR IN-DEMAND OCCUPATIONS

- 6. Bring the successful Be
 Pro Be Proud initiative to
 Louisiana, to increase career
 awareness of skilled trades
 and technical occupations.
- 7. Create a nation-leading adult upskilling and reskilling program for in-demand occupations in Louisiana, similar to Virginia's New Economy Workforce Credential Grant Program.

TO EXPAND THE LABOR FORCE

- 8. Build a high-quality, statewide initiative to reach every veteran separating from the military in Louisiana, to increase retention of veterans in the state and to connect them with civilian career opportunities.
- Expand workforce training and reentry support for exoffenders to join the workforce, with a goal of preparing every individual in state prisons for employment, and a successful return to their communities and the workplace.
- 10. Attract more out-of-state residents, and especially former Louisiana residents, by targeting talent in Texas, Mississippi, and the Memphis region, focusing the state's messaging on Louisiana's enviable cost of living and quality of life.
- 11. Develop a statewide home ownership initiative to attract young college graduates to remain in or relocate to Louisiana, similar to Ohio's Grants for Grads program.

For a summary of key recommendations for education and tax policies, turn to pages 100-103.



TO IMPROVE TAX
POLICIES AND THE
BUSINESS CLIMATE AND
POSITION LOUISIANA
IN THE TOP TIER OF
STATES ON NATIONAL
RANKINGS.

TO IMPROVE THE BUSINESS CLIMATE

- 12. Accelerate tort reform efforts in Louisiana to reduce legal costs and payouts by insurance companies and other businesses for meritless lawsuits.
- 13. Require a regular review of every state agency's regulations in order to eliminate or revise any unnecessary, duplicative or contradictory regulations. Set a goal of a 25 percent reduction in the overall volume of regulations within four years.
- 14. Continue to invest in infrastructure necessary for economic success, including through increasing and indexing the fuel tax along with fees on electric and hybrid vehicles, and ensuring all available funding for broadband internet access is deployed efficiently and effectively to the areas most in need.
- 15. Implement comprehensive insurance reform to stabilize the market, attract carriers to enter and remain in Louisiana, and reduce policy premiums.



TO IMPROVE SAFETY AND RESILIENCY BY REDUCING CRIME WHILE IMPROVING HEALTH AND WELLNESS

TO IMPROVE SAFETY

- 16. Increase penalties for and focus more law enforcement resources on violent and habitual offenders. Expand programs to prepare these offenders for productive employment post-release.
- Increase the transparency, efficiency, and effectiveness of the judiciary in Louisiana.
- 18. Increase cooperation between law enforcement professionals and mental health professionals and establish a goal to have trained Crisis Intervention Teams (CIT) in every parish of Louisiana.

TO IMPROVE HEALTH & WELLNESS

- 19. Promote statewide health and wellness goals as a crucial aspect of a larger economic development agenda.
- Train, attract and retain more healthcare workers, especially in hardto-serve areas.



TO IMPROVE ECONOMIC DEVELOPMENT OUTCOMES THROUGH GREATER ALIGNMENT, BETTER TOOLS, AND MORE SUPPORT FOR INNOVATION AND ENTREPRENEURSHIP

TO IMPROVE ECONOMIC DEVELOPMENT

- Simplify the Louisiana Industrial Tax Exemption Program (ITEP) to reduce the burden and complexity on both companies and local government.
- 22. Review, and adjust as necessary, the state's incentive portfolio to ensure that it is flexible enough to encourage potentially transformational investments in research and development, innovation, automation, and talent development for desirable and valued business sectors.
- 23. Review existing state economic development programs with regional partners across the state to ensure alignment with regional and parish economic development efforts, and adjust as necessary.
- 24. Expand on regional approaches (such as the Louisiana Competes Program) to improve workforce, buildings and sites, entrepreneurial ecosystems, and marketing through annual competitive grants for collaborative multi-parish efforts.
- 25. Incentivize public universities in Louisiana to increase the commercialization of innovative technologies by including patent and licensing income results in funding formulas.

MAKING GOOD TIME

MILE MARKERS FOR MEASURING SUCCESS

Improve the state's rankings for new job creation to the middle third by 2030.

Louisiana would have needed to create an additional 90,000 jobs over the past five years to rank in the middle third of state job growth. Increase the working age population by one percent over the next ten years. It is currently projected to decline in Louisiana while growing by 3.3 percent nationally.

To reach the one percent growth goal Louisiana would need to increase the working age population (ages 25-64) by 153,000 more than the current projections.

Improve third graders reading at or above grade level to 66 percent by 2030.

Currently about 55
percent of third
graders read at grade
level. To reach the
66 percent goal, an
additional 5,500
Louisiana third graders
would need to read at
grade level.

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Improve the state's ranking for wage growth to the middle third by 2030.

Louisiana's jobs would have needed to pay an additional \$2,351 over the past five years to rank in the middle third of state wage growth. Increase the Louisiana labor force participation rate, now at 59.6 percent, to exceed the national average (currently at 62.6 percent) by 2030.

Louisiana would need to have 106,412 additional people in the labor force today to meet the national average.

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These targets must be revisited on a regular basis to ensure Louisiana's progress toward increased competitiveness, as other states (and nations) continue to move the benchmark.

Ensure that 50 percent of high school students will participate in school-to-work initiatives – including a paid internship, preapprenticeship or apprenticeship – by 2030; in subsequent years the goal rises to 100 percent.

Based on recent public school enrollment numbers, 50 percent of students would equal about 22,000 students per year participating in a school-to-work program. Secure multiple, consistent top 20 rankings among best states for business by 2030.

CNBC's Top States for Business in 2023: **49th**

U.S. News & World Report in 2023: **50th**

Tax Foundation, State Business Tax Climate 2023: **39th**

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Improve the state's high school graduation rate to 88 percent by 2030.

The 2023 state graduation rate was 83.5 percent. To reach the 88 percent goal an additional 2,000 students would need to graduate.

Reduce the state's violent crime rate by 15 percent and the property crime rate by 20 percent by 2030.

> BASED ON 2021 LOUISIANA CRIME RATES PER 1.000:

Violent crime rate of 5.94

a 15 percent reduction would equal a crime rate of 5.05.

Property crime rate 26.52

a 20 percent reduction would equal a crime rate of 21.22.

Secure a consistent top 20 ranking among the best states to start a business by 2030.

Forbes Best States to Start a Business in 2022: **37th**

Wallet Hub Best States to Start a Business in 2023: **29th**

Motley Fool Best States to Start a Business 2023: **32nd**

UPCOMING TRAFFIC

RECOGNIZING OPPORTUNITY AND ACHIEVING SUCCESS

All strategy development begins with an assessment of the state's current economic reality and identifies future trends that will impact Louisiana's businesses and people. Next, one must determine what are the most pressing issues and what stakeholders want for our state's future. The final step is to identify, and then implement, specific actions to move Louisiana from where it is to where it wants to be.

Successful strategic action agendas are future-focused, realistic, actionable, appropriately resourced, measurable, and regularly updated.

To determine Louisiana's current competitive conditions, one must start by answering the following questions:

CURRENT ECONOMIC REALITY

DESIRED FUTURE

ACTIONS

What are the state's economic trends over time and areas of inertia?

How competitive is our state today, compared to its peers?

What industries drive Louisiana's economy today and how are those industries changing?

What industries are emerging as currently or potentially critical to the future of Louisiana?

To determine the desired future, an extensive engagement process of surveys, interviews and focus groups helped answer:

What do stakeholders want for Louisiana in the future?

What does the business community need to succeed in Louisiana?

What do the state's economic developers need to be successful?

What regional differences need to be considered and how will a plan account for nuanced needs and desires?

What is realistic and achievable?

Where does opportunity lie and how are those sectors evolving?

To recommend what actions are needed to drive increased competitiveness for Louisiana that can lead to the desired outcomes, we considered and researched the following:

What are potential specific actions that are proven, impactful, realistic, fundable, and timely?

How do we measure success?

How do we maintain momentum?



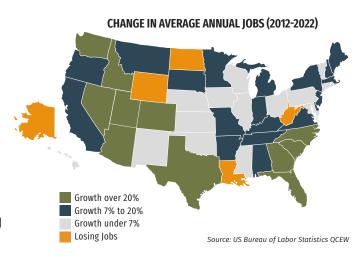
ONLY 22% OF BUSINESS LEADERS SURVEYED IN 2023 BELIEVE THAT STATE'S ECONOMY IS ON THE RIGHT TRACK AND 87% THINK THAT LOUISIANA'S BUSINESS CLIMATE IS GETTING WORSE.

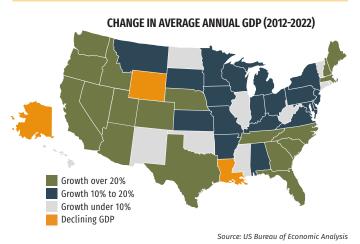
A survey of 526 business leaders across Louisiana in the first quarter of 2023 by Cole Hargrave Snodgrass & Associates (CHS) shows the business community is worried. Just 22 percent of respondents said that the state's economy is on the right track. Eighty-seven percent believe the state's business climate is worsening. These sentiments were shared in all regions of the state and across all industry types.

