



# JOINT ECONOMIC COMMITTEE DEMOCRATS



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BACKGROUND ANALYSIS

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## POTENTIAL ECONOMIC IMPACTS OF HURRICANE KATRINA

Hurricane Katrina is a natural disaster for the United States that is unprecedented in recent history, with devastating human costs and massive property losses. While concern for the victims is paramount, it is also natural to ask about the likely economic consequences of this disaster. This document provides an assessment of those likely consequences, but it is important to recognize that there is still a very high degree of uncertainty involved.

### Overview

The conventional economic wisdom about natural disasters, based on experience with past hurricanes, earthquakes, and floods, is that there is often considerable disruption to the localized affected area in the short-term, but that in the end there is little effect evident in the national economic statistics. The loss of life and property in a disaster is a permanent loss. But reconstruction often begins quickly, and the economic activity of reconstruction generates jobs, output, and income that offset at least some of the losses from the disruption of economic activity due to the disaster.

Many analysts now think that the economic effects of Katrina will be qualitatively similar to those of past disasters, but on a much larger scale, with more risks that will need to be monitored. Estimates of the human costs and property losses remain highly speculative, but at this point they appear to be considerably greater than those of previous disasters. The disruption to the nation's energy and transportation infrastructure in the Gulf region and the need to evacuate the city of New Orleans for an unknown period of time will certainly reduce economic activity in the region in the short term, and it may take longer than usual for economic activity to recover. The country will also have to rise to meet the challenges posed by the dislocation of so many people who

will need housing, the means to meet basic needs, and access to health care and education for their children.

Although the supply of energy from the Gulf region has been reduced, policy actions and market responses have mitigated the effects of that disruption and reduced the risk of serious energy supply shortages nationwide. The damage to the region's energy infrastructure, while considerable, appears to be less than what was feared in the earliest stages of speculative assessment. Nevertheless, energy markets were tight and prices were high before Katrina, so even if the sharp price increases following Katrina prove to be a short-lived spike, the underlying high level of energy prices will continue to be a burden on consumers and a drag on the economy.

Ballpark estimates of the damages to residential and business property and infrastructure from Katrina are \$100 billion or more. In economic terms, those damages represent a permanent loss in national wealth and hence in future consumption. Resources that would have been used for consumption or new investment will now have to be used to repair or replace damaged or lost homes, businesses, and public infrastructure. However, reconstruction spending will create jobs, generate income, and add to the gross domestic product (GDP), so the loss of wealth and capital from Katrina may not be particularly evident in the GDP and employment statistics, which measure current economic activity.

The Congressional Budget Office (CBO) has issued a widely cited estimate of the macroeconomic effects of Katrina in which they estimate that the hurricane and flooding could lower the annual growth rate of real (inflation-adjusted) GDP by ½ to 1 percentage point in the second half of this year

and reduce employment growth over the rest of the year by about 400,000 jobs. CBO notes that prior to Katrina, most economic forecasters had been expecting economic growth of 3 to 4 percent in the second half of the year and employment growth of 150,000 to 200,000 jobs per month. Thus, according to these estimates, Katrina would reduce real GDP and employment growth compared with what they would have been for the rest of the year, but both would likely continue to be positive. Finally, CBO expects that economic growth and employment will likely rebound in 2006 as reconstruction activity moves into high gear.

The outlines of CBO's assessment are echoed by other forecasters. The consensus view appears to be that jobs and growth will be reduced below their pre-Katrina trend for the rest of the year, but are likely to bounce back in 2006 with a period of above-trend GDP and job growth. In at least one mainstream forecast, the stimulus from post-Katrina spending is sufficient to raise the levels of employment and GDP in 2006 above where they were expected to be in the pre-Katrina forecast.

Congress has already appropriated \$62.3 billion for Katrina relief activities and more will be coming. That spending will

obviously increase the budget deficit in the near term, but if the money is focused on relieving the distress of victims and is sensibly targeted to appropriate reconstruction activity, it need not have a significant effect on the long-term budget outlook.

