

**THE ECONOMIC IMPACT OF
CREDIT UNIONS ON, THE LOUISIANA ECONOMY**

By

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EXECUTIVE SUMMARY

Louisiana's 199 individual credit unions are an important financial sector in the Louisiana, providing services to over 1.2 million members (up 56% since 1991) in the state. Members are typically able to obtain small to medium size loans from their credit union at more favorable rates and with less restrictive lending requirements than at other financial institutions.

Key financial measures for credit unions, such as assets, savings levels and loan volumes, have enjoyed an almost unbroken track of growth over the past 24 years, a record that is much more favorable than the record of the Louisiana economy as a whole.

As employers:

- Credit unions employ 3,646 people in Louisiana, a figure greater than employment in 5 of Louisiana's 64 parishes;
- In the last 24 years, employment has steadily grown, more than doubling and falling in only one year (only -0.6%), while total state employment fell in six separate years over the same period. Credit union employment is widely distributed across the state, with residents in 49 of 64 parishes working in credit unions.

As wage and salary payers:

- Annual wages paid to the average credit union employee have enjoyed a steady upward growth over the past 24 years, growing faster than the average wage for Louisianans.
- In 1991, the average wage of credit union workers was 5% greater than the average wage for Louisianans; today that gap is 26.5%.
- In 2014, total compensation paid to all credit union employees was \$204.3 million, a figure approximately equal to the earnings of all beverage manufacturing, textile manufacturing, and apparel manufacturing employees in Louisiana combined.
- There were credit union employees earning compensation in 49 of the state's 64 parishes in 2014. There were four parishes in Louisiana where credit union employees enjoyed more than \$10 million in annual earning.

In addition to providing very helpful and competitive financial services for its members, credit unions are significant job and earnings generators in the state as well.

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THE ECONOMIC IMPACT OF CREDIT UNIONS ON THE LOUISIANA ECONOMY

I. Introduction

Most citizens in Louisiana find themselves frequently in need of basic financial services. Perhaps they need a place to park their cash on payday, or they want a checking account to avoid carrying large amounts of cash. They may need a loan to finally buy that house or to make a smaller purchase, such as a car or a dining room set. Those who are able to save may want a place to safely store their money and earn interest on it.

If their checking accounts are typically on the smaller side, these people may find it difficult to find an institution willing to provide a checking account without charging sizeable fees. Some institutions may be uninterested in making smaller loans, or they are constrained by strict lending standards that eliminate a potential borrower with a less than pristine credit history. Other lenders, such as payday lenders, may be more than happy to fill the void but also charge exorbitant interest rates on their loans.

Credit Unions as Lenders & Deposit Holders

There is a financial institution designed to specifically fill the financial needs of many citizens: credit unions. Credit unions are member-owned, non-profit financial cooperatives that raise capital through member deposits. Each credit union member has an equal vote on the institution's policies, regardless of the size of the member's deposit.

Credit unions are specifically designed to make small, medium and some large loans to members. Because credit unions are not-for-profit, do not pay corporate income taxes, and are

owned by its members, credit union earnings are returned to members in the form of lower interest rates on loans and higher rates on deposits. Credit unions have evolved electronically along with the rest of the financial industry and now provide ATMs, credit cards, debit cards, online banking and other professional services.

Credit Unions: The Taxation Issue

Credit unions do not pay income taxes on their earnings, as they are treated as not-for-profit entities under the Internal Revenue Service Code. While that means that they do not face taxation at the entity level (as most, but not all, banks do), it does mean they are obligated to plow their earnings right back into their members' pockets. In effect, these earnings are taxed at the member level rather than the entity level.

Consider both a borrower and a saver at a credit union. Suppose a member has a savings account at a credit union. The interest earned on that savings is higher than an equivalent account the saver could earn at a bank. This is because the credit union has to give any profits back to their members, and in this case that means a higher interest rate on deposits. Because the saver earns higher interest than at the bank, the saver pays more income tax than if he or she borrowed from a bank.

Consider the other end of the spectrum—the borrower at a credit union. The member has a mortgage from a credit union, and the interest paid on that loan is lower than an equivalent mortgage obtained from a bank. This is because the credit union is required to give any profits back to members, and in this case that means a lower mortgage interest rate. As a result, the borrower will have that much less mortgage interest to deduct on her tax return and in turn, will pay higher taxes than if the mortgage had been secured through a bank.

The result? Credit unions do not pay taxes at the entity level because their customers end up doing that for them. Credit unions may be thought of as a pass-through firm in this way, like an LLC or an S-corporation. Banks have the inverse business model and pay taxes at the entity level (or their shareholders do in the case of an S-corporation bank), but their customers pay lower taxes than they would if they did their business at the credit union.

Report Outline

The purpose of this report is to estimate the economic impact of the credit union sector on the Louisiana economy. In Section II, we describe credit union activity from a financial standpoint, including assets, savings, membership, and loan volumes. Section III addresses credit unions as a source of jobs and earnings in the state. Section IV contains a summary and conclusions.

II. Credit Union Activity in Louisiana

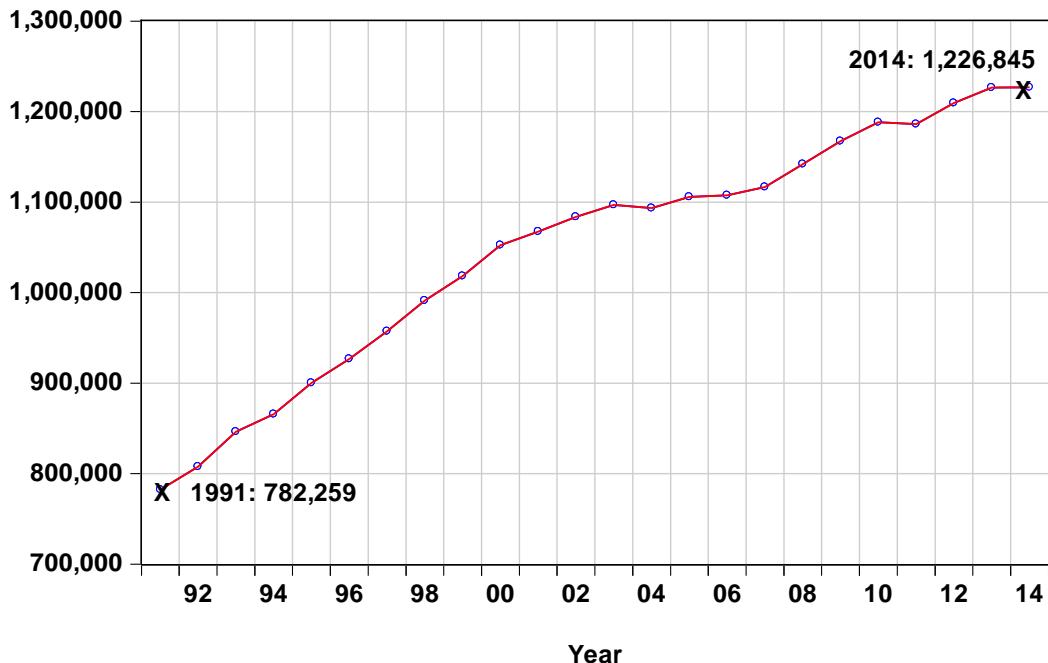
If the reader was uncertain about the importance of the credit union sector in the Louisiana economy, a few central statistics will solidify the point.

Credit Union Membership

For example, in 2014 there were **1,226,845 members** served by almost 200 different credit unions in the state. As seen in Figure 1, this represents a 56% jump since 1991.