CNBC's Top States for Business in 2023 used 88 metrics to evaluate each state's competitive position. Louisiana placed 49th in this ranking and ranked worse than 40th in five of the 10 major categories. Of major concern were Infrastructure (46th), Economy (45th), Life, Health & Inclusion (48th), and Technology and Innovation (45th). The state ranked 48th for Workforce, down from 42nd in last year's study. Workforce has been ranked as the most important factor in recent surveys of CEOs and site selection consultants.

Other recent multifactor, data-driven ratings confirm the state's precarious position. In a ranking of overall best states for 2023 by U.S. News & World Report, Louisiana placed 50th. It came in last place in the categories of Economy (50th) and Crime (50th). The state fares slightly better, but still in the bottom 20, in evaluations of state business tax climate by the Tax Foundation (39th in 2023), and in Forbes' list of the best states to start a business (37th in 2022). The publication Site Selection ranked Louisiana 25th in 2022 while Area Development gave the state a strong 12thplace rank.

The actual economic results are hard to face. Over the past decade, Louisiana has ranked 48th for job growth, 47th for population growth, and 48th for wage growth, while its growth in gross domestic product ranked 50th. Over the past 10 years, Louisiana has been the only southern state to lose jobs and see its overall economy contract.



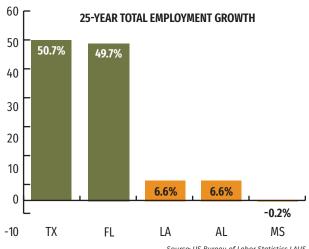




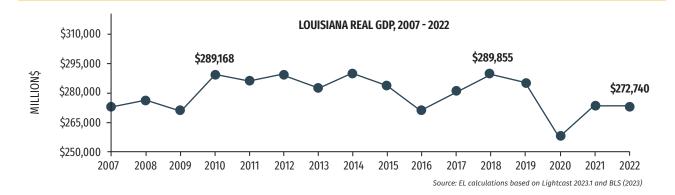
Source: US Bureau of Economic Analysis

Poor results are not new and will not improve if we stay on the current course. Over the longer term, the sluggishness of Louisiana's economy is shown in metrics such as total employment growth. The state's 25-year growth rate lags far behind leading Southeastern states such as Texas and Florida. During that period, employment in Louisiana and Alabama grew by 6.6 percent while Florida and Texas each grew by close to 50 percent.

Growth in the overall Louisiana economy, as measured by real gross domestic product, has stagnated for the past 15 years.

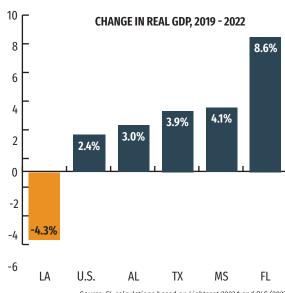


Source: US Bureau of Labor Statistics LAUS



Key industries in Louisiana were hit particularly hard by the economic shutdown caused by the pandemic, as well as disruptions caused by Hurricanes Laura and Ida. The state is still trying to recover from those impacts. From 2019 to 2022, major job losses were sustained in the important sectors of oil and gas, hospitality and tourism, and construction. These were offset somewhat by some employment gains in agriculture, technology, business services, video production and distribution, and plastics. During the last five years, only two of Louisiana's top ten employing sectors posted positive job gains. Those growing sectors were technology and business services.

Hits to leading parts of the state economy are reflected in recent change in gross domestic product (GDP) from 2019 to 2022. During that period, the average GDP in the United States rose by 2.4 percent while Louisiana's fell by 4.3 percent, a growth rate ranking 48th in America. Meanwhile, most competing Southeastern states posted GDP growth above the national average.



Source: EL calculations based on Lightcast 2023.1 and BLS (2023)

One positive for the state economy is a strong rebound in the real value of exports since the fall of 2021. This may be due to the improving global energy market leading to demand for oil and gas products, including liquified natural gas (LNG).

A closer look at the industries driving the state economy helps explain the current economic inertia.



ysis, input was gathered through ish, the Northshore, Baton Rouge, the Bayou region, Lafayette, Lake Charles, Alexandria, Monroe, and Shreveport. Stakeholders expressed several con-

Many felt that the prevailing culture of "we're good enough" must be changed to improve competitiveness. Almost all agreed a new plan is needed. and that it must be transformative not incremental.

Everyone felt that workforce issues are holding the state back. Louisiana does not have enough people with workforce programs. No one is in

A common sentiment was that poor ratings of the education system, the hard to convince prospective employees to move their families here.

Many suggested that the current state constitution is antiquated, the tax code too complicated and the legal environment extremely litigious. All

INDUSTRY CLUSTER ANALYSIS:

The most important industry clusters are those that export goods or services to other states or countries and thus bring additional wealth to a state; these are known as traded clusters. They can be categorized into three groups. Louisiana's "Asset" clusters employ large numbers in the state and are generally adding jobs. "Legacy" clusters have high concentrations of employment in Louisiana but have not been increasing jobs. "Emerging" clusters employ smaller numbers of people but are growing and show the potential to be important for the state's future.

Asset clusters in Louisiana that are important employers and growing include:

- Upstream Chemicals,
- · Environmental Services,
- · Wood Products.
- · Video Production & Distribution, and
- · Electrical Power Generation.

Legacy clusters - historically important and still critical to the state economy - are led by:

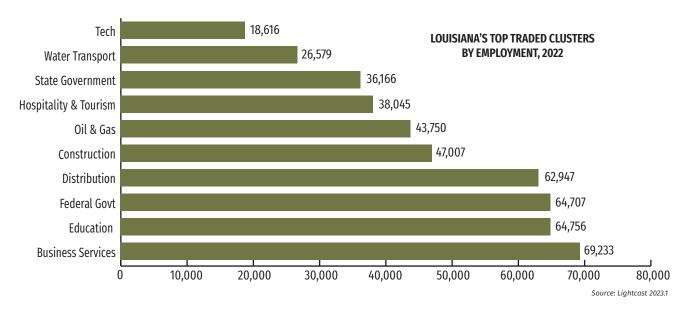
- Oil and Gas.
- · Water Transportation,
- · Construction, and
- · Hospitality and Tourism.

As a Legacy cluster, Oil & Gas has not been adding jobs in recent years. However, diversification in the energy sector - through carbon capture, utilization, and storage (CCUS) projects and increasing energy production from renewable sources - has the potential to drive industry resurgence in Louisiana. Several carbon capture projects are under development in the state.

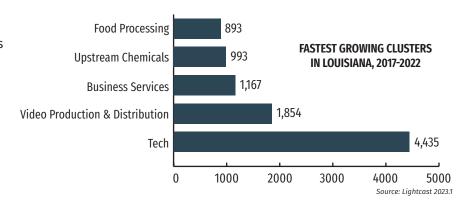
Smaller but promising Emerging clusters include:

- Technology,
- · Food Processing,
- · Plastics, and
- · Insurance.

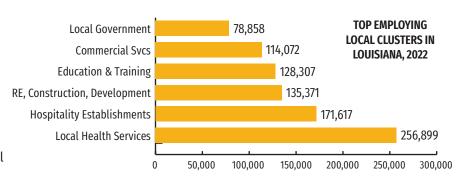
The chart below lists the state's leading traded clusters in terms of total employment. The top ten list is led by Business Services. The highest paying of these clusters are Oil & Gas, Water Transportation, and Tech, all over \$100,000 in average earnings. The lowest paying are Hospitality & Tourism and Education, both averaging less than \$60,000.



The chart on the right shows the five fastest growing clusters in the state, led by Technology. Of these, the largest cluster in total employment is Business Services. The highest-paying cluster is Upstream Chemicals (\$172,000), but all five feature average earnings of at least \$75,000.



Separate from traded clusters that export goods or services, local clusters do not typically export but are important as key employers in a regional economy. Five local clusters in Louisiana employ more than 100,000 people, led by Local Health Services which employs over 250,000. All the leading local clusters below have average earnings of less than \$75,000.



NO DETOURS

ACTIONS FOR A MORE COMPETITIVE LOUISIANA

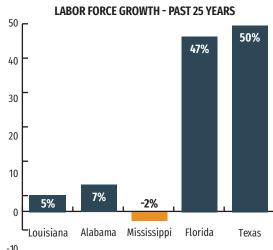
CHALLENGE: ENHANCE EFFORTS TO FIND AND DEVELOP TALENT BY EXPANDING WORK-READY SKILLS, TRAINING FOR IN-DEMAND OCCUPATIONS, AND INCREASING THE NUMBER OF **LOUISIANANS IN THE LABOR FORCE**

Across America. issues of workforce quantity and quality are at the very top of business concerns. The situation is no different in Louisiana. In a 2023 survey of state business leaders by CHS & Associates, 62 percent indicated dissatisfaction with the workforce. Workforce quality concerns were the number one issue facing Louisiana businesses. Reasons for dissatisfaction were topped by 47 percent citing a lack of qualifications, skills, or education among workers. Poor soft skills was the skill deficit mentioned most often. Louisiana has taken a number of important steps to address workforce issues, but not enough to get the needed results. A critical step to address talent supply and quality is to elevate the issue's importance within state government, and corral fragmented funding streams and programs into a more cohesive effort. In Connecticut, the state Office of Workforce Strategy (OWS) was created by the Governor's Workforce Council in 2020. The OWS is led by a "workforce czar" with a long industry background (a business track record is mandatory - not a government, academic, or non-profit resume). Colorado's long-established Workforce Development Council features 22 business members on its Council board.