Arguments for tax cuts to stimulate the economy in the face of the damage done by Katrina seem particularly misplaced. The substantial necessary direct spending on relief and reconstruction should by itself provide considerable short-term stimulus that will cushion the macroeconomic shock from Katrina. Additional stimulus would run the risk of additional inflationary pressure in 2006. Moreover, tax cuts (and wasteful or mismanaged spending) done in the name of Katrina relief or reconstruction are likely to repeat the mistakes of the 2002 and 2003 tax cuts, which provided limited job creating "bang-for-the-buck" in the short term but added to the long-term structural budget deficit.

The rest of this document analyzes the economic effects of Hurricane Katrina in greater detail using a question and answer format. The topics are arranged in three broad categories: macroeconomic effects, energy infrastructure, and characteristics of the victims.

## Macroeconomic Effects

*Question:* Will the economic damage from Katrina cause a recession?

*Answer:* A recession from Katrina seems unlikely at this point. There has been a massive shock to economic activity in the Gulf region that has sharply reduced output and employment in that region. On balance, however, overall U.S. growth and employment are likely to remain positive (though lower than they otherwise would have been) for the rest of 2005, and economic activity should begin to revive in the region.

Relief, recovery, and reconstruction spending are expected to be substantial, which should boost growth in output and employment both in the region and in the overall economy in 2006. Growth rates in real (inflation-adjusted) gross domestic product (GDP) and in employment should be higher in 2006 than they were expected to be pre-Katrina. As a result, the levels of real GDP and employment are expected to rebound and get back to where they were projected to be in pre-Katrina forecasts for 2006. If the stimulus from reconstruction spending is strong enough, real GDP and employment could be higher in 2006 than they were expected to be prior to Katrina.

To get a sense of the magnitudes involved, the gross state product of Louisiana is about 1.3 percent of U.S. GDP and that of Mississippi is about 0.7 percent of U.S. GDP, including economic activity that was not affected by Katrina. There are about 800,000 jobs in the three hard-hit Gulf metropolitan statistical areas (New Orleans-Metairie-Kenner, Gulfport-Biloxi, and Pascagoula), out of a total U.S. payroll employment of about 134 million.

Forecasters generally saw the U.S. economy growing at a 3 to 4 percent annual rate before Katrina, with employment growing at a rate of 150,000 to 200,000 jobs per month. The Congressional Budget Office made a preliminary estimate that Katrina would shave ½ to 1 percent off the growth rate for the second half of 2005 and cut employment growth over the next four months by a total of about 400,000 jobs. But CBO stated that economic growth and employment would most likely rebound in the first half of 2006 as rebuilding accelerates. Other forecasters have roughly similar outlooks though, like CBO, many do not give a precise quantitative assessment of the 2006 effect (**Table 1**).

Table 1

### Estimated Effects of Hurricane Katrina on Economic Growth

	2005: 2 <sup>nd</sup> Half	2006: 1 <sup>st</sup> Half	2006: 2 <sup>nd</sup> Half
Change in projected growth of real gross domestic product (percentage points, annual rate)			
Treasury (Secretary Snow)	-0.5	n/a	n/a
Congressional Budget Office	-0.5 to -1.0	n/a	n/a
Economy.com	-0.6	0.7	0.5
Goldman Sachs	-1.3	n/a	n/a
Macroeconomic Advisers	-0.4	0.8	0.3
Wall Street Journal Survey	-0.5	n/a	n/a

Source: U.S. Treasury Secretary Snow on Bloomberg Television, Sep 9, 2005; Congressional Budget Office letter to Senator Frist, Sep 6, 2005 (<http://www.cbo.gov/ftpdocs/66xx/doc6627/09-06-ImpactKatrina.pdf>); Economy.com, September 19, 2005; Goldman Sachs US Economics Analyst, Issue No: 05/36, Sep 9, 2005; Macroeconomic Advisers, Sep 6, 2005; Wall Street Journal, "Gauging Katrina's Impact", Sep 8, 2005.