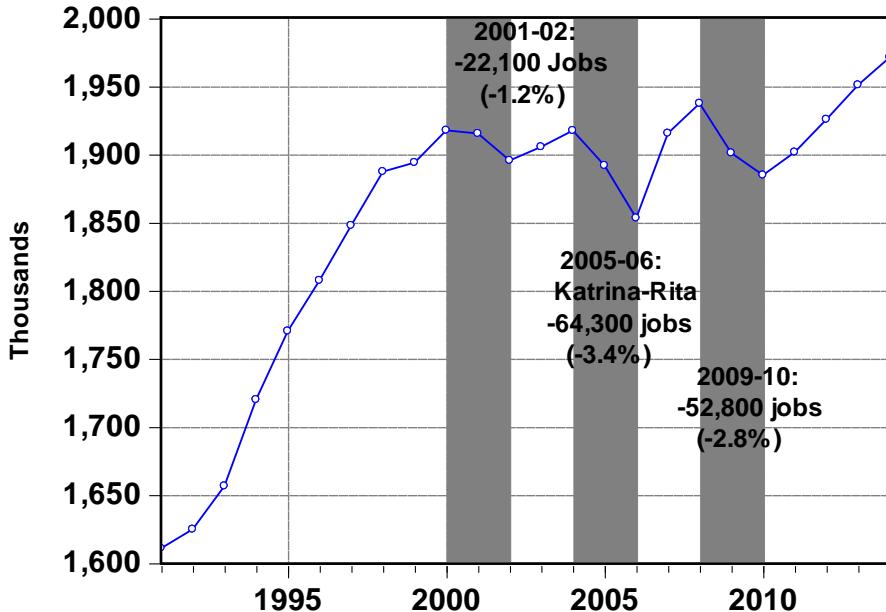
Note two other interesting points about the data in Figure 1. First, by this measure credit unions have been a real growth sector. Over this 24-year period, membership in credit unions fell in only two years—2004 and 2011—and even then by tiny amounts.

Fig. 1: Total Members Credit Unions in Louisiana



Secondly, the most rapid growth in membership occurred between 1991 and 2000. As it turns out, the somewhat slower growth since 2000 mimics the general behavior of the state's economy as seen in Figure 2. Louisiana enjoyed rapid growth from 1991 to 2000, but since then the state has been through three significant downturns: (1) the 2001 national recession, (2) the hit from Hurricanes Katrina and Rita, and (3) the Great Recession at the national level over 2008-10. A comparison of Figures 1 and 2 reveals clearly that credit unions in Louisiana fared much better than the economy as a whole, especially over the tumultuous post-2000 period.

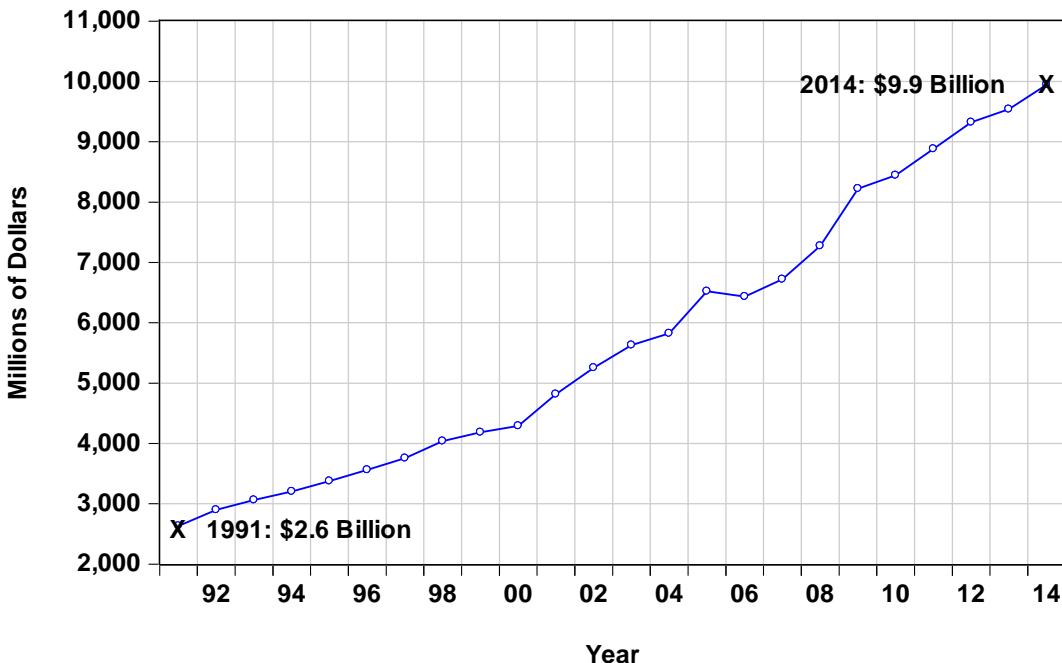
Fig. 2: Louisiana Non-Farm Employment: 1991-2014



Credit Union Assets

Another indicator of credit union strength in Louisiana is both the volume and trend in credit union assets. The trend in assets is shown in Figure 3. **Credit union assets in 2014 were in excess of \$9.9 billion**, a number that has more than tripled since 1991. The only year in which assets declined in this sector was 2006 (a Hurricanes Katrina and Rita effect), and even then the drop was only 1.4%. Interestingly, a casual perusal of the line in Figure 3 reveals the growth rate in credit union assets grew noticeably faster after 2000, in contrast to membership growth.

Fig. 3: Total Assets Credit Unions in Louisiana



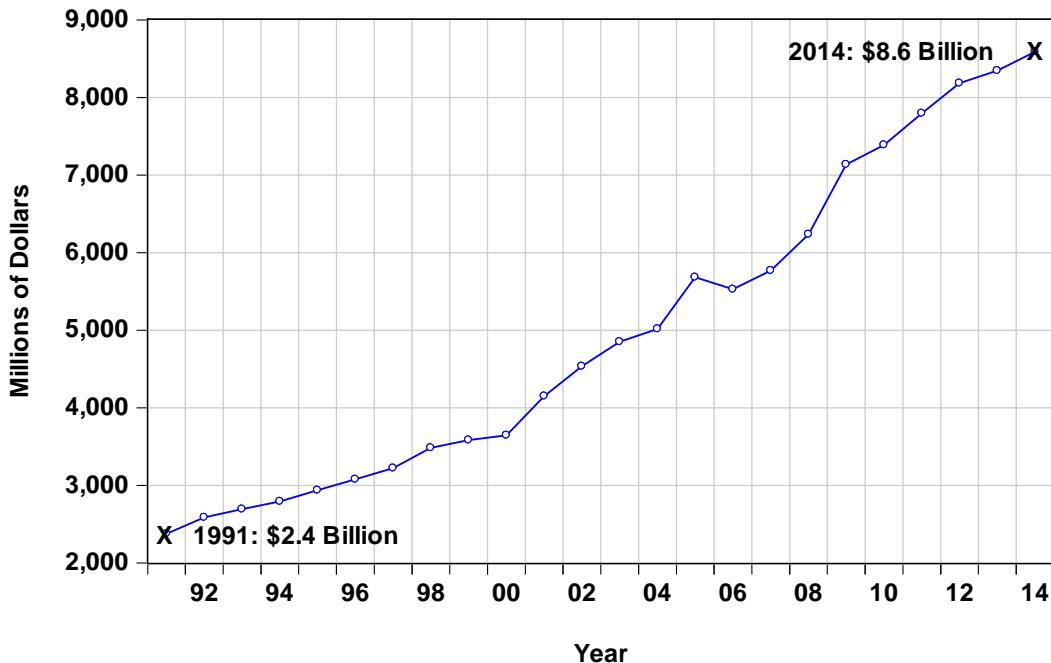
Of course the assets of credit union assets are tied to the **savings** of its members.¹ Indeed, over the past 24 years savings were equal to about 87% of credit union assets. The track of member savings is illustrated in Figure 4 and tracks very closely the pattern of assets in Figure 3. Savings volumes at credit unions have more than tripled over the past 24 years. Like asset volume, savings volumes have risen steadily since 1991, falling only in 2006. Readers will recall that 2006 was the first full calendar year after the devastation caused by Hurricanes Katrina and Rita.