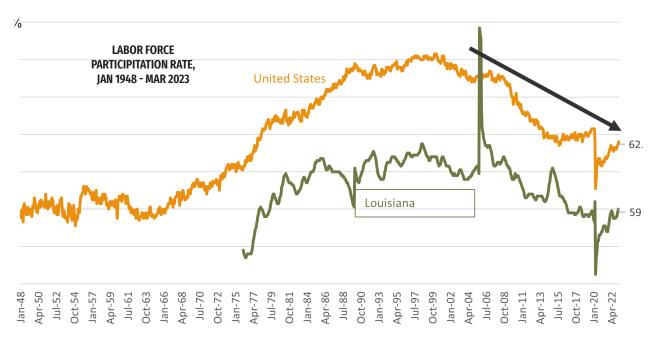
The **Mississippi** legislature approved a new agency in 2020 to coordinate talent supply and development efforts. The AccelerateMS office opened for business in 2021 to attack issues such as the disorganized patchwork of federal and state funding, and Mississippi's low labor force participation rate. In 2023, backers of Virginia's Workforce Development Transformation legislation vowed to break down agency silos through the creation of a state Department of Workforce Development and Advancement. Establishing the position of a business-oriented state workforce captain in Louisiana would help to coalesce various talent development efforts and support regional innovation across the state.

1. INCREASING LABOR FORCE PARTICIPATION AND SKILL LEVELS:

Louisiana's labor force has not grown as much as competitor states in the Southeast. This 25-year chart illustrates the very slow growth of one of the economy's most critical resources, talent.



To compensate for the smaller size and slow growth of the labor force, a key strategy is to focus on reaching adults and young people who are disengaged from the workplace and the job market. As of early 2023, Louisiana's labor force participation rate among all adults was about the same as pre-pandemic levels, but it continued a long-term trend of being well below the U.S. average.



By May 2023, the Louisiana participation rate (seasonally adjusted) was up to 59.6 percent, according to the St. Louis Fed. This was still significantly lower than the overall U.S. rate of 62.6 percent. The highest workforce participation was found in the District of Columbia (70.8%), North Dakota (69.7%), and Nebraska (69.5%), while the lowest rates were in Mississippi and West Virginia, both at 54.6 percent.

Numerous states are making concerted efforts to increase the size of the active workforce and improve applicant pools. There are media campaigns and business commitments to reduce the use of college degree requirements as an applicant screening tool. Many initiatives center on reaching adults who have been out of the workforce or who need upgraded skills. One method is to offer targeted upskilling and reskilling training, such as:



- · Virginia's New Economy Workforce Credential Grant Program, established in 2016 to improve the supply of credentialed workers in key sectors in the state's economy. The grant program provides a pay-for-performance model for funding noncredit workforce training. In 2022, program enrollment in ten high-demand fields exceeded 11,500. The training course completion rate was 99 percent, and 77 percent of participants obtained a certificate. Median annual earnings for those getting a certificate rose by \$6,120. The average participant in the New Economy Workforce Credential program was 32 years old.
- · Return Utah, which is aimed at re-establishing the skills of those with an extended absence from the workplace, and placing them in "meaningful, mid-level jobs." Through the Return Utah program, state agencies specifically target candidates with an extended absence on their resume, giving credit for life experience and breaking with the common practice of bypassing resumes with a work experience gap.

Other initiatives are targeted at younger age groups. Illinois' Youth Career Pathways is designed for at-risk young people ages 16-24. This program increases the availability of training to develop marketable skills among those most at risk of disengaging from school and work, including youth of color and rural youth.

> Some efforts combine training with support for those with substance abuse issues. One well-developed initiative is the Kentucky Transformational Employment Program (KTEP),

a partnership of the Kentucky Chamber Foundation and statewide health organizations. KTEP is for those needing substance abuse treatment who also may have involvement with the criminal justice system. Companies that adopt KTEP guidelines will not be held liable for civil actions related to negligent hiring or negligent acts of their employees.

> More states are developing programs to train, place, and support criminal offenders and ex-offenders to move them into the workforce. Few of these have been scaled statewide, but **Indiana** has successfully done so. The Hoosier Initiative for Re-

Entry (HIRE) program, run by Indiana's Department of Corrections, was launched in 2012 and has twice won national workforce awards. The HIRE model prepares felony inmates to enter the

workplace, works with businesses to determine the skills and abilities that will make an employee successful in their organization, helps pair inmates with job opportunities, and coordinates with support organizations on clothing, housing, and transportation needs. A HIRE mentor works with each participant for one year after an initial job placement. In 2021, the HIRE program worked with 369 business partners and placed 1,120 ex-offenders in jobs at an average wage of \$14.38. Participants also have lower recidivism rates.

The Texas Association of Business' (TAB) Foun**dation,** which is affiliated with the Texas State Chamber, has created a Second Chance Employers Coalition to spread the word about the higher retention rate of second-chance (ex-offender) hires and to help Texas businesses implement second-chance hiring practices.

In states with a robust military presence like Louisiana, a final strategy to boost labor force participation is outreach to military veterans (and their families) transitioning to civilian life. Virginia's Hire

Vets Now strives to retain the 20,000 military personnel in Virginia who leave active duty each year, connecting vets with leading in-state careers like cybersecurity. Hire Vets Now conducted 24 on-base and virtual events in 2022.

2. TALENT ATTRACTION

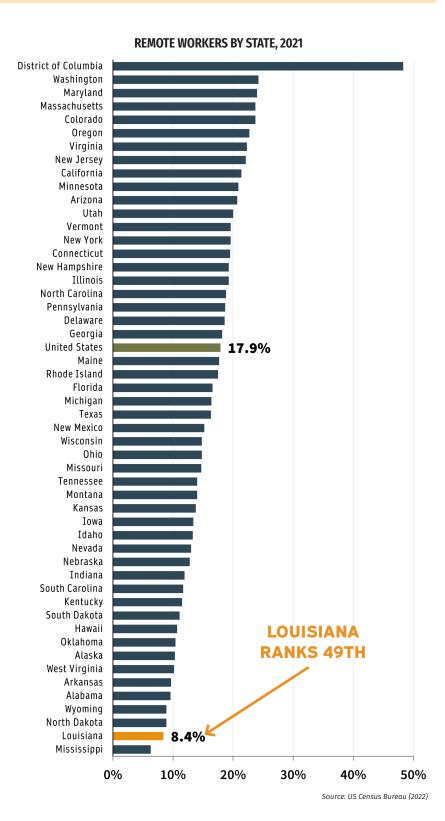
In the spring 2023 survey of business leaders reported by CHS & Associates, Louisiana businesses were more focused on reaching and training in-state residents for employment, rather than recruiting from outside the state. Our state also has the country's second-lowest percentage of remote workers, 8.4 percent versus the U.S. average of 17.9 percent using 2021 data. This may be due to the large share of jobs in occupations requiring on-site attendance. However, it could also reflect an inability to effectively portray Louisiana as an attractive destination for talent in a wide variety of industries.

"The ratings of our education system, the lack of new affordable housing and childcare and the crime rates makes it pretty hard to convince anyone that they want to move their family here. We have a lot to fix if we expect people to move to Louisiana."

- LA Business Leader Feedback

In an economy increasingly marked by technological innovation and state competition to win talent. strategies to attract people to work in Louisiana or live in the state and work remotely - could complement efforts to retain and upskill existing residents. Since the pandemic, Americans have increasingly chosen to move due to the relative affordability of locations as well as quality of life. Louisiana's cost of living. culture, and outdoor recreation offerings could make it attractive to remote workers and other new residents.

In a survey by the Site Selectors Guild, 78 percent of members say that talent shortages are impacting where firms will consider investing in new or expanded facilities. Fortyone percent think that skill shortages are the new normal. The report also listed six states that Guild members think are doing a good job implementing talent attraction and retention strategies. These are Alabama, Georgia, Kentucky, Tennessee, Texas, and Virginia. State talent attraction programs are often aimed at younger residents of metro areas in nearby states.



3. EDUCATION AND CAREER EXPOSURE:

In recent years, Louisiana has taken many steps to improve its education system and better prepare young people for career paths and higher education. It is supporting early-child development by increasing the quality and availability of childcare, and stressing the importance of third grade literacy. The state is also emphasizing accountability for schools and promoting a wide choice of education options. Successes include improving fourth-grade English scores, and a graduation rate that rose from 73.5 percent to 83.5 percent in 8 years.

However, more needs to be done. Third-grade reading has declined recently. Too many young people are disengaged and absent from school. More students need access to good dual enrollment, career and technical education (CTE), and workplace exposure opportunities. Many Louisianans enroll in college but do not complete a degree, or graduate with a degree that is a poor fit with in-demand career options in the state. Louisiana's ability to become more economically competitive depends in large part on families being assured that their children will be equipped with basic foundational skills like reading and math, graduate ready and equipped for a career, and have real economic opportunity in this state.

Additional reforms to the Louisiana education system are necessary. These include solving the teacher workforce shortage, expanding quality tutoring services, and ensuring that each high school graduate has a focused post-secondary plan. LABI and the business community will continue to emphasize educational excellence as essential for improving the attractiveness of Louisiana as a destination for families, and to prepare the state's future workforce.