*Question:* Is the impact on GDP the best measure of the economic impact of Hurricane Katrina on the U.S. economy?

*Answer:* GDP is a measure of current economic activity, not national wealth, and gives an incomplete picture of the economic impact of Hurricane Katrina. And, of course, GDP does not capture the substantial non-economic human costs from the loss of life and dislocation associated with Katrina.

The destruction of residential and business property and the damage to public infrastructure such as bridges, highways, and levees is a loss of capital that does not show up directly in the GDP. What does show up in the GDP is the loss of current economic activity supported by that capital, which is a much smaller dollar amount on an annual basis than the value of the capital stock itself. However, that annual GDP loss gets repeated year after year over what would have been the useful life of the lost capital.

Much of the capital stock damaged or destroyed by Katrina will be repaired or replaced. That investment will contribute to GDP in the same way that any other spending would, and that is why the reconstruction activities associated with Katrina are expected to restore the level of GDP in 2006 to what it would have been without Katrina. However, resources devoted to restoring lost wealth are resources that must be diverted from current consumption or new investment. GDP may show only a small temporary dip from Katrina, but our standard of living is nevertheless reduced by the loss of capital.

Finally, GDP is an aggregate measure and does not reflect the fact that the economic disruption from Katrina is not spread evenly but is being borne by a relatively small fraction of the population (though a large number of people in absolute terms) who are dislocated. Many of these people have lost their homes and their livelihoods and face an uncertain economic future.

*Question:* What is the magnitude of the property damage from Hurricane Katrina, and how does that compare with other recent disasters?

*Answer:* Estimates of the property damage from Katrina are in the neighborhood of \$100 billion to \$125 billion and could go higher. Almost half the total economic loss from Katrina is the result of the New Orleans flood. The damage from Katrina far exceeds the economic damage from Hurricane Andrew, which was about \$44 billion in today's dollars (**Table 2**).

As with past disasters, only a fraction of the losses from Katrina are insured. Estimates of the privately insured losses in this disaster range from \$14 billion to \$40 billion and do not reflect losses due to flooding. Although there are no official estimates of privately insured water damage, one catastrophe modeling firm expects at least \$15 billion of claims related to the flooding in New Orleans. Together, these estimates suggest that the total privately insured losses from Hurricane Katrina will be substantially higher than those from Hurricane Andrew, which was, up to now, the most costly insured loss (**Table 3**).

Some of the losses from flooding in this disaster will be covered by federal flood insurance. Private insurance companies do not offer basic flood insurance for residential and smaller commercial properties. Flood insurance is available to property owners through the National Flood Insurance Program (NFIP), a federal program administered by the Federal Emergency Management Agency (FEMA). Private insurers do offer flood coverage in excess of the NFIP limits or in place of federal insurance for large (multi-million dollar) commercial properties. Private companies also provide flood coverage for vehicles if the policyholder elects comprehensive coverage.

Table 2

## Costliest U.S. Hurricanes 1900-2004

Rank	Hurricane	Year	Category	Damage (billions of 2004 dollars)
1	Andrew (SE FL, SE LA)	1992	5	43.7
2	Charley (SW FL)	2004	4	15.0
3	Ivan (AL/NW FL)	2004	3	14.2
4	Hugo (SC)	1989	4	12.3
5	Agnes (FL, NE U.S.)	1972	1	11.3
6	Betsy (SE FL, SE LA)	1965	3	10.8
7	Frances (FL)	2004	2	8.9
8	Camille (MS, SE LA, VA)	1969	5	8.9
9	Diane (NE U.S.)	1955	1	7.0
10	Jeanne (FL)	2004	3	6.9

