

October 2005

Vol. 1 · No. 3

NATIONAL

- Cost of Living Comparison

STATE

- LA Employment
- LA Stock

REGIONAL

- Employment
- Sales Tax Collections
- Building Permits
- Economy

LOCAL

- St. Tammany
- Tangipahoa
- Livingston
- Washington
- St. Helena

ON CAMPUS

- Feasibility of a Milk Processing Plant in Tangipahoa Parish
- Southeast Louisiana Business Center

CONTACT US

Southeastern Louisiana University
Business Research Center
1514 Martens Drive
Hammond, LA 70401

Phone: (985) 549-3199
Fax: (985) 549-2127
wjoubert@selu.edu

NATIONAL

Inflation and the Cost of Living Comparison

Dr. Yu Hsing

Professor of Economics

College of Business

Southeastern Louisiana University

The Consumer Price Index (CPI) measures the change in the general price level for all urban consumer goods and services over time. It is an index number with a value of 100 in the base year of 1982-84. As of June 2005, the CPI was 194.1, suggesting that the price level in June 2005 was 94.1 percent higher than in 1982-84. We are also interested in the inflation rate, which is the percent change in the CPI. The overall inflation rate consists of all consumer goods and services, whereas the core inflation rate excludes foods and energy, due to their potential volatility. These two inflation rates may vary. During June 2004–June 2005, mainly because of rising energy costs, the overall inflation rate of 2.54 percent was greater than the core inflation rate of 2.09 percent. The European Union (EU) requires its 25 member countries to pursue an annual inflation rate target of 2.00 percent or less in order to maintain price stability and purchasing

power. Detailed CPI and inflation rates have been established for different categories, such as foods and beverages, apparel, housing, energy, medical care, transportation, education, communication, recreation, and other services. Some studies have found that the reported CPI inflation rate overestimates the actual inflation rate by approximately one percentage point, due to consumer substitution of cheaper products for more expensive goods, inability to accurately measure improvement in product quality, and overlooking of some new products. Please note that the CPI is different from the so-called "cost of living index," which compares living expenses across metropolitan areas and cities. For example, the cost of living indexes in New York City, San Francisco, and Boston were 2.18, 1.89, and 1.43 times higher (respectively) than in the St. Tammany-Slidell area. These figures imply that an income of \$100,000 for a family in St. Tammany-Slidell would have the same purchasing power as an income of \$189,000 for a family in San Francisco. Therefore, we are fortunate to reside in a region with relatively low living expenses.

National Consumer Price Index

Consumer Price Index												
NATIONAL												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
National Average	139.3	139.1	139.5	139.8	140.0	140.0	140.4	140.4	140.4	140.3	140.6	140.3
% Change Last Year	-0.012%	-0.012%	-0.005%	0.001%	0.005%	0.006%	0.009%	0.007%	0.006%	0.005%	0.006%	0.005%

Source: Bureau of Labor Statistics

U.S. Economy

The U. S. real Gross Domestic Product (GPD) grew at a 3.3 percent annual rate during the second quarter of 2005 and advanced 3.6 percent during the past twelve months. Total employment for the second quarter grew 1.8 percent compared with the corresponding period of the previous year. Before

Hurricane Katrina, a survey of forecasters by *Economist* showed that the U.S. economy would grow 3.7 percent in 2005 and 3.3 percent in 2006. Following the hurricane, many economists estimated that the GDP would be 0.5 percent below the previously forecasted levels for 2006.