Given the importance of this issue and the serious work that remains to be done, LABI engaged a team of education experts at Watershed Advisors to develop a set of detailed policy recommendations that span from access to early childhood programs to K-12 to higher education. Watershed's recommendations draw not only on a deep level of expertise in the most critical problems facing our education and workforce systems here in Louisiana, but also extensive experience working in states across the U.S. tackling major education reforms. Watershed's report synopsis can be found on page 103.

A major focus for LABI and its members is the schoolto-work transition—the ability of middle-school and high-school students to succeed in the Louisiana workforce after graduation. There is a major emphasis throughout the **United States on providing** greater career awareness, exposure to the workplace, and actual work experience for young people. **Business leaders across** the nation believe the lack of workplace exposure and work experience among American youth to be highly problematic.

Arkansas' well-regarded Be Pro Be Proud career awareness initiative was launched by the Associated Industries of Arkansas Foundation in 2016. Its Mobile Workshop travels to schools around Arkansas and this year should cross 150,000 students reached. A second Mobile Workshop will ease a lengthy waiting list. The Be Pro Be Proud program has expanded to South Carolina, Georgia and North Carolina, with Tennessee launching next.

The Work Ethic Distinction credential program started in northeastern **Tennessee** but is now available for any school in the state to adopt, and it is supported by the Tennessee Chamber's foundation. Work Ethic Distinction covers standards in 13 categories. High school seniors who earn a credential are automatically granted a job interview with participating firms.

Rhode Island's Prepare RI is a statewide initiative to provide every high school student with an expanded CTE curriculum and a rigorous, seven-week paid summer internship opportunity. The career awareness and readiness program started in 2015.

Work & Learn **Indiana** has matched 15,000 college students with business internships since 2006, and now includes high school students. Employers can be reimbursed by the state for up to 50 percent of intern wages paid.

Because middle- and high-school guidance counselors are too few and usually not trained on regional careers paths, Arkansas and Alabama have developed separate career coaching programs. These professionals are housed at community colleges in Arkansas and with regional workforce offices in Alabama. Alabama career coaches prepare data reports for school systems on in-demand careers in their area.

A particular school-to-work emphasis in much of the country is the development of more apprenticeships and pre-apprenticeships for young people to enter paid employment while being mentored in that career path. Relatively few young people move into apprenticeships in America – especially compared with countries such as Germany, Austria, and Switzerland, where over 50 percent are involved in an apprenticeship. However, the numbers here are growing significantly and with increasing evidence of success. Ninety-three percent of Registered Apprenticeship completers in the U.S. retain their employment, and at an average annual starting salary of \$77,000. There are currently around 600,000 active apprentices in the U.S. and about 3,520 in Louisiana. Apprenticeships include industry-recognized programs as well as federally approved Registered Apprenticeships. They are now available in a much wider range of industry sectors, from healthcare and high tech to finance and insurance.

Alabama has been heralded for its apprenticeship programs since creating an Alabama Office of Apprenticeship (AOA) in 2019. Also, that year, it started the Alabama Industry-Recognized and Registered Apprenticeship Program (AIRRAP) to ensure that one agency (AOA) is accountable for both major types of apprenticeships. Alabama has provided an Apprenticeship Tax Credit for employers since 2016, and later expanded the per-apprentice credit and the number of apprentices for which a business can claim the credit. AOA has four regional staff persons across Alabama, and a technical staffer to manage tax credits.

Kentucky established the Tech **Ready Apprentices for Careers** in Kentucky (TRACK) youth apprenticeship program after finding that there were 65,400 high school students in the state with a CTE concentration, but only 4,100 of those had a job. The TRACK program has nine career pathways, provides paid job opportunities, and after high school the student transitions directly into an employer's Registered Apprenticeship program.

The Missouri Chamber Foundation won a \$6 million grant from the U.S. Department of Labor to develop apprenticeships at Missouri technology firms, an effort that has already attracted over 3,000 apprentices since 2020. The Chamber Foundation assists firms with paperwork, and companies receive a per-participant grant. Ninety-eight percent of participants complete their apprenticeship and are employed at an average salary of \$63,000. Forty-eight percent of apprentices are people of color and 40 percent are women.

Different agencies in Louisiana concentrate on apprenticeships and pre-apprenticeships for youth and adults, but there is not enough coordination between the two. Meanwhile, businesses need to understand the benefits of apprenticeships and require assistance with starting these programs. It can be particularly difficult for smaller employers to develop apprenticeship programs. The Iowa Registered Apprentice Development Fund addresses this by providing training grants to new, small-scale programs in high-demand fields.

The apprenticeship option receives only a small fraction (about two percent) of the federal and state funding support that the college degree path enjoys. Louisiana can incentivize growth in apprenticeships by expanding the dollar amount of the state tax credit and including more industry-recognized apprenticeships in non-traditional fields.

Education system accountability tied to job placement and workplace success can help create the right incentives for post-secondary institutions as well. A well-established model of this is **Texas State Technical College.** TSTC was established in 1965 in Waco, and now has 10 campuses across the state. TSTC is the "only technical college in Texas whose funding depends on whether our graduates get jobs." In 2009, it switched to a Returned-Value funding formula, based on the salaries of its graduates. TSTC is paid in arrears based on the workplace success of its students. For nine in-demand degree fields, it also offers a money-back guarantee if graduates don't get a job within six months.

A current initiative of the Virginia Business Higher Education **Council** is **Growth4VA**, a campaign to make Virginia "the best at affordable talent pathways." To spur accountability and innovation in higher education, Growth4VA calls for the development of "a new funding model for the Virginia higher education system in which innovation is incentivized, performance is measured and rewarded, and institutions are granted optimal managerial flexibility in exchange for greater outcomes-focused accountability."

As important as efforts to improve education and school-to-career outcomes is the collection and reporting of related data. The Florida Scorecard covers 16 metrics, including education and talent supply. Scorecard data covering topics such as child poverty and third grade reading is available for every county. The Louisiana Board of Regents' Prosperity Index is a similar and tremendous tool. However, it needs a better public interface, a simpler summary page, and widespread dissemination through the business community, community organizations, and elected officials.

4. HOUSING:

With talent attraction and retention at the very top of economic development issues across America, housing has risen rapidly as a key quality of life factor. Housing concerns include overall supply, the diversity of product types and their appeal to young workers, and affordability. Louisiana's housing affordability is generally a strength, as it ranks among the 10 most affordable markets in America according to U.S. News & World Report.

Affordability is a positive, but sometimes points to a lack of new construction that helps to attract workforce talent. Parts of the state feature older housing stock and fewer new apartments, condos, and townhomes. In 2022, 84 percent of permitted new housing units in Louisiana were for detached single-family dwellings, while less than 12 percent were in multi-family buildings with five or more units. Buildings with five or more units made up 38 percent of the new units in Texas and 35 percent in Florida. Younger workers also favor mixeduse communities providing walkable access to shopping, restaurants, and entertainment.



States are increasingly tackling housing as a critical talent and quality-of-life issue. Some examples from around the country:

Statewide housing policy can be influenced by building coalitions with in-state subject experts. The **Utah Housing Gap Coalition** is one example. The Salt Lake Chamber teamed with the Kem Gardner Policy Institute at the University of Utah to study declining affordability and the reasons behind a 54,000-unit gap between housing supply and demand in Utah.

To encourage young people and young families to live in Ohio, the Ohio Housing Finance Agency operates the Grants for Grads initiative, established in 2009. Grants for Grads offers 2.5 percent to 5 percent down payment assistance for those who graduated with at least an associate degree in the past 48 months. Recipients must take free homebuyer education classes. The down payment assistance is forgiven if the homeowner remains in Ohio for five years. Nearly 200 home buyers took advantage of Grants for Grads in 2022.

South Dakota passed a \$200 million workforce housing bill in 2022. Funds are used for infrastructure (streets, water and sewer lines) that will support housing development. Half of the funds from House Bill 1033 are for grants and half are in a revolving loan fund.

In addition to grants, loans, and tax credits, regulatory changes can stimulate new housing development. State and local governments are increasingly backing zoning code changes to allow greater density, a wider range of housing types, and accessory dwelling units.

CHALLENGE: IMPROVE THE BUSINESS CLIMATE AND TAX POLICIES TO POSITION LOUISIANA IN THE TOP TIER OF STATES ON NATIONAL RANKINGS

"We operate within a state constitution and tax structure that is older than the Byzantine era."

- LA Business Leader Feedback

Louisiana has striven to improve its business, regulatory, legal, and insurance climates (including tax policy), but these are still ranked as significant impediments to business success in the state. Working effectively with state chambers and other business organizations, some states stand out for their regulatory and legal climate, or the progress made to overhaul it.

1. TAX POLICY

Given the importance of tax policy to overall economic competitiveness and growth, LABI engaged a team of tax policy experts from Advantous Consulting to develop detailed policy recommendations that cover all tax types and issues. Advantous' report synopsis can be found on page 106.