Source: National Weather Service, National Hurricane Center

Table 3

## The Ten Most Costly Insurance Losses, United States

Rank	Peril	Date	Insured loss (\$ millions)	
			Dollars when occurred	In 2004 dollars <sup>1</sup>
1	Hurricane Andrew	Aug. 1992	15,500	20,869
2	World Trade Center, Pentagon terrorist attacks <sup>2</sup>	Sep. 2001	18,800	20,035
3	Northridge, CA earthquake	Jan. 1994	12,500	15,933
4	Hurricane Charley	Aug. 2004	7,475	7,475
5	Hurricane Ivan	Sep. 2004	7,110	7,110
6	Hurricane Hugo	Sep. 1989	4,195	6,391
7	Hurricane Frances	Sep. 2004	4,595	4,595
8	Hurricane Jeanne	Sep. 2004	3,655	3,655
9	Hurricane Georges	Sep. 1998	2,900	3,361
10	Tropical Storm Allison	Jun. 2001	2,500	3,099

<sup>1</sup> Adjusted to 2004 dollars by the Insurance Information Institute.

<sup>2</sup> Property coverage only.

Source: ISO; Insurance Information Institute.

*Question:* How will Hurricane Katrina affect the labor market?

*Answer:* Employment in the Gulf region took an immediate hit from Katrina. At least some of that job loss will only be temporary and there will be new jobs associated with reconstruction, but the New Orleans area in particular will experience abnormal labor market conditions for some time to come.

Nationally, the immediate job losses from Katrina could overwhelm job growth elsewhere in the economy and produce a net loss of payroll jobs in September. The unemployment rate will almost surely be pushed higher as well. On October 7, the Bureau of Labor Statistics (BLS) will issue its report on the September employment situation, and it is unclear at this point whether the BLS will be able to identify the effect due to Katrina.

In the following months, payroll employment *growth* will be faster than it otherwise would have been as jobs come back in the Gulf region and new jobs are created as a result of reconstruction. But it will take some time, especially in New Orleans, to restore employment in the Gulf region to what it was before Katrina. As a result, the *level* of employment will take time to recover to what it would have been in the absence of Katrina. Similarly, the unemployment rate will most likely begin to come down, but it will also take time to erase fully the excess unemployment created by Katrina.

These shocks from Katrina have taken place against the backdrop of a labor market that was continuing to show the effects of a protracted jobs slump following the 2001 recession. Although the recession ended in late 2001, payroll employment continued to decline until May 2003. At this point in the recovery from the 1990-91 recession, the economy had created 4.4 million more jobs than have been created in the current recovery. Labor force participation has not increased as it usually does in a recovery and there is still evidence of hidden unemployment. Finally, wage growth has been sluggish in the face of rising consumer prices, especially for energy and health care.

*Question:* What will be the impact of Hurricane Katrina on consumer prices and inflation?

*Answer:* Most directly, Katrina will raise consumer prices in the short run by boosting energy prices. Energy prices rose sharply in the immediate wake of Katrina as petroleum, natural gas, and refined product supplies were substantially reduced. Since then, energy prices have abated somewhat, and the Department of Energy projects that that abatement will continue in coming months as crude oil production, refinery throughput, and natural gas production pick up. However, energy prices are not currently projected to fall back to their pre-Katrina levels over the near term.

In August, the Consumer Price Index for all urban consumers (CPI-U) rose by 0.5 percent, reflecting a 5 percent rise in energy prices over July's level. The contribution of Katrina to the August increase in the CPI-U is probably very small, however, as the hurricane struck the Gulf Coast late in the month. Most analysts expect the full brunt of Katrina's impact on prices to show up in the September data (which will be released in mid-October).

The volatility of energy prices following Katrina will introduce volatility into month-to-month changes in consumer prices, but Katrina should not permanently increase inflation, in and of itself. The sharp rise in energy prices owing to Katrina is temporary and therefore Katrina's impact on overall inflation will appear to be a spike, peaking in September. After that, the inflation rate might return to its pre-Katrina trend (2 to 2½ percent increases at an annual rate).