EMPLOYMENT												
UNITED STATES (Numbers in Thousands)												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05*	Jun-05*
Labor Force	147,823	147,676	147,531	147,893	148,313	148,203	147,979	148,132	148,157	148,762	149,122	149,123
% Change Last Year	0.9%	0.8%	0.6%	0.8%	0.8%	1.0%	0.8%	1.1%	1.0%	1.3%	1.4%	1.2%
Total Employment	139,639	139,658	139,527	139,827	140,293	140,156	140,241	140,144	140,501	141,099	141,475	141,638
% Change Last Year	1.5%	1.5%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.7%	1.9%	1.8%
Total Nonfarm	131,562	131,750	131,880	132,162	132,294	132,449	132,573	132,816	132,995	133,287	133,391	133,537
% Change Last Year	1.3%	1.5%	1.5%	1.6%	1.6%	1.7%	1.7%	1.8%	1.7%	1.7%	1.5%	1.6%
Unemployed	8,014	8,005	8,066	8,020	8,047	8,047	7,737	7,988	7,656	7,663	7,647	7,486
% Change Last Year	-11.2%	-10.2%	-10.0%	-8.4%	-7.0%	-4.2%	-6.8%	-2.5%	-6.0%	-6.2%	-7.1%	-8.5%
Unemployment rate	5.5%	5.4%	5.4%	5.5%	5.4%	5.4%	5.2%	5.4%	5.2%	5.2%	5.1%	5.0%
Change Last Year	-0.7%	-0.7%	-0.7%	-0.5%	-0.5%	-0.3%	-0.5%	-0.2%	-0.5%	-0.3%	-0.5%	-0.6%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	147,677	148,136	148,089	149,002
% Change Last Year	0.7%	0.8%	1.0%	1.3%
Total Employment	139,608	140,092	140,295	141,404
% Change Last Year	1.4%	1.3%	1.4%	1.8%
Total Nonfarm	131,731	132,302	132,772	133,405
% Change Last Year	1.4%	1.6%	1.7%	1.6%
Unemployed	8,028	8,038	7,794	7,599
% Change Last Year	-11.3%	-6.6%	-5.1%	-8.4%
Unemployment rate	5.4%	5.4%	5.3%	5.1%
Change Last Year	-0.8%	-0.4%	-0.4%	-0.5%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500
2004	138,500	138,500	138,500	138,500	138,500	138,500	138,500	138,500	138,500	138,500	138,500	138,500
2003	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500

Source: Louisiana Department of Labor ; * Preliminary Data

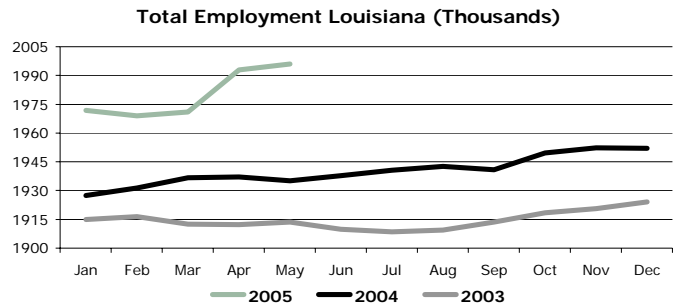
Louisiana Employment Situation

The total state employment for the second quarter of 2005 grew 3 percent compared with the corresponding period of the previous year. The unemployment rate for the recent three months was 5.3 percent compared with 5.8 percent for the same period last year. Before the Hurricanes Katrina and

Rita devastated vast areas of the state, the Louisiana economy was on track for a steady growth. Although the full extent of the destruction has not been precisely quantified it is anticipated that recovery from most of the losses will take much longer than one year.