2. REGULATORY CLIMATE

- Every state agency in **Arizona** is required to review all its rules every five years, to target any that should be repealed or changed. This statute helps Arizona maintain one of the least-complex regulatory codes in the country. Arizona also created an online portal enabling people who live and work under its regulations to make recommendations, and it has exceeded its target to reduce red tape. Over a two-year period, the state removed 1,100 regulations, saving businesses an estimated \$79 million. Arizona also claims status as the first state to recognize out-of-state occupational licenses, making it easier for people to move into the state and begin working quickly.
- Virginia established a Regulatory Reduction Pilot Program in 2018, focusing on the state Department of Professional & Occupational Regulation (DPOR) and the Department of Criminal Justice Services (DCJS). After the three-year pilot, DPOR had amended or eliminated 27 percent of its regulations while DCJS altered 14 percent of its regulations. A 2022 law enacted in Virginia expanded this reform effort to other state agencies.

3. LEGAL CLIMATE:

· On the legal front, Florida HB 837 in 2023 was hailed as a historic reform package to end Florida's reputation as a "Iudicial Hellhole." The Florida Chamber aims to transform the "In Louisiana everything starts with a parade and ends with a lawsuit."

- LA Business Leader Feedback

- state's legal climate from the bottom five in America to top 12 by 2030. This legislation reduced the statute of limitations for negligence suits, increased transparency to juries, and instituted a comparative fault standard in injury claims. LABI has worked on civil justice reform for decades, but greater progress must be made.
- Twenty years ago, **Texas** was also regarded as one of the nation's worst "Judicial Hellholes." Since then, systematic tort reform has slowly but completely changed the business landscape to one providing a more stable, predictable, and reasonable environment. As a result of numerous reforms, the volume of tort lawsuits in Texas has declined by approximately 50 percent.

Louisiana made some progress in its legal climate with the Civil Justice Reform Act of 2020. However, a number of statutes and legal practices are still in need of reform. Further reforms should center on greater transparency of third-party funding of plaintiff actions and medical costs, and plaintiffs' ability to recover phantom medical damages in excess of actual damages. LABI estimates that every Louisiana citizen still pays a "tort tax" of \$1,010 annually due to lawsuit abuse and excessive tort costs.

4. INFRASTRUCTURE:

Another key aspect of a positive business climate is state-level commitment to the infrastructure necessary for economic success. Louisiana's low grades in infrastructure underscore that this is another area that must be addressed to increase overall competitiveness. LABI recognizes that a robust transportation infrastructure is paramount to the state's economic success, and calls for ensuring the integrity and adequacy of the Transportation Trust Fund.

IN OTHER STATES:

The North Carolina Chamber has led a coalition of groups successfully urging the passage of a number of transportation investment bills in recent years. Between 2015 and 2020 this coalition helped pass \$2.2 billion in funding for transportation improvements. The chamber is currently building the Destination 2030 coalition to continue advocating for long-term transportation funding solutions.

Over the years, many state fuel taxes have been rendered inadequate by not being indexed for inflation, by greater fuel efficiency, and the rise of hybrid and electric vehicles. Louisiana has not raised its fuel tax since 1990, and the current rate is among the ten lowest in the nation. In 2020, **Virginia** passed its first fuel tax increase since 1986. It raised the tax by 62 percent over two years, and it will be indexed to inflation after that. In recent years, 30 states have enacted fuel tax increases, while 32 states (including Louisiana) have adopted registration fees or other revenue generators from electric and/or hybrid vehicles.

Louisiana has made strong progress in increasing access to broadband internet service and continues to make this a priority. There is more work to be done. According to BroadbandNow's 2023 rankings, Louisiana ranks 36th in a combined evaluation of internet coverage, prices, and speeds. In June 2023, the state was awarded a \$1.36 billion federal grant that will address gaps in coverage over the next five years. As the state Office of Broadband and the Legislature work together to deploy these funds, the state must avoid getting bogged down in bureaucracy and red tape. Instead, it must ensure that funds go as quickly as possible to the areas where improved access is needed most, and that companies doing the infrastructure work have the tools necessary to do so.

5. INSURANCE:

A major area of concern regarding Louisiana's business climate – and the overall quality of life -revolves around the viability of our state's insurance market, coverage availability, and costs. The 2023 business leaders survey produced by CHS & Associates showed this to be an unusually large competitiveness **issue in the state.** In this survey, 39 percent of respondents cited insurance issues as the profitability and growth.

According to the 2023 Louisiana Market Summary for the property and casualty insurance marketplace, the state has the country's seventh highest total cost of premiums per capita.

For personal coverage, the Louisiana per capita rank is third highest in America, and for business coverage it is 18th highest. Premiums are rising rapidly, with the value of homeowners' premiums increasing by 15 percent in just the last year. According to the 2023 Louisiana Survey by the Reilly Center for Media and Public Affairs, 63 percent of residential policyholders said their coverage increased in the past year. Seventeen percent reported their policy was cancelled.

The state faced consecutive years with severe hurricane damage, leading to a larger volume of insurance claims. But the insurance market has also been impeded by government intervention and mandates. Man-made crises in the form of legal system abuse, claims fraud, and regulatory interference are among the root causes of market instability. As a result, Louisiana has found itself in crisis, with almost a dozen insurers recently becoming insolvent - leaving businesses and families with fewer insurers to choose from. If Louisiana is to attract new business into the state, it can no longer allow insurance premiums to be the second highest expense a business must endure.

Regulatory and legislative measures enacted over the last few years have led to increased volatility and cost burdens for insurers, resulting in at least 10 insurance companies withdrawing from the state since the 2020 and 2021 hurricanes, and at least five more ceasing to write new policies, according to a 2022 report by the Louisiana Department of Insurance (LDI).

Louisiana Citizens, the state-run insurer of last resort, has been increasingly called upon to fill the void. Louisiana Citizens is intended to serve as a temporary solution to help property owners when private insurance is unavailable, and its rates are significantly higher than those from the private market. Beginning January 1, 2023, for example, LDI approved a 63 percent increase for Citizens' insurance premiums, which is unsustainable for Louisiana policyholders.

The good news is there has been recent momentum around this issue. In February of 2023, the state legislature approved a \$45 million incentive program to encourage insurance companies to write new home policies and to attract new insurance companies to the market. This significant policy initiative is expected to lighten the load on Citizens and reduce costs for homeowners.

Fixing our state's imperiled property insurance market by improving the litigation climate – thereby driving down the cost of insurance premiums – is a LABI priority, but doing so will require a focused and enduring commitment by state legislators, regulators, and all stakeholders to adopt meaningful legal reforms, attack fraud at its source, and promote regulatory stability.

Louisiana must stabilize the market, incentivize and attract insurers to remain by providing them with more flexibility to price their products, imposing fewer regulatory burdens, and revising the onerous and ambiguous laws that make it impossible for policyholders to resolve a claim with their insurers without resorting to litigation.

RECOMMENDATIONS FOR INSURANCE MARKETPLACE REFORM:

Stabilizing the insurance market will take comprehensive insurance reform to attract more carriers to come to and remain in Louisiana, while also ensuring that policyholders are protected. For example, by incentivizing property owners to build more resilient, weather-resistant structures and requiring that insurers take these efforts into account when calculating premiums, both parties will benefit. Doing so will take both legislative and regulatory changes, and collaboration among all stakeholders will be an absolute necessity. LABI will continue to bring parties together around this important issue.

A goal of any reform should be to provide more certainty in and to streamline the claims process for both insurers and policyholders. The process should be easy to navigate and the standards and obligations for both parties should be clear. By providing clarity and certainty, we can lessen the risk of frivolous litigation.

Insurance-related reform efforts need to increase. This should include legal system and tort reforms to control insurance-related costs, and providing market incentives for more insurers to stay in or come to Louisiana. Needed changes include:

- Reforming existing "bad faith" laws governing the good faith and fair dealing requirements for insurance companies;
- Taking measures to reduce inflated property damage claims; and
- Reducing the insurance tax burden to a level consistent with other states in the South.

CHALLENGE: IMPROVE SAFETY AND RESILIENCY BY **REDUCING CRIME** WHILE IMPROVING **HEALTH AND** WELLNESS

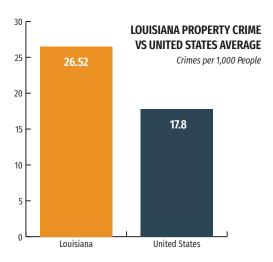
1. PUBLIC SAFETY:

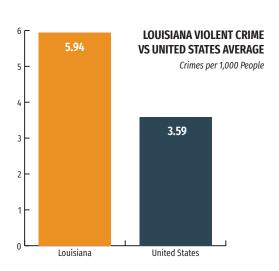
The surge in violent crime in the United States during the COVID pandemic emphasized the difficulty of business and economic success when the public cannot rely on basic underlying conditions like public safety. Businesses are loathe to make new or continuing investments in cities and states that are regularly disrupted by violence, and when their employees feel uncomfortable merely coming to work in a location beset by crime.

> "There are a lot of things to love about the state's quality of life, but if we don't get crime under control people will not move here or stay here."

- LA Business Leader Feedback

Louisiana has achieved significant public safety reforms - particularly with the 2017 Justice Reform and Reinvestment legislative package – but so far these are insufficient to provide a safe and welcoming atmosphere for business investment, talent attraction and retention. As the charts below show, according to the latest national data Louisiana's violent crime and property crime rates are among the highest in the country. Additional measures are needed to focus on the most violent and habitual offenders, incorporate mental health expertise alongside law enforcement, and reduce recidivism.