Currently, the Department of Energy forecasts that the September rise in the average retail price of gasoline will be somewhere in the range of 11 to 27 percent. Increases of that magnitude in gasoline prices alone would raise the CPI-U by 0.4 to 1.1 percentage point in September. Rising prices for residential natural gas and electricity would further add to the spiking of consumer prices due to Katrina in September. But

subsequent declines in energy prices from their September peaks would hold down the overall inflation rate. Forecasters are predicting that the net impact of these fluctuations is that Katrina will raise the average annual rate of CPI-U inflation by 0.7 to 1.0 percentage point in the second half of the year.

*Question: How will Katrina affect the Federal Reserve's monetary policy decisions?*

*Answer:* Believing that interest rates are below the level consistent with long-run price stability, the Federal Open Market Committee (FOMC) has been raising its target for the federal funds rate (the rate banks charge each other for overnight loans) at what it calls a "measured pace" since June of last year. Ten increments of one-quarter point each raised the federal funds target from 1 percent to 3.5 percent before Katrina.

At its first post-Katrina meeting on September 20, the FOMC raised its target for the federal funds rate by another quarter point. The announcement accompanying the decision retained the language about removing policy accommodation at a measured pace, implying that further rate hikes lie ahead. The Fed describes monetary policy as "accommodative" when interest rates are below the level they believe to be consistent with long-term price stability.

If there were a significant risk to the economic recovery from Hurricane Katrina, the prudent course for monetary policy would be to hold off on further interest rate hikes to head off that risk. The FOMC noted the tragic toll in the Gulf region from Katrina and the resulting increase in uncertainty about near-term economic performance, but it concluded that monetary policy accommodation and strong underlying productivity growth were providing ongoing support to economic activity.

*Question: The consensus among economists seems to be that the economy is strong enough to overcome the effects of Hurricane Katrina without recession-level reductions in GDP and employment. What are the risks to that assessment?*

*Answer:* Katrina has raised the level of downside risk in the near-term economic outlook. For one thing, the hurricane did nothing to diminish the near-term risks already present prior to Katrina such as the risk of a sudden decline in housing prices across the country or the risk of a sudden flight from the dollar by foreign holders of U.S. securities. Katrina has also increased our vulnerability to further energy shocks in the near term: the hurricane season is by no means over and it would not take a hurricane of Katrina's unusual strength to cause substantial additional disruption to the already hard-hit Gulf region. With respect to energy global production capacity for crude oil is tight, so further disruptions would almost surely raise energy prices even more than Katrina has.

## **Energy Infrastructure**

*Question: What has been the overall impact of Hurricane Katrina on energy markets?*

*Answer:* Hurricane Katrina substantially disrupted oil and gas production, but the damage to rigs, refineries, and pipelines is turning out to be less severe than was believed in the first days after the hurricane struck. Those less pessimistic assessments of the damage to infrastructure along with the availability of crude oil and refined product from European and Asian inventories as well as the Strategic Petroleum Reserve have

tempered the impacts of the hurricane on oil prices. As a result, the adverse direct effects of the hurricane on curtailing oil and gas supplies and raising prices may be relatively short-lived.

However, energy prices were already high before Katrina, and even though the immediate price spikes that occurred the week of the hurricane are abating, projections of gasoline and natural gas prices over the next several months are higher than they were immediately before Katrina.

*Question: What has happened to petroleum and natural gas production in the Gulf of Mexico?*

*Answer:* According to the Minerals Management Service of the Department of the Interior, on August 30, over 90 percent of oil production and nearly 90 percent of natural gas production in the Gulf of Mexico was shut in (waiting to be brought back on line for safety or other reasons). But the amount of shut-in capacity has declined sharply since then: about 56 percent of normal oil production and 34 percent of normal gas production remained shut in, as of September 16. Just 84 of 819 manned platforms in the Gulf remain evacuated and only 2 of 134 rigs are currently evacuated.