An examination of the average size of the savings account in Louisiana's credit unions reveals the nature of the market to which credit unions appeal—workers all across the spectrum of the labor market, from the lowest paid worker to the CEO. In 2014, the average savings per member was just over **\$7,000**. The variance around this average will be very wide, ranging from jumbo CDs of over \$100,000 to smaller savings accounts measured in the hundreds of dollars.

¹ The cash the credit union receives from the savings account is an asset but the account is a liability on the income statement.

With the exception of the slight Hurricanes Katrina and Rita related decline in 2006 savings volumes have risen smartly post-2000.

Fig. 4: Total Savings at Credit Unions in Louisiana



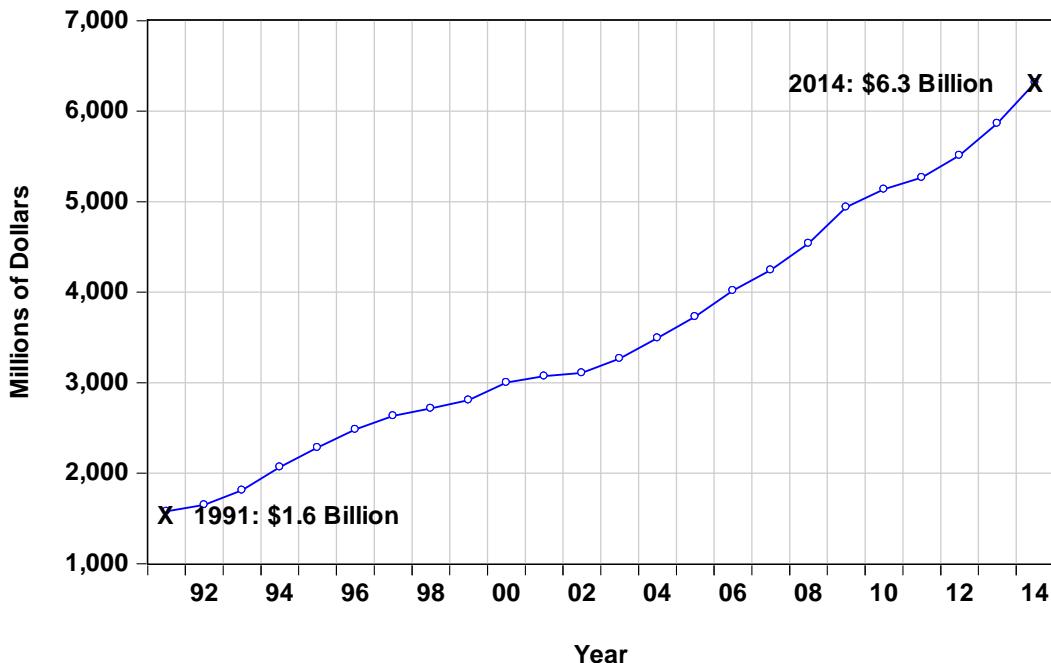
Credit Union Loans

Figure 5 traces loan volumes at credit unions in the state over 1991-2014. Loan volume is another indicator that credit unions are a healthy, growth sector in the state. Loan volume has demonstrated a solid growth path over the past 24 years without a single year of decline. It is notable that loan growth by Louisiana credit unions continued to increase throughout the Great Recession of 2008-10. In 2014, **credit unions in the state made \$6.3 billion in loans**, nearly quadrupling the 1991 level.

There are two other points worth mentioning about loans at credit unions. First, a key market for credit unions is **consumer loans** to its members, such as the purchase of a car, furniture or appliance. This is a primary opportunity for credit unions to provide financing at much more

favorable rates and conditions than other options open to the member. By their nature, consumer loans tend to be among the smaller loans and this is reflected in the average loan data in Figure 6. In 2014, **the average loan at a credit union was only \$10,340.** Loans of this size often are provided at other financial institutions at an interest rate much higher than what is available at the credit union.

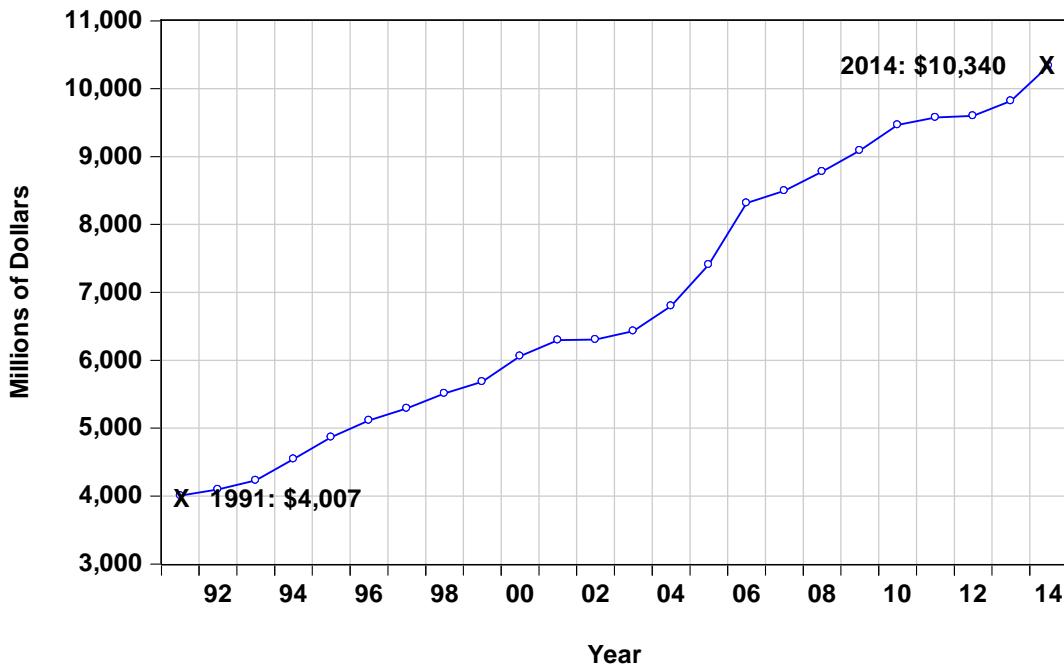
Fig. 5: Total Loans Credit Unions in Louisiana



Federally-chartered credit unions (approximately 80% of Louisiana credit unions are federally-chartered) are bound by an 18% interest rate cap on most loans and are not permitted by law to charge pre-payment penalties on loans. Many credit unions have payday loan alternatives that serve to help members break the payday lending habit, a major service to lower income members. In this regard, Louisiana is in the top five states for credit unions who have received the “community development financial institution (CDFI)” designation, granted after the credit union