A successful example of broad sentencing and corrections reforms is **South Carolina's 2010 legislation.** This package changed sentencing standards to prioritize prison space for repeat offenders and those convicted of the most serious crimes. It increased penalties for some violent crimes while allowing probation, parole, and good conduct credits for non-trafficking drug offenses. It increased the threshold for property crimes to be judged a felony. Senate Bill 1154 also strengthened probation and parole supervision and improved the decision-making process for releasing inmates. Between 2010 and 2015, South Carolina's crime rate fell by 16 percent, and recidivism among those under supervision fell as well. The prison population declined by 16 percent from 2009 to 2016, saving an estimated \$491 million. Meanwhile, the share of prison space devoted to violent offenders rose by 27 percent.

Louisiana's 2017 reform package adopted several of these strategies and is seeing some success toward meeting its goals. It appears that a greater focus on habitual and violent offenders – their sentencing, prison space availability, and measures to reduce recidivism - may be the greatest need now. This should be paired with in-prison workforce training initiatives to get more offenders prepared for high-demand jobs when they return to their communities.

States have also had success by focusing precious resources where they are needed most through data-driven approaches and by concentrating policing efforts in crime hot spots:

The Safe Oklahoma Grant **Program** funds local law enforcement strategies to reduce violent crime. In 2023, a total of \$2 million was awarded to develop data-driven and community-based crime reduction initiatives. Safe Oklahoma focuses on five areas for reducing violent crime:

- a) evidence-based policing;
- b) increased technological capacity;
- c) improved analytical capacity;
- d) engaging with community partners; and
- e) providing victim services.

The Washington State Institute for Public Policy (WSIPP) studied hot spot policing strategies. It concluded that deploying one additional police officer in known crime hot spots would yield seven dollars in benefits for every dollar of program cost. Benefits included crime reduction, improved high school graduation, better labor market availability, and reduced healthcare costs. Recent studies suggest pairing hot spot concentration of resources with problem-oriented policing (POP), where law enforcement analyzes the particular crime issues in hot spots and tailors a different set of solutions for each one.

1. PUBLIC SAFETY (CONTINUED):

States increasingly recognize that a substantial percentage of law enforcement calls are directly related to mental health situations. Law enforcement professionals often lack detailed training in this arena. As a result, many states are working with organizations such as the National Alliance on Mental Illness (NAMI) to develop Crisis Intervention Teams (CITs) statewide. CITs are partnerships between public safety officers and mental health professionals, developing protocols for first responders to better manage and assist those with mental illness or addiction disorders. Ohio recently trained CIT officers in 86 of its 88 counties. It has also created a statewide CIT strategic plan with strategies such as a) having a law enforcement and a mental health coordinator in every county CIT program; b) training 911 dispatchers; and c) providing mental health crisis centers where CIT officers can take individuals for assessment and care.

In order to offer a different path than the traditional criminal justice framework for military veterans, a number of Louisiana parishes provide a Veterans Treatment Court. These are for veterans who may be dealing with addiction, mental illness, PTSD, and other disorders, and feature intensive treatment as well as supervision. Veterans Treatment Courts can be found in the state's 21st, 22nd, and 14th judicial districts with a new model being established in East Baton Rouge Parish. These programs could be scaled up across Louisiana provided that each community carefully evaluates the services and providers available to support veterans in their district.

To slow down the revolving door of offender recidivism and to save money by avoiding recurring incarceration for individuals, states have successfully targeted recidivism among those "under supervision" – that is, on parole and probation.

Research in Arizona showed that individuals who violated conditions of their probation accounted for one-third of all prison admissions. Arizona implemented reforms to ensure that judges have better risk and needs assessment reports; to train stakeholders on the use of evidence-based practices; and to focus time and resources on people most likely to reoffend. Arizona reported a 31 percent decline in people entering prison due to probation revocations over a nine-year period. Over that same period, new felony convictions fell by 17 percent. Arizona estimates that these results saved taxpayers more than \$460 million.

Pennsylvania incorporated performance-based contracts with halfway house operators after determining that parolees who stayed at halfway houses had higher recidivism rates. The 37 Community Contract Facilities (halfway houses) in the state now provide services including behavioral therapy, addiction treatment, educational and vocational programming. The CCFs are paid based on their ability to reduce recidivism. In the first year following the changes, Pennsylvania found that overall recidivism declined by more than 11 percent.

Some states are providing more complete, coherent, and timely information on crime and offender data for use by law enforcement, elected officials, and the public. The haphazard gathering and distribution of crime statistics at the local and state levels can be made much more efficient when combined into a useful statewide database.

Florida's SB 1392 in 2018 required counties to collect data on more than 50 criminal justice system measures, and it built a statewide database available to the public. The bill included \$1.75 million for database development, and offered financial incentives for every county to participate.

North Carolina created a Criminal **Justice Law Enforcement Automated** Data Services (CJLEADS) database to combine offender information from other databases, for use by state and local law enforcement professionals. Data involves warrants; jail, court, and prison records; supervision status; and sex offender registration.



A final area of concern in public safety is Louisiana's judiciary-its transparency, efficiency, and effectiveness. The judiciary is a critical branch of government that should be held to the same standards of transparency and accountability to the public as the other two branches.

LABI emphasizes four key areas that must be addressed to modernize the judicial branch in Louisiana.			
1	2	3	4
Statewide access to electronic technology for filing, case management, and access to documents through a single, common portal.	Greater transparency in ethics and the handling of judicial misconduct.	Greater transparency in court budgets and finances.	Improved efficiency through a rebalancing of judicial districts and their caseloads.

With respect to the criminal justice system overall, LABI also believes greater transparency is needed. Victims and members of the voting public should have access to information about what is happening inside court rooms, including how judges are handling bail and sentencing for repeat violent offenders. In 2022, the Maryland Assembly passed the Judicial Transparency Act to bring greater transparency to the sentences handed down by judges for violent crimes. The Act requires the state's Commission on Criminal Sentencing Policy to publish and track sentences imposed for violent crime convictions.

2. HEALTH & WELLNESS:

The productivity of a state's workforce is influenced by the health of the workforce. Post-pandemic workforce health is a more scrutinized risk factor for new investment. By almost any measure, Louisianans' health is a competitive disadvantage. The connections between health, wellness, and economic development are clear when reviewing the priority targets of Louisiana's Healthy State Advisory Board:

Cancer and Chronic Conditions

Smoking Cessation

Workforce Development and Education

Broadband Internet Access

Shared Data Platform

In 2020, state leaders and Ochsner Health announced a long-term vision to improve overall health metrics. The 10-year, \$100 million strategy should bring coordinated resources together to address the challenges. LA23 will coordinate with this and other efforts to engage business support.

Healthcare costs-for businesses, individuals, and the state-are an additional concern. Increasing labor force participation in Louisiana will reduce dependency on Medicaid. Tort reform, as discussed in other parts of this report, will help bring down costs for all. Greater transparency regarding the cost of hospital procedures and services will further benefit consumers.

As recommended in the 2020 Louisiana Economic Recovery (LAER) task force reports, Louisiana should continue to expand access to and coverage of telehealth throughout the state. Expansion of telehealth to rural and other underserved areas should result in better preventative care and wellness for all residents.

Nationally, attracting and retaining healthcare workers in smaller communities is a never-ending quest. Many states have incentive programs to bring more trained medical professionals into hard-to-serve locations. Oregon's Rural Practitioner Tax credit offers income tax credits for doctors, nurses, and EMS volunteers. Oregon also subsidizes medical malpractice insurance premiums for doctors and nurses working in rural parts of the state. West Virginia's Rural Health Service Program provides scholarships up to \$25,000 to medical students in exchange for agreeing to practice in a rural area of the state for two years.



Louisiana has a targeted state loan repayment program aimed at physicians in federally designated health professional shortage areas as well as primary care providers. In 2022, the Legislature appropriated additional one-time COVID dollars to the primary care program. Louisiana has also made strides in recent years to grow its own instate pipeline of physician talent. In 2020, the Edward Via College of Osteopathic Medicine (VCOM) launched in Monroe, training over 150 future physicians in its inaugural year. In 2022, Ochsner Health in partnership with Xavier University announced plans to establish a joint College of Medicine to train future physicians.

Louisiana must continue to invest in these types of new programs, while also working to grow Louisiana's broader healthcare workforce pipeline over time. Health systems across the state have stepped up to develop programs and partner with both high schools and two and four-year institutions to increase the pipeline of healthcare professionals, from medical assistants to licensed professional nurses to nurse practitioners. These programs are providing results, but a more targeted strategy to develop healthcare workforce training models that can be efficiently replicated and scaled is needed. Additionally, funding for these types of public-private workforce partnerships must be deployed in a way that incentivizes educational institutions to respond to industry needs and incentivizes private sector employers to continue to bring their own resources to bear as well.

CHALLENGE: IMPROVE ECONOMIC DEVELOPMENT OUTCOMES THROUGH GREATER ALIGNMENT, BETTER TOOLS, AND MORE SUPPORT FOR INNOVATION AND ENTREPRENEURSHIP

To be effective, state-level economic development efforts must have proper alignment. This means that they must be designed to impact the right industry, investment, and job targets, and to deliver the desired outcomes. They must also have alignment with regional and parish programs across Louisiana.

