Local economy sets records for 12 consecutive years

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The local economy has been steadily expanding since 1987, and has set records every year since then to become the state’s economic hot spot and a magnet in recent years for large call centers.

Those call centers and the announcement June 8 that Baton Rouge will be home to a high-tech commercial data center have kept moving an economy that is beginning this year to show some signs of weakness.

Of concern are a four-month drop-off in local sales tax collections that finally rebounded in April, and declines in home construction and sales.

Also, a budget crunch in state government and lower city-parish tax collections will put a pinch on public sector employment. State, local and federal government accounts for 63,700 jobs, up 2,500 jobs from a year ago, even though state government held its job count steady at 31,500.

Economists and Realtors said the weaker retail and home sales numbers compare to a tough-to-beat banner year in 1999, but say other factors are at work, too.

The area is experiencing a dip in plant expansions and industrial spending after a long spurt in recent years.

"You definitely see peaks and valleys in your collections," said Mark West, administrator for the Ascension Parish Sales and Use Tax Authority, which is seeing the same dip as Baton Rouge. West said in May that the drop-off is the result of a pull in major industrial construction.

Meanwhile, a string of six interest rate increases by the Federal Reserve to cool the overheated national economy is being cited as a culprit for the dip in home construction and sales from a year ago.

Reflecting that trend, perhaps, is a 206-job decline in the finance, insurance and real estate sector to 16,700 jobs.

Otherwise, Baton Rouge's economic indicators appear to be rocking along.

The local work force now stands at 308,300, which includes East and West Baton Rouge, Ascension and Livingston parishes. The unemployment rate dipped to 3 percent in April, the best Labor Department figures show.

In the past year alone, Baton Rouge's economy created 16,200 jobs, a 3.4 percent increase.

Baton Rouge accounts for more than half of the state's nonfarm job growth for the 12-month period through April.

During that same period, Louisiana added 16,900 jobs to the work force, a growth rate of less than 1 percent. The much slower statewide growth is attributed primarily to a slump over the last year in Louisiana's oil and gas industry. The slump followed a collapse in oil prices to around $10 per barrel during 1998 and early-1999. With prices rebounding to the $30 range and natural gas prices up significantly, a slow turnaround in the industry is expected by economists. The state work force now stands at 1.91 million.

One of Baton Rouge's employment secrets is its attraction to the so-called call centers. The centers handle customer calls for businesses that advertise products or services via toll-free numbers.

The centers cite Baton Rouge's college student population at LSU and Southern as a good source of workers for their part-time jobs and flexible work schedules.

Austen-based Broadwing Communications recently completed a consolidation of customer service centers from five cities to United Plaza in Baton Rouge. The company, which had about 50 people on Florida Street, grew with its re-location and consolidation to 230 workers at United Plaza. By year's end, the number will be about 300.

The center provides voice, data and Internet services through a fiber optic network to mostly business clients.

West TeleServices Corp. of Omaha, Neb., which had about 1,600 local employees at the close of last year, plans to add another 2,400 call center employees by the end of the year.

Meanwhile, Convergys Corp. of Cincinnati began call center operations this year at Bon Carré Town Center on Florida Boulevard. The company will employ 1,000 workers to handle calls for clients such as Microsoft and American Express.

Bon Carré, a mixed-use redevelopment of the former Bon Marché mall, also will be the site for Louisiana Technology Park. The park will have three components: a data center operated by Houston-based EDS, which will provide information technology services to area Internet companies; an incubator operated by Research Park Corp. to grow fledgling high-tech businesses; and 100,000 square feet of lease space provided by Bon Carré to house high-tech tenants that could make use of the data center.

Early estimates say the multi-million-dollar government Louisiana Technology Park project could create 2,000 high-paying jobs by 2005.

In Baton Rouge, the heart of the economy has been manufacturing, with about 24,400 high-paying jobs in that sector. Most of those workers are employed at the many chemical and petrochemical plants along the river.

Manufacturing is down 100 jobs since April 1999.

But state Labor Department figures show petroleum workers put in an average 47.3 hours per week, making $1,073.71 in salary, up from 45 hours per week and $900.65 a year earlier.

Wages at chemical plants were $22.70 an hour in April, up from $22.01 a year earlier.

In spite of the dip being noticed in industrial expansions, the construction sector — which is supported by ongoing maintenance at plants along with commercial and residential building and highway construction — grew through April by 3,700 jobs to 38,000, a 10.8 percent gain.

Though homebuilding is down from a year ago, spending on commercial construction was up 78 percent through March.

Contractors are busy building small offices and retail strip centers and apartments around town, while downtown's skyline is being lifted with a major convention hotel and a state office building that has an accompanying garage.

That reflects a growing retail and services sector in Baton Rouge.

Wholesale and retail trade employment also rose by 1,300 jobs in the 12 months ended in April, pushing that sector's employment to 70,500.

Service employment rose to 79,900, an increase of 2,900 jobs. That sector reflects in part the call centers and other major category such as business, health and legal services.

Posting a slight gain was the transportation, communication and public utilities sector, up 10 jobs to 14,100.