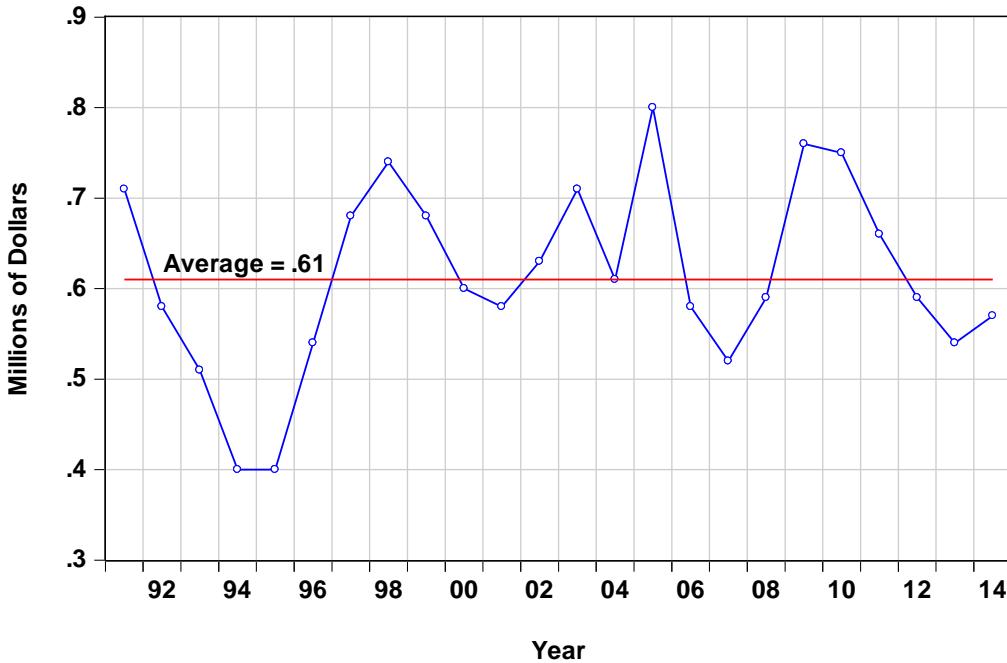
applies and proves that it will provide a range of services for low income communities. Many Louisiana credit unions also have NCUA's similar "low income designation".

Fig. 6: Average Loan at Credit Unions in Louisiana

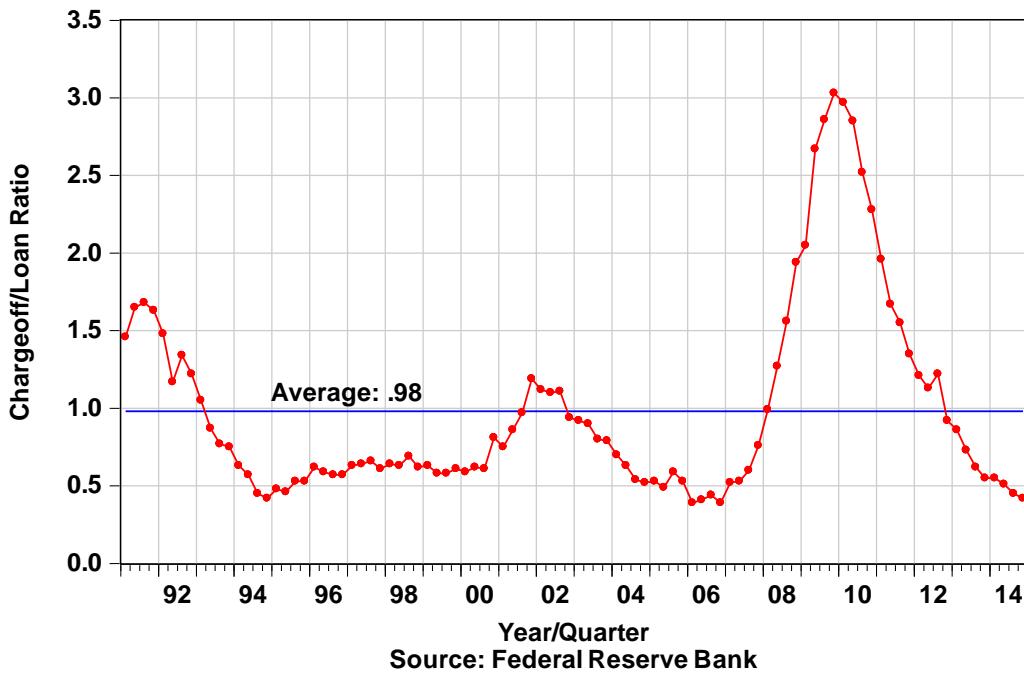


There is a second important point about credit union loans which speaks to the strength of this sector of the Louisiana economy. Credit unions manage these consumer loans in a way that results in relatively small charge offs due to loan failure. Note in Figure 7 that: (1) charge offs as a percentage of loans has never exceeded .80 over the past 24 years, and (2) the **average charge off to loan ratio was only .61 over this period.**

Fig. 7: Charge Offs to Loans Ratio Credit Unions in Louisiana



In contrast, Figure 8 illustrates the charge offs to loans ratio in all the commercial banks over 1991-2014. In these institutions, the average charge off ratio was .98, which is noticeably higher than that for credit unions. However, it should be pointed out that banks are making loans across a wider spectrum than credit unions and, as a result, their loans are more susceptible to the vagaries of the national economy. Indeed, note the spikes that occurred in the national recessionary years of 1991, 2001, and especially the Great Recession years of 2008-10. Absent these recession-effects, bank charge-off ratios are comparable to those of Louisiana credit unions.

Fig. 8: All U.S. Commercial Bank Chargeoff Rates

III. Credit Unions as Employers

In this section of the report, credit unions are examined from a standpoint as employers.

Credit unions provide both jobs and incomes to citizens of the state.