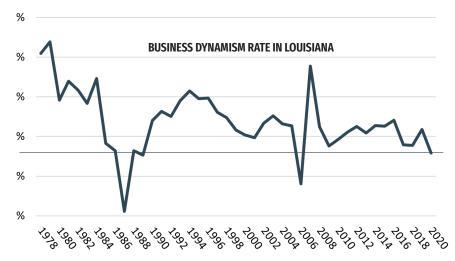
The design of any incentives should be refined to best mesh with desired targets and outcomes. In Louisiana, this includes the Industrial Tax Exemption Program (ITEP), which, in its current form, is seen as cumbersome for both industry and local governments. The ITEP approval process should be streamlined to ensure that manufacturers are fully incentivized to locate their capital in Louisiana and that the state and local governments can reap the maximum economic benefit from the program. A more detailed explanation of the ITEP program and recommended reforms is contained in summary on page 100 and in depth at la23.gov.

Certain states are doing a good job of evolving their incentive programs to meet changing needs and statewide goals.

- Economic development incentive programs are, on one hand, more fine-tuned while on the other hand addressing a broader range of goals than they did in years past. The State of **Indiana's** incentive program, which has 16 different offerings, provides a good example. It includes a traditional set of incentives based on Job Creation and Business Investment. But Indiana's focus areas now also include a) Redevelopment and Quality of Place; b) Innovation and Entrepreneurship; c) Research and Development; and d) Skills Training.
- Too many state incentives have supported long-established industries that are no longer growing or adding jobs. A better investment strategy is to support and incentivize successful companies in growing industries. In Kentucky, the Bluegrass Economic Advancement Movement (BEAM) offers training resources and grants to help "high potential" small and mid-sized businesses within the state begin exporting. BEAM's Regional Export Plan aims to increase exports by 50 percent within a five-year period.

In the introduction to this report, we noted Louisiana's poor ranking in innovation and among places to start a business. According to Kauffman Foundation research, our state also ranks 33rd in the early survival rate for new businesses. The business dynamism rate in Louisiana measuring company "births" versus "deaths" – has been in long-term decline, similar to national trends.

These challenges can be addressed by improving the business climate, tax structure, infrastructure, and talent supply. Economic development policies can also be adjusted to promote private sector investment in innovative technologies and new businesses. Another way to boost innovation and entrepreneurship is through direct investments in smaller, growing in-state companies and by promoting technology transfer and commercialization of innovative ideas from state universities.



Source: US Census, Business Dynamics Series (2022)

- An outstanding model for tech transfer from research universities is the University of Utah, recently rated by the Milken Institute as the nation's best university for tech transfer and commercialization. Utah was also ranked second in the nation for "innovation impact productivity" in a 2020 report by the George W. Bush Institute. The school's PIVOT Center assists with the commercialization process and evaluates projects to minimize risk. In 2022 the PIVOT Center reported \$22 million in licensing income, 307 patents filed, and 122 patents issued by university-related initiatives.
- The Texas Product Development and Small **Business Incubator Fund** provides long-term loans, typically between \$1 million and \$5 million each, for the commercialization of innovative products and to spur the growth of Texas small businesses. Firms must have at least a three-year track record. Targeted growth industries include biomedicine, biotechnology, semiconductors, and nanotechnology.
- More than 20 years ago, Ohio Third Frontier was started to provide early-stage investment capital to support technology innovation throughout the state. To date, Ohio Third Frontier has invested over \$2 billion, with funding through voter-approved bond issues. During its first 10 years it was credited with supporting 600 businesses, adding 60,000 jobs to the state, and leveraging more than \$5 billion in private investment.
- Some states have sovereign wealth funds that make direct equity investments with in-state companies. The State of New York's Common Retirement (pension) Fund is one example. That fund's In-State Private Equity Investment Program had \$1.6 billion invested in 537 firms located in New York State as of 2022. This supports employment of 41,860 at those companies. New York reports that their exited investments have had an internal rate of return of approximately 11 percent. New York also has \$200 million in the New York Credit Small Business Investment Company (SBIC) Fund.

GOING THE DISTANCE

ESTABLISHING A GOAL TO MOVE LOUISIANA FROM ITS CURRENT POSITION - NEAR THE BOTTOM OF MANY METRICS AND RANKINGS - TO A TOP-TIER ECONOMIC LEADER IN THE SOUTH BY 2030 IS BOLD, AUDACIOUS, AND SOME MIGHT SUGGEST IMPOSSIBLE.

But the Louisiana Association of Business and Industry believes that change requires new thinking. We believe we can provide more of our students with work-ready skills. We believe we can train or retrain more people for jobs that are in demand. We believe we can reform our tax code, restore insurance marketplace viability, and improve our legal system. We believe crime rates can go down and health outcomes can be improved. We believe new investments in our infrastructure will pay dividends. We believe we can have the best economic development programs and professionals in the country.

If we do the things that are recommended in this LA23 strategic plan, emulate those successful programs from other states that are the best fit for Louisiana, and work together, we can deliver greater opportunity and greater outcomes to the citizens of our state. We love Louisiana, and we believe 2023 is the year Louisiana will begin to make itself a national leader in economic prosperity.

"We are a state that always asks, what if this doesn't work, rather than what if it does."

– LA Business Leader Feedback

"When you are behind you gotta throw deep. It's time to take risks."

- LA Business Leader Feedback

"The prize is huge if we get this right. If we get it wrong, there is a tremendous risk to our state's future."

- LA Business Leader Feedback

PRODUCED BY WATERSHED ADVISORS

Louisiana needs to invest in its future by building an education system for lifelong learning. It's true that past reform efforts have elevated Louisiana as a leader in education policy: the work done in Orleans Parish post-Katrina, the increase in access to high-quality early childhood programs and services, and innovative initiatives in career and technical education like JumpStart, for example. Yet while Louisiana has seen considerable progress relative to the growth of other states—as evidenced by the Nation's Report Card (NAEP)—no governor has systematically implemented education reform across all levels. For too long, Louisiana's leaders have accepted an artificial fragmentation separating the different education systems from one another, rather than thinking of them as one state system of multigenerational, life-long education.

What follows is an outline of such a system of education, accessible to all Louisianans at all ages. This system would require a governor to articulate an ambitious vision for all levels, and to actively manage and lead all levels of the system in conjunction with others.

RECOMMENDATIONS

EARLY CHILDHOOD GOAL

All children in Louisiana enter their first day of kindergarten ready to learn, and families have the support they need to participate in the workforce.

RECOMMENDATION: Expand and sustain offerings for our youngest Louisianans, birth to age three

Louisiana needs to establish a robust and sustainably funded set of offerings for children birth to 3 years old, as Louisiana has successfully done for 4-year-olds. Without services for these children, Louisiana will continue to face workforce shortages, particularly among women, and the K-12 system will continue to receive children underprepared for kindergarten.

RECOMMENDATION: Make childcare more affordable in every community

Currently, the state sets a single, statewide daily reimbursement rate for all providers in the childcare assistance program (CCAP), regardless of where they are located. Louisiana should establish rural, suburban, and urban rates such that cities and small rural communities are reimbursed in accordance with the cost of care in their communities.

RECOMMENDATION: Expand access to licensed home-based family childcare

The option of home-based family childcare (FCCs) provides families an alternative to more formalized center-based care. Louisiana should create an optional family childcare license that would allow FCCs to serve up to 12 children after hiring additional staff. This will boost access to childcare for Louisiana's youngest children.

RECOMMENDATION: Ensure the early childhood community has a voice at the governance table

Just as the governor has historically reserved one appointed BESE seat for a representative of Louisiana's non-public schools, so too should one seat be reserved for the early childhood voice. BESE needs an appointee who can directly represent the early childhood community.



Policy Expressway Education Reform |

K-12 GOAL

Every Louisiana student can read by third grade, has strong math skills, and every graduate leaves high school with the skills they need to succeed in college, career, and life.

RECOMMENDATION: Provide every child a strong academic base – reading by grade 3 and proficient in math

Louisiana should build a strong academic plan for reading and math where every family is kept informed of and engaged in their child's unique literacy journey and progress toward building strong math skills. This plan should ensure every teacher is given access to high-quality, evidence-based instructional resources, training, and support to help every child learn to read and develop strong mathematical skills. This plan should also empower every school district to implement high-quality, evidence-based curriculum for both reading and math and offer robust educator professional development connected to the selected curriculum and aligned to state expectations.

RECOMMENDATION: Ensure all high school students graduate with industry-valued credentials, a post-secondary- ready diploma, and plan

Building on its past work, the state should continue to advance what it means to attain a high school diploma and support all graduates through their postsecondary transition. This means reimagining the high school experience beyond the simple pursuit of a high school diploma. In this new high school experience, students would be given the support they need to find a post-secondary path aligned with their interests and passions. Schools would aspire to ensure every student graduates with a high school diploma and is set up for postsecondary success.

RECOMMENDATION: End the teacher workforce shortage

Louisiana schools face two related challenges: educator compensation across the state is often not competitive, and there are continued workforce shortages. Louisiana should tackle these challenges by: 1) offering a competitive salary, 2) modernizing Louisiana's broken teacher retirement system, 3) offering maternity leave, 4) reducing barriers to entry into the profession while maintaining quality, and 5) meeting market demand for teachers.