The normal daily production rate in the Gulf of Mexico is about 1.5 million barrels of oil per day and about 10 billion cubic feet of natural gas per day. In 2004, oil production from the Gulf of Mexico represented about 27 percent of total U.S. daily oil production and about 7 percent of daily U.S. oil consumption. Normally, natural gas production from the Gulf of Mexico represents about 19 percent of daily U.S. natural gas production and 16 percent of daily U.S. natural gas consumption.

*Question: What has been the impact of Hurricane Katrina on petroleum refining?*

*Answer:* Much of the refining capacity lost during the Hurricane has been restored. As of September 16, according to information from the Energy Information Agency, four refineries appear to have sustained major damage and will remain shut down “for an extended period.” The shutdown of those four represents a loss of 879,200 barrels of daily production, or about 14 percent of the capacity of all affected refineries. That is equivalent to roughly 5 percent of all U.S. refining capacity.

*Question: What has been the impact of Hurricane Katrina on energy prices?*

*Answer:* Energy prices had already been rising for some time before Katrina struck the Gulf Coast, and the hurricane’s effect has been to exacerbate that upward trend. The surge in the prices of some energy sources in the immediate wake of Katrina has receded somewhat as the destruction of energy producing capacity has turned out to be less severe than was first thought. Even so, Katrina has reduced the supply of oil and natural gas in an environment where demand was relatively strong and inventories relatively low. Energy prices have risen as a result.

Oil prices rose sharply in the days following Katrina but dropped back below their pre-Katrina levels once it became clear that short-term demands could be met by reallocating inventories. On August 23 (the Tuesday before Katrina struck), the spot price for West Texas Intermediate (WTI) crude petroleum was \$65.37 per barrel, \$19.76 higher than a year earlier. One week later, on August 30, the price of WTI oil had risen by \$4.45 to \$69.82 per barrel. In subsequent weeks, however, most rigs and platforms in the Gulf were recovered, pipelines to working refineries were restored, and supplies of crude oil from the Strategic Petroleum Reserve as well as European and Asian stockpiles were released. The price of WTI fell to \$63.12 per barrel on September 13, below the peak price after the hurricane, but is still about \$19 above the level a year ago.



Other energy prices remain above their pre-Katrina levels. Gasoline supplies were particularly hard hit by Katrina as the hurricane hit just before Labor Day when driving demands for gasoline are strong. Gasoline inventories were not particularly flush when Katrina struck and the hurricane shut down several pipelines that are critical to the distribution of gasoline to the East Coast and the Midwest. On August 29, the average nationwide retail price of regular grade gasoline was \$2.61 per gallon, about 74 cents above the pump price a year earlier. By September 5, gasoline prices had risen to \$3.07 per gallon nationwide, with the highest average prices in the East and Midwest. Since then, gasoline prices have come down somewhat but not yet below their levels prior to Katrina.

Natural gas prices also rose sharply after Katrina and have yet to return to pre-Katrina levels. Over the week ending August 26, the price of natural gas at the Henry Hub in Louisiana was \$9.70 per million Btu, nearly 84 percent higher than a year earlier. Over the following week, in the immediate aftermath of the hurricane, the Henry Hub price rose by nearly 21 percent, to \$11.69 per million Btu. The price of natural gas has fallen off slightly since then, though prices remain more than double last year's level.

The Department of Energy expects oil and natural gas prices to continue abating throughout the near term but not to the point where they fall below their levels prior to the hurricane. That means that prices will be substantially higher than they were last year and consumers will feel that squeeze even more acutely during the winter heating season. The Department projects that between October and March, petroleum prices will be 34 percent higher than last year and natural gas prices are likely to be 52 percent higher. Many electric-power plants are powered by natural gas and the Department predicts that consumer expenditures on electricity will be 11 percent higher this year than they were last year.