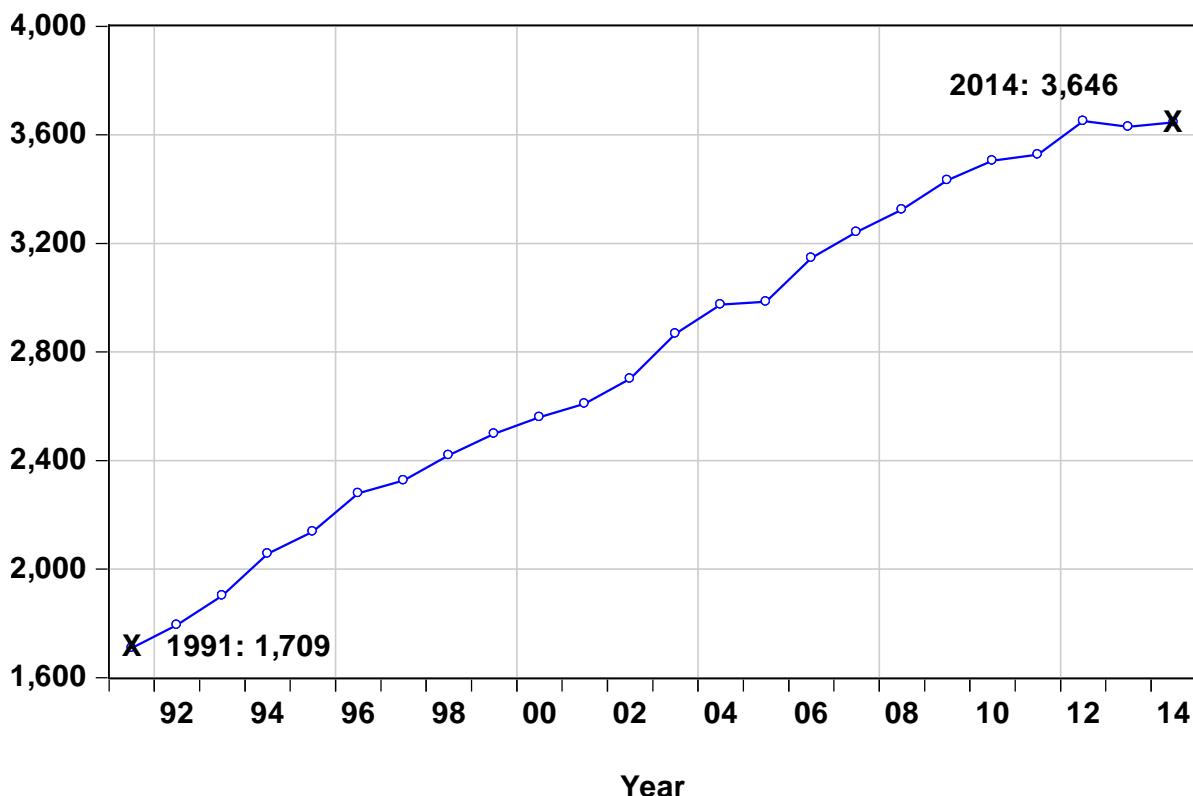
Employment in Credit Unions

As employers, credit unions have done a much better job of creating jobs over the past 24 years than the state. A glance back at Figure 2 will remind the reader that total non-farm employment in the state has not grown in a straight line since 1991, with two national recessions and Hurricanes Katrina and Rita arresting growth on three different occasions. Non-farm employment in Louisiana rose from 1,610,800 in 1991 to 1,971,400 in 2014, a 22.4% increase.

By contrast, note the pattern of employment growth in credit unions in Louisiana as shown in Figure 9. Over the same 24-year time frame, employment at credit unions was far more stable

and more than doubled during that period. While the state experienced six years of absolute decline that ranged from -0.2% to -2% (on average -1.2%), credit union employment only declined in 2013 by 0.6%. Credit unions have been impressive job-generators even during very difficult times in the Louisiana economy.

Fig. 9:Total Employment in Credit Unions in Louisiana



Note in Figure 9 that in 2014 there were **3,646 people employed in credit unions** in Louisiana. As a reference point, there are five parishes in Louisiana that have fewer than 3,646 people employed.² This figure is slightly more than total employment in Catahoula Parish (3,565).³

² Louisiana Workforce at a Glance, Louisiana Workforce Commission, April 28, 2015, p. 17.

³ Ibid.

Distribution of Credit Union Employment across the State

Readers may be interested in how credit union employment is distributed across the state. The Louisiana Workforce Commission (LWC) has provided that information for the third quarter of 2014—the most recent breakdown available. This data is shown in the third column of Table 1.

Table 1

Distribution of Credit Union Employment & Wages across Parishes: 2014-III

Parish	Units	Average Employment	Total Annual Wages Paid**
ACADIA	3	13	\$448,888
ALLEN	*	*	*
ASCENSION	10	86	3,324,988
ASSUMPTION	0	0	0
AVOYELLES	3	5	143,344
BEAUREGARD	3	22	672,212
BIENVILLE	0	0	0
BOSSIER	12	146	5,269,924
CADDOW	31	284	12,002,528
CALCASIEU	19	198	7,246,924
CALDWELL	0	0	0
CAMERON	0	0	0
CATAHOULA	0	0	0
CLAIBORNE	*	*	*
CONCORDIA	*	*	*
DESOTO	*	*	*

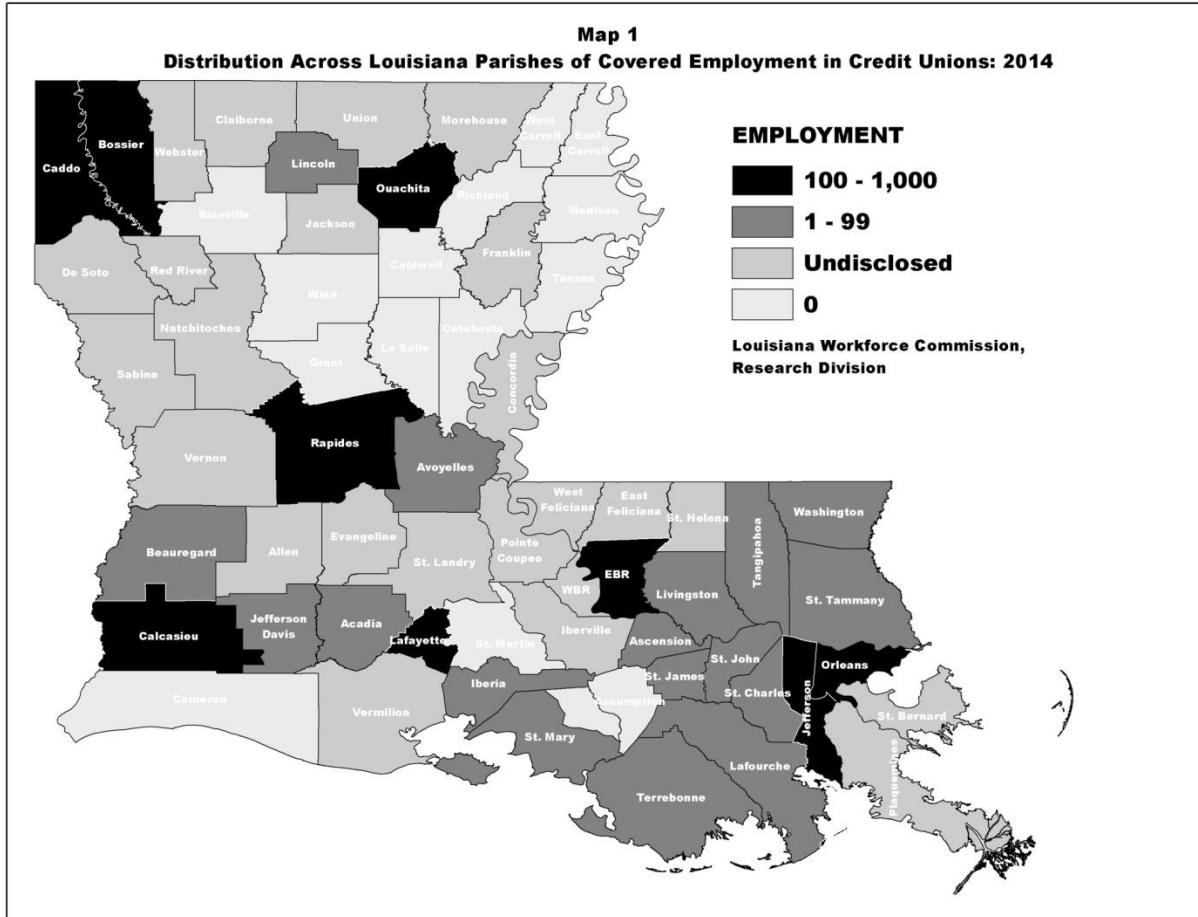
E. BATON ROUGE	49	879	41,121,884
E. CARROLL	0	0	0
E. FELICIANA	*	*	*
EVANGELINE	0	0	0
FRANKLIN	*	*	*
GRANT	0	0	0
IBERIA	3	10	316,376
IBERVILLE	*	*	*
JACKSON	*	*	*
JEFFERSON	39	304	11,391,784
JEFF. DAVIS	3	8	71,760
LAFAYETTE	13	142	5,204,984
LAFOURCHE	3	8	234,776
LASALLE	0	0	0
LINCOLN	5	28	1,067,876
LIVINGSTON	9	69	2,628,696
MADISON	0	0	0
MOREHOUSE	*	*	*
NATCHITOCHES	*	*	*
ORLEANS	32	268	10,997,212
OUACHITA	14	187	7,133,140
PLAQUEMINES	*	*	*
POINTE COUPEE	*	*	*
RAPIDES	21	151	5,580,232
RED RIVER	*	*	*
RICHLAND	0	0	0
SABINE	*	*	*
ST. BERNARD	*	*	*