RECOMMENDATION: Hold all schools accountable to high expectations for all students

Louisiana's accountability system is critical to driving continued improvement in student outcomes. To ensure Louisiana's accountability system continues to be ambitious for students, schools, and educators, the state should take two critical steps: 1) BESE must stand firm in its pre-pandemic commitment to higher expectations by 2025. BESE should always ask itself: "Is our new level of excellence good enough? Is it truly orienting our schools, teachers, and students toward the outcomes our students deserve?" 2) Elevate the high school diploma instead of eroding its requirements.

RECOMMENDATION: Expand high-quality school choice options

Louisiana's choice policies have expanded families' options beyond geographically-assigned public schools in many parts of the state. Louisiana should further expand high-quality school options by scaling high-dosage tutoring, education savings accounts, and high-capacity charters.

RECOMMENDATION: Prioritize school safety

Louisiana should convene an expert commission to evaluate school safety in the state, create a plan for ensuring the physical security of students and supporting students mental health and well-being. The state should implement this plan in partnership with local districts and schools to ensure they are given the resources and support needed to help their students.



HIGHER EDUCATION GOAL

Every Louisianan is provided a pathway to postsecondary training or degrees, and a fulfilling career in Louisiana.

RECOMMENDATION: Ensure students can access the training they need for a high-quality job in their communities

It is crucial for the Board of Regents (BOR) to create a stronger and more cohesive partnership with industry, to build better alignment between training programs and workforce demands. Together, the BOR and its management boards should ensure the workforce training programs in every region meet the needs of high-demand industries. By aligning educational offerings with specific industry needs, everybody wins: Louisiana retains its best and brightest, postsecondary institutions focus efforts on areas of greatest need, students secure strong jobs, employers hire a talented workforce, and regional economies and communities thrive.

RECOMMENDATION: Maximize TOPS' return on investment by allocating resources in alignment with state workforce needs

Louisiana should design a TOPS system with a dynamic funding model, placing greater value on students pursuing training for jobs in high-demand industries. In this redesign, Louisiana should also ensure the TOPS system more effectively considers students' financial needs. This new TOPS should also have better incentives for recipients to graduate with a credential or degree, and build stronger accountability measures for universities to support student degree completions.

RECOMMENDATION: Create an integrated higher education system aligned with regional workforce needs

Louisiana should consolidate governance with the Board of Regents (BOR) to truly manage and oversee the state's higher education institutions, including the institutions under the current Louisiana's Community and Technical College System (LCTCS) board. The BOR should have greater authority over the state's higher education funding and resources, not just its policymaking.

WORKFORCE GOAL

Every Louisianan has access to and preparation for high-wage, high-growth jobs.

RECOMMENDATION: Empower every community to address its unique workforce needs

A thriving workforce development system demands strong partnerships between state- and region-level leaders. Louisiana should create a structure for local coordination, as it has done in early childhood, empowering those closest to communities, employers, and employees to develop a plan for solving their unique workforce challenges. As the leaders of the workforce development efforts within their region, these captains would act as portfolio managers and coalition builders.

RECOMMENDATION: Empower a state-level workforce captain to make state workforce opportunities and dollars work for the constituents they are intended to serve

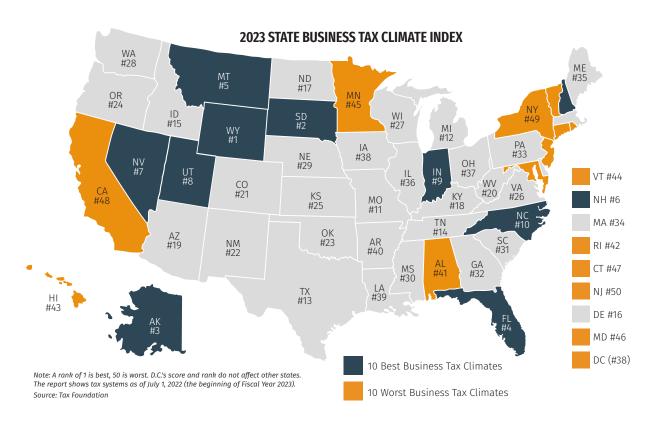
Louisiana needs to name a state-level captain for work-force development efforts. To best support the network of regional captains, the state-level leader would rally a wide coalition around a shared vision for workforce development in Louisiana—and be held accountable for executing on that vision. The captain would be charged with making Baton Rouge work for every Louisiana community, in support of regional workforce plans.

PRODUCED BY ADVANTOUS CONSULTING





Louisiana has one of the least competitive business tax climates in the country. The state's fiscal framework heavily relies on a comparatively large number of taxes with multiple brackets and a myriad of high rates that exceed national averages. In addition, Louisiana's tax code is riddled with complex administrative procedures that burden taxpayers with sometimes costly compliance issues which directly hinder the state's economic competitiveness.



While progress has been made in recent years to strategically reform the complexities of the state's tax code, the truth remains that Louisiana's existing tax system continues to put the state at an economic disadvantage both regionally and nationally. Rather than continuing to enact temporary, short-term solutions to fix long-term problems, Louisiana needs to strategically implement policies that encourage a tax system that is modern, fair, transparent, easy to comply with, and nationally competitive.



RECOMMENDATIONS

SALES AND USE TAX

RECOMMENDATION: Streamline and centralize state and local sales tax collections and administration.

Louisiana must streamline and centralize state and local sales tax collections and administration by creating an independent state and local sales tax authority run jointly by appointed representatives from local tax collection bodies, the Department of Revenue, and legislative leadership.

RECOMMENDATION: Modernize sales tax code to allow for a broader, uniform base and lower rates.

Louisiana should update its antiquated sales tax code to account for the digital transaction of final-end consumer products, allowing for a broader tax base and lower rates. To avoid pyramiding, any broadening of the sales tax base should not include business-to-business transactions.

INCOME AND FRANCHISE TAX

RECOMMENDATION: Lower and flatten corporate income tax rates.

Louisiana should consider moving its graduated corporate income tax structure to a single flat rate. Moving to a single rate will reduce the number of tax brackets, simplifying the corporate tax code for businesses.

RECOMMENDATION: Eliminate the corporate franchise tax.

As the Legislature continues to assess the effectiveness of automatic rate reduction triggers, they should simultaneously explore alternative methods to phase out the corporate franchise tax. Alternative statutory action may include modifying the existing trigger mechanisms so that the tax will automatically reduce in years when Louisiana has a budget surplus.

RECOMMENDATION: Flatten and eventually phase out the personal income tax.

Louisiana should move its graduated rate structure to a single flat rate with the goal of a complete repeal in the future. To do so, the Legislature should continue to utilize the automatic rate reduction triggers for individual income tax to allow for the implementation of fiscally responsible reductions to the tax based on actual collections.

ADMINISTRATION

RECOMMENDATION: Create a Comptrollers Division to oversee the functions of the state's fiscal agencies.

The creation of a Comptrollers division comprised of Louisiana's Department of Revenue, Department of Treasury, and Division of Administration, would provide Louisiana citizens, businesses, and policymakers with a one-stop resource to receive assistance on all fiscal matters, simplifying the overall structure and allowing for transparency between divisions.

PROPERTY TAX

RECOMMENDATION: Streamline Industrial Tax Exemption Program (ITEP) process.

To adequately serve as the state's foremost property tax abatement program, further simplification of the ITEP approval process is necessary. Louisiana should streamline the approval process at the state level and ensure that local governments have the necessary resources to properly evaluate ITEP applications to the extent they are involved in the approval process. Furthermore, if Louisiana lawmakers maintain the 80 percent abatement amount with local governments receiving 20 percent more property tax revenue from each qualifying manufacturer, they should proportionately reduce state funding to local governments.

RECOMMENDATION: Phase out the tax on business inventory.

State leadership should actively support and facilitate local governments exploring alternative revenue sources while gradually phasing out the inventory tax within a reasonable timeframe. As the inventory tax is phased out, the inventory tax credit should be proportionately reduced. Furthermore, the inventory tax credit should not be restricted or repealed as long as the inventory tax exists.

SEVERANCE TAX

RECOMMENDATION: Standardize and reduce the severance tax.

Louisiana should standardize the severance tax structure so oil and gas are both taxed by value. By moving to a value-based tax for both oil and gas, the severance tax rate will be set to align with the rise and fall of gas prices in real-time, providing the state and taxpayers more predictability and stability. This standardization will allow the state to reduce the severance tax rate to a more competitive rate with our neighboring states.

MOTOR FUEL TAX

RECOMMENDATION: Increase Louisiana's Motor Fuel Tax and expand it to account for increased use of alternative-fuel vehicles.

Louisiana should increase its tax on gasoline, motor fuels, and special fuels to increase the amount of revenue available to address the ever-growing backlog of infrastructure projects. While currently addressing the existing problem of inadequate revenue, the tax should also be indexed in a way that prevents future erosion of buying power. Furthermore, the legislature should explore ways of addressing the growing usage of electric and hybrid vehicles so that those highway users are also paying their "fair share". In the long run, it will be necessary for the State to implement a highway usage fee system that addresses the future realities of its transportation users.