## Characteristics of the Victims

*Question:* Who are the victims of Hurricane Katrina?

*Answer:* About 1.7 million people lived in the Gulf Coast metropolitan statistical areas hit hardest by Katrina (**Table 4**), including almost 450,000 in the city of New Orleans itself (Orleans Parish). The proportion of the population under age 18 was slightly higher than the national average and the proportion aged 65 and older was slightly lower. The proportion of African Americans in the population was substantially higher than the national average, and more than two-thirds of the population of New Orleans was African American.

*Question:* What are the economic characteristics of Katrina's victims?

*Answer:* Many of Katrina's victims lacked the economic resources to escape from the storm or recover quickly in its aftermath. In 2004, median household income was \$37,246 in the New Orleans MSA and \$36,812 in the Biloxi-Gulfport-Pascagoula combined MSA, compared with \$44,684 for all U.S. households (**Table 5**). Median household income in Orleans Parish was \$31,369.

Twenty-three percent of people in Orleans Parish had income below the poverty line, as did 38 percent of children under age 18. The comparable national poverty rate is 13 percent overall and 18 percent for children. Almost 12 percent of the labor force in Orleans parish was unemployed.

More than one in five households in Orleans Parish did not own a vehicle, and less than half the households owned a home. Nationwide, fewer than one in ten households does not own a vehicle, and about two-thirds of households own a home.

About one-quarter of households in the New Orleans MSA received Social Security, slightly less than the proportion nationwide (**Table 6**). In Orleans Parish, over eight percent of households received SSI benefits and nearly 11 percent received food stamps, both higher than the national average.

Table 4

Demographics, 2004

	Total Population	Percent of the population under age 18	Percent of the population aged 65 and over	Percent of the population that is black	Percent of the population that is Hispanic
<b>LOUISIANA</b>					
New Orleans MSA	1,313,694	25.7	10.9	38.1	4.9
Orleans Parish	444,515	26.3	11.3	67.9	3.2
<b>MISSISSIPPI</b>					
Biloxi-Gulfport-Pascagoula combined MSA	363,966	26.1	11.6	22.9	2.5
U.S.	285,691,501	25.5	12.0	12.2	14.2

Source: U.S. Census Bureau, 2004 American Community Survey, available at <http://factfinder.census.gov>

Note: National estimates are from the American Community Survey and may differ from national estimates based on the Current Population Survey.

Table 5

Economics

	Median Household Income	Percent of the Population Living in Poverty	Percent of Children Living in Poverty	Percent Unemployed	Percent Without Vehicles	Percent Homeowners
<b>LOUISIANA</b>						
New Orleans MSA	37,246	14.9	25.2	8.0	11.2	61.1
Orleans Parish	31,369	23.2	38.1	11.8	21.2	46.8
<b>MISSISSIPPI</b>						
Biloxi-Gulfport-Pascagoula combined MSA	36,812	16.1	21.7	8.0	4.4	67.0
U.S.	44,684	13.1	18.4	7.2	8.8	67.1

Source: U.S. Census Bureau, 2004 American Community Survey, available at <http://factfinder.census.gov>

Note: National estimates are from the American Community Survey and may differ from national estimates based on the Current Population Survey.

Table 6

Government Benefits

	Percent of Households Receiving Social Security	Percent of Households Receiving SSI	Percent of Households Receiving Public Assistance	Percent of Households Receiving Food Stamps
<b>LOUISIANA</b>				
New Orleans MSA	24.6	4.8	1.4	7.2
Orleans Parish	23.2	8.4	2.6	10.8
<b>MISSISSIPPI</b>				
Biloxi-Gulfport-Pascagoula combined MSA	28.8	2.7	3.0	8.7
U.S.	26.5	3.8	2.4	7.2

Source: U.S. Census Bureau, 2004 American Community Survey, available at <http://factfinder.census.gov>

Note: National estimates are from the American Community Survey and may differ from national estimates based on the Current Population Survey.