ST. CHARLES	5	26	944,384
ST. HELENA	*	*	*
ST. JAMES	5	27	885,248
ST. JOHN	4	44	1,486,720
ST. LANDRY	*	*	*
ST. MARTIN	0	0	0
ST. MARY	3	8	182,524
ST. TAMMANY	12	81	2,764,488
TANGIPAHOA	6	33	1,090,416
TENSAS	0	0	0
TERREBONNE	4	28	833,432
UNION	*	*	*
VERMILION	*	*	*
VERNON	*	*	*
WASHINGTON	7	28	889,876
WEBSTER	*	*	*
W. BATON ROUGE	*	*	*
W. CARROLL	0	0	0
W. FELICIANA	*	*	*
WINN	0	0	0
TOTAL	359	3,361	\$133,389,264

Source: Louisiana Workforce Commission

Credit union employment is very broadly spread across the state with employment in 49 of Louisiana's 64 parishes. In some cases the number of reporting credit unions is small enough that disclosure rules prohibit the LWC from releasing specific employment data for the parish. In those cases an asterisk appears in the third column of Table 1. It is probably not surprising to find that credit union employment is heavily concentrated in the metropolitan

statistical areas of the state, as this is where the largest concentrations of the population exist. This phenomenon is vividly illustrated in Map 1.

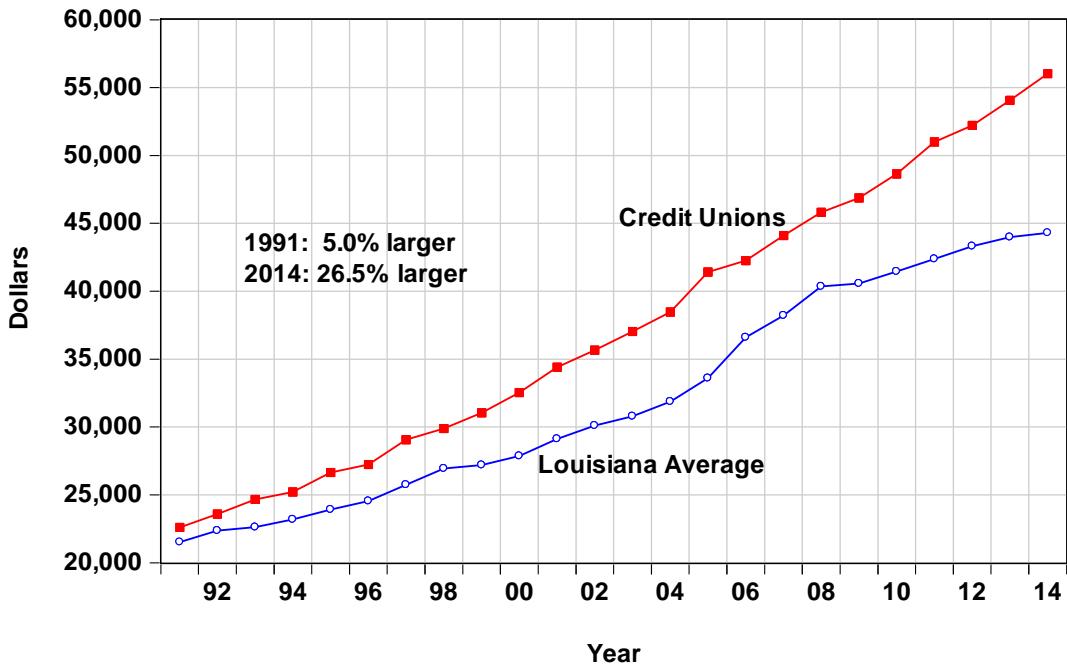


East Baton Rouge Parish had by far the largest concentration of credit union employment in the state with 879 workers in 2014-III, followed by Jefferson Parish (304), Caddo (284) and Orleans (268). However, there are five other parishes in Louisiana where credit union employment exceeded 140 workers.

Earnings in Credit Unions

Figure 10 tracks the average annual wage for credit union workers versus the average annual wage for Louisianans as a whole. Several interesting conclusions pop out from a review of Figure 10. First, note the steady, uninterrupted rise of credit union wages for the past 24 years. Even in the devastating post-Hurricanes Katrina and Rita year of 2006, wages for credit union workers managed to increase. Secondly, it is noteworthy that the average annual wage for credit union workers has been consistently higher than that for Louisianans in general.

Fig. 10: Annual Wage in Credit Unions Versus Louisiana Average



Finally, the wage gap between credit union workers and the average worker in the State has been widening for the past 24 years. In 1991, the difference between the two wages was only 5%. By 2014 that difference had widened to 26.5%. Since 2009, the gap has widened at a more pronounced rate as credit union wages continued its steady rise, while the average wage for Louisianans took on a much slower growth path post-2008.

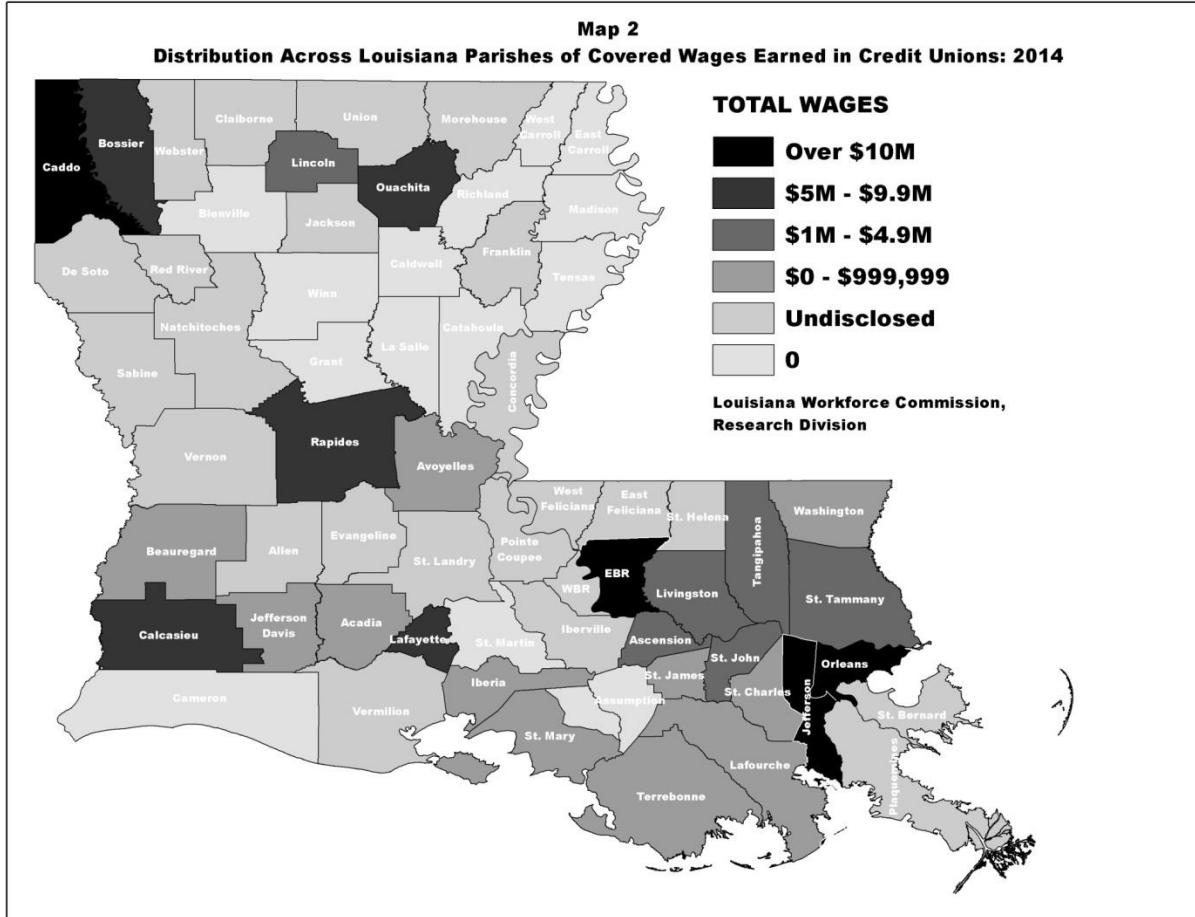
In 2014, **the total compensation paid to all credit union workers in Louisiana was \$204.3 million.** As a reference point, this is approximately equal to the total earnings of all workers in Louisiana's beverage manufacturing, textile mills, and apparel manufacturing sectors combined in 2013.⁴

Distribution of Credit Union Earnings across the State

The last column of Table 1 shows the distribution of earnings of credit union workers across the State. **There were four parishes in Louisiana where credit unions generated more than \$10 million a year in earnings for its workers in 2014-III:** (1) East Baton Rouge - \$41.1 million, (2) Caddo - \$12.0 million, (3) Jefferson - \$11.4 million, and (4) Orleans - \$11 million. There are 10 other parishes in Louisiana where more than a million dollars a year was paid to credit union workers in 2014-III. Measurable amounts of credit union earnings were paid out in 49 of Louisiana's 64 parishes.

Map 2 provides a visual presentation of credit union earnings patterns across Louisiana. Like credit union employment, earnings of these workers are heavily concentrated in the metropolitan areas of the state, especially so on or below I-10, where larger concentrations of the state's population reside.

⁴ www.bea.gov.



IV. Summary & Conclusions

Louisiana's 199 individual credit unions are an important financial sector in the Louisiana, providing services to over 1.2 million members (up 56% since 1991) in the state. Members are typically able to obtain small to medium size loans from their credit union at more favorable rates and with less restrictive lending requirements than at other financial institutions. Key financial measures for credit unions, including assets, savings levels and loan volumes, have enjoyed an almost unbroken track of growth over the past 24 years, a record far more favorable than the record of the Louisiana economy as a whole.

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- Credit unions employ 3,646 people in Louisiana, a figure greater than employment in 5 of Louisiana's 64 parishes;
- In the last 24 years, employment has steadily grown, more than doubling and falling in only one year (only -0.6%), while total state employment fell in six separate years over the same period. Credit union employment is widely distributed across the state, with 49 of 64 parishes being home to credit unions.

As wage and salary payers:

- Annual wages paid to the average credit union employee have enjoyed a steady upward growth over the past 24 years, growing faster than the average wage for Louisianans.
- In 1991, the average wage of credit union workers was 5% greater than the average wage for Louisianans; today that gap is 26.5%.
- In 2014, total compensation paid to all credit union employees was \$204.3 million, a figure approximately equal to the earnings of all beverage manufacturing, textile manufacturing, and apparel manufacturing employees in Louisiana combined.
- There were credit union employees earning compensation in 49 of the state's 64 parishes in 2014. There were four parishes in Louisiana where credit union employees enjoyed more than \$10 million in annual earning.

In addition to providing very helpful financial services for its members, credit unions are significant job and earnings generators in the state as well.

APPENDIX

Impact of Loss/Gain Credit Union Jobs

In sections II and II what economists call the “direct” impacts of credit unions on the state was described. Credit unions are not only a significant provider of financial services at a very reasonable cost to borrowers, but they are also significant creators of jobs and earnings in Louisiana. What if a policy change took place causing the credit union industry in Louisiana to either add or lose 1,000 jobs? Would the impact on the state just be the gain and/or loss of those 1,000 jobs, or would other industries in the state be impacted as well?

Methodology

It is a well-established principle that business activities have both direct and indirect (**multiplier**) impacts on the economy. The **direct impact** of credit unions on income and employment in Louisiana can be measured by the jobs and earnings documented in section III.

The Multiplier Effect

However, these direct impacts alone would significantly underestimate the role of the credit unions on the economy. The reason is that credit union operations will result in these firms buying from, and selling to, many other firms in the economy. Employees of credit unions spend money at grocery stores, car dealerships, movie theaters, etc., creating new earnings in those establishments that are then spent.

Thus, any change in the activity of a particular industry **indirectly** affects these other companies and their employees, which in turn affects firms that buy from and sell to these firms

and employees, etc. For example, when a decision is made by a firm that creates a new job, a chain-reaction is started which works its way throughout the economy. This chain-reaction (multiplier effect) causes even more jobs to be created. For example, think of the Louisiana economy as a large economic pond. Into that pond a new rock is dropped called "1,000 new jobs in credit unions". However, when that rock hits the pond it sends ripples all the way out to the edge of the pond. It is these ripples that we refer to as the "multiplier effect".

The Input-Output Table

The major difficulty lies in attempting to quantify these multiplier impacts. Fortunately, a technique has been developed for precisely this purpose---an **input-output (I/O) table**. An I/O table is a matrix of numbers that describes the interactions between all industries in a geographical area. The I/O table provides a complete picture of the flows of products and services in an economy for a given year, illustrating the relationship between producers and consumers and the interdependencies of industries in a region.

An I/O table for the Louisiana economy has been constructed by the U.S. Bureau of Economic Analysis. This is the same agency that produces estimates of real gross domestic product, personal income and other key economic measures for the U.S., state, and regional economies. Data on credit union expenditures in the state were plugged into the BEA's RIMSII model to estimate separately three impacts of gaining 1,000 jobs in credit unions on the Louisiana economy: (1) *new sales* for firms in the state; (2) *new household earnings* for state residents; and finally; (3) *new jobs* in the state. (The results from the I/O table are symmetric. The numerical effects from gaining 1,000 jobs will be the same as losing 1,000 jobs except all the impact numbers will be negative in the job loss case.)

The “Cannibalization or Substitution” Issue

Those familiar with economic impact studies know that when conducting an impact study of a “feeder” industry (such as a financial institution, hospital, retail trade store, beauty shop, etc.) one has to take into account the cannibalization issue. That is, if some policy or regulation is passed that favors credit unions and causes the industry to add 1,000 jobs, it is likely that growth comes from simply taking away business from some other financial group, such as banks or other lenders.

The cannibalization issue does not exist for a “basic” industry like a new steel mill for example. This is a brand new economic driver coming to the region. It is not taking away business from any other steel mill nearby. All of its construction and operational spending represents new monies being injected into the economy.

The cannibalization issue means when we present the impact results below, the impacts will be over-stated to the extent that the 1,000 new jobs are simply taken away from other financial institutions in Louisiana.

Impacts of Gaining/Losing 1,000 Credit Union Jobs

Data provided by the Credit Union National Association (CUNA) on operational expenses and employment in Louisiana credit unions were used to estimate the impact—both direct and indirect—on the state’s economy of adding 1,000 jobs in credit unions. The results are shown in Table A-1.

Table A-1
Total Impacts of Adding 1,000 New Credit Union Jobs

Impact	Amount
New Business Sales*	\$164.9
New Household Earnings*	\$112.1
New Permanent Jobs	2,433
New Indirect State Taxes*	\$7.8
New Indirect Local Taxes*	\$5.6

*Sales, earnings, and tax figures are in millions of dollars

Clearly the impacts on the State's economy would be non-trivial. According to the I/O table adding 1,000 new credit union jobs would create: **(1) \$164.9 million in new sales at firms in Louisiana, (2) \$112.1 million in new household earnings for residents of Louisiana, (3) a total of 2,433 new jobs, (4) an additional \$7.8 million in new taxes for the state treasury and (5) an additional \$5.6 million in new monies for treasuries of local governments.**

Some reference points may help the reader place these impact numbers in perspective:

- The \$112.1 million in household earnings generated:
 - In 2013, there were eight parishes in Louisiana where total wages and salaries of parish residents are less than \$112.1 million.⁵
 - This number is slightly larger than total wages and salaries earned by all residents in Madison Parish in 2013 (\$111.0 million).⁶
 - In 2013, all workers in Louisiana's electrical equipment and appliance manufacturing sector earned \$113 million.⁷

⁵ www.bea.gov

⁶ Ibid.

⁷ Ibid.

- The 2,433 new jobs:
 - Implies a job multiplier of 2.4 for credit unions. This means for every new job created in a credit union in the State, there are 1.4 jobs created elsewhere in Louisiana via the multiplier effect.
 - This is larger than total employment in Tensas (1,622) or East Carroll (1,901) Parishes.⁸

It is important to note that the impact results from the I/O table are symmetrical. That is, if some policy change occurred that **destroyed** 1,000 jobs in credit unions a negative sign would be placed in front of all the numbers in Table 2.

Impacts across Industries

Readers may be interested to learn which industries are the major beneficiaries of the indirect or multiplier effects of credit union activity in Louisiana. The I/O table makes it possible to break out the indirect effects across industries. Table A-2 shows these I/O table estimates of the distribution of the \$164.9 million of sales impacts across sectors in the State.

Table A-2
Sales Impacts across Industries

(Millions)

Industry	New Business Sales
Professional, Scientific, and Technical Services	\$49.2
Real Estate and Rental and Leasing	\$24.7
Health Care and Social Assistance	\$16.0
Retail Trade	\$11.9
Finance and Insurance	\$9.8
Manufacturing	\$9.7
Other Services	\$8.6

⁸ Louisiana Workforce at a Glance, Louisiana Workforce Commission, April 28, 2015, p. 17.

Food Services and Drinking Places	\$5.2
Wholesale Trade	\$5.2
Information	\$4.2
Administrative and Waste Management Services	\$4.0
Transportation And Warehousing	\$3.7
Utilities	\$2.9
Educational Services	\$2.0
Accommodation	\$1.9
Arts, Entertainment, and Recreation	\$1.4
Mining	\$1.4
Construction	\$1.2
Management Of Companies and Enterprises	\$1.1
Agriculture, Forestry, Fishing, and Hunting	\$0.8
Households	\$0.0
Total	\$164.9

By far, the largest benefits go to the **professional/scientific/technical sector**, which picks up \$49.2 million (30%) of the sales benefits from adding the 1,000 jobs in credit unions. Key operating expenses for credit unions are data processing services, loan servicing, and professional services (attorneys, CPAs, etc.), all of which fall in the professional/scientific/technical sector. Other sectors that pick up more than \$10 million in sales are (1) real estate/rentals/leasing (\$24.7 million), (2) healthcare (\$16 million) and (3) retail trade (\$11.9 million). There are five other sectors listed in Table A-2 where the sales gains are between \$5 million to \$9.9 million.

A significant portion of the sales gains listed in Table A-2 will end up in the pocketbooks of households in the state. Table A-3 provides the I/O table estimates of the distribution of the new \$112.1 million in household earnings across sectors of the state's economy. Of this total, \$57.1 million would be direct earnings of the 1,000 new credit union employees. An additional \$55 million in household earnings is created via the multiplier effect.

It should be no surprise that a large portion of these indirect earnings (\$23.6 million) goes to workers in the high-wage professional/scientific/technical sector. This is followed by workers in the healthcare sector (\$7.5 million), retail trade (\$4.1 million), other services (\$3.6 million) and finance/insurance (\$2.2 million). There are seven other sectors in Louisiana where employees would experience a bump in household earnings in excess of \$1 million.

Table A-3
Earnings Impacts across the State
(Millions)

Industry	New Household Earnings
Professional, Scientific, and Technical Services	\$23.6
Health Care and Social Assistance	\$7.5
Retail Trade	\$4.1
Other Services	\$3.6
Finance and Insurance	\$2.2
Administrative and Waste Management Services	\$1.7
Manufacturing	\$1.7
Food Services and Drinking Places	\$1.6
Wholesale Trade	\$1.6
Real Estate and Rental and Leasing	\$1.4
Transportation And Warehousing	\$1.2
Educational Services	\$1.0
Information	\$0.8
Utilities	\$0.5
Arts, Entertainment, and Recreation	\$0.5
Management Of Companies and Enterprises	\$0.5
Accommodation	\$0.5
Construction	\$0.5
Mining	\$0.2
Agriculture, Forestry, Fishing, and Hunting	\$0.2
Households	\$0.1
Total Indirect Earnings	\$55.0
Total Direct Earnings	\$57.1
Total Earnings	\$112.1

Of course, decision makers are keenly interested in which industries are the big winners in terms of new indirect jobs should 1,000 new jobs appear in the credit union sector. Table A-4 provides the I/O table estimates of the job impacts across sectors.

Table A-4
Jobs Impacts across the State

Industry	New Permanent Jobs
Professional, Scientific, and Technical Services	418
Health Care and Social Assistance	185
Retail Trade	161
Real Estate and Rental and Leasing	134
Other Services	97
Food Services and Drinking Places	93
Administrative and Waste Management Services	70
Finance and Insurance	54
Educational Services	35
Manufacturing	29
Wholesale Trade	27
Transportation And Warehousing	26
Arts, Entertainment, and Recreation	22
Information	17
Accommodation	17
Households	11
Construction	10
Agriculture, Forestry, Fishing, and Hunting	8
Management Of Companies and Enterprises	8
Utilities	7
Mining	4
Total Indirect Jobs	1,433
Total Direct Jobs	1,000
Total Jobs	2,433

Note that of the 1,433 jobs created via the multiplier effect, 418 are in the professional/scientific/technical sector, which follows the pattern seen back in Tables A-2 and A-

3. Employment increases of over 100 appear in healthcare (185 jobs), retail trade (161 jobs), and real estate/rentals/leasing (134 jobs). There are four other sectors where the job boost exceeds 50.

The Tax Impacts on the State Treasury

Back in Table A-1, it was indicated that the addition on 1,000 credit union jobs would produce at least \$7.8 million in taxes for the state treasury. Officials in the legislative fiscal office have estimated that for every dollar of new household earnings created in the state, the state treasury picks up seven cents in revenues from various taxes and fees, such as the income tax, gasoline tax, sales tax, etc. Since it was estimated that 1,000 new credit union jobs would create \$112.1 million in new direct and indirect household earnings (see Table A-1), **that means the State treasury would add just over \$7.8 million** (\$112.1 million times 7%). The opening sentence to this paragraph said “at least” \$7.8 million. That is because no data were collected by the CUNA on any direct state sales taxes, gasoline taxes, etc. that credit unions might pay.

The Tax Impacts on Local Government Treasuries

That same \$112.1 million in new household earnings generated by 1,000 new credit union jobs would also mean new revenues for local governments in the State. Dr. James Richardson of LSU’s Public Administration Institute has estimated that for every new dollar of household earnings in the state, local government treasuries are boosted by five cents. **In Table A-1, it was estimated that the additional of the 1,000 credit union jobs would increase local government coffers by at least \$5.6 million.** Again, the phrase “at least” is important in that last sentence, because this figure does not include any direct property taxes, local sales taxes, or other fees paid directly to local governments by credit unions. Direct local tax payment data are not collected by CUNA.