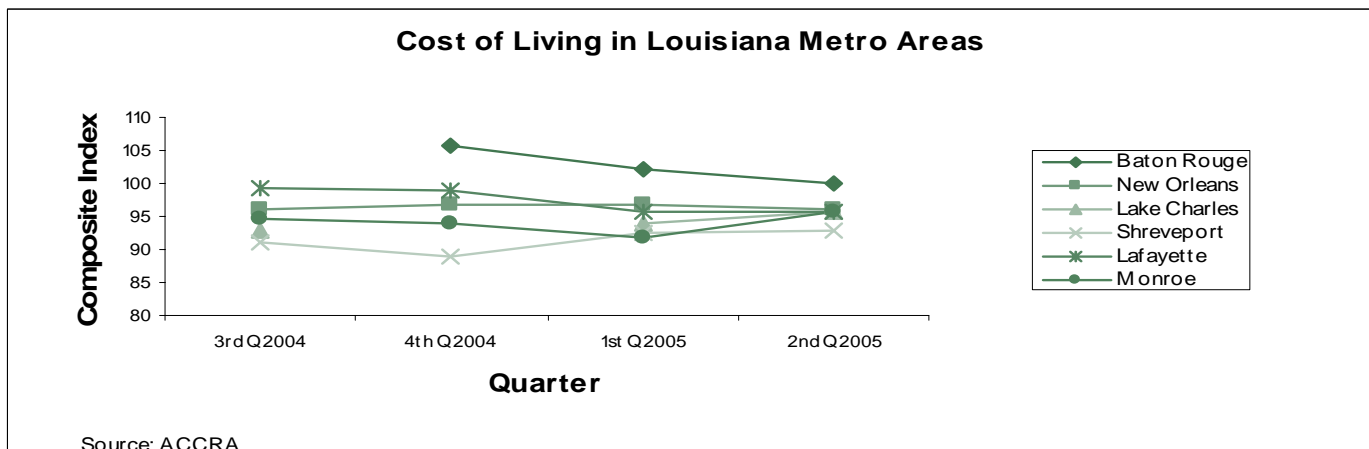
EMPLOYMENT												
LOUISIANA (Numbers in Thousands)												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	2,058	2,055	2,058	2,069	2,072	2,070	2,091	2,094	2,081	2,101	2,111	2,155
% Change Last Year	0.6%	0.6%	0.9%	1.4%	1.4%	1.1%	2.2%	2.3%	1.6%	2.3%	2.7%	4.8%
Total Employment	1,941	1,943	1,941	1,950	1,952	1,952	1,972	1,969	1,971	1,993	1,996	1,999
% Change Last Year	1.7%	1.7%	1.4%	1.6%	1.7%	1.4%	2.3%	1.9%	1.8%	2.9%	3.1%	3.1%
Total Nonfarm	1,921	1,921	1,914	1,919	1,920	1,917	1,927	1,925	1,930	1,933	1,933	1,934
% Change Last Year	0.9%	0.8%	0.3%	0.2%	0.3%	0.1%	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Unemployed	117	112	117	119	119	118	119	125	110	1,080	1,151	1,384
% Change Last Year	-14.7%	-15.7%	-6.7%	-1.6%	-1.9%	-3.8%	0.0%	8.2%	-2.5%	-7.7%	-3.6%	16.1%
Unemployment rate	5.7%	5.5%	5.7%	5.8%	5.8%	5.7%	5.7%	6.0%	5.3%	5.1%	5.4%	6.4%
Change Last Year	-1.0%	-1.8%	-0.8%	0.1%	0.2%	-0.3%	-0.1%	0.3%	-0.2%	-0.6%	-0.4%	0.6%

	3Q-04	4Q-04	1Q-05	2Q-05
Labor Force	2,057	2,070	2,089	2,108
% Change Last Year	0.7%	1.3%	2.0%	260.0%
Total Employment	1,941	1,951	1,971	1,934
% Change Last Year	1.8%	1.6%	2.0%	0.7%
Total Nonfarm	1,919	1,919	1,971	1,996
% Change Last Year	0.7%	0.2%	0.4%	3.1%
Unemployed	115	119	118	113
% Change Last Year	-12.5%	-2.4%	1.9%	-8.1%
Unemployment rate	5.6%	5.8%	5.7%	5.3%
Change Last Year	-0.8%	-0.2%	0.0%	-0.5%



Source: Louisiana Department of Labor - * Data based on new benchmark - No data available for the previous years.

Cost of Living Index



Source: ACCRA

Louisiana Stock: Update June '05—for the 2-year period June '03—June '05

Filtered Sample: Comparative Stock Returns (returns exceeding 500 percent dropped)

LA NYSE (LA AMEX, LA NASD) is the equally weighted index of the 16 (3, 17) LA stocks traded on the New York Stock Exchange (American Stock Exchange, NASDAQ). The holding period return (HPR) is calculated as follows: beginning price minus ending price divided by the beginning price, then annualized. **Stand Devn** (STD) is the standard deviation of the monthly returns. **Coef Varn** is the coefficient of variation equaling the STD divided by the HPR. **Correl w/Index** is the correlation coefficient showing

Table 1 - Filtered Sample: Comparative Stock Returns

2-Year Period	TBILL	S&P 500	LA NYSE	AMEX	LA AMEX	NASD	LA NASD
Mean	1.59%	11.07%	17.91%	23.94%	17.72%	13.4%	18.18%
Stand Devn	0.22%	9.0%	14.1%	14.2%	21.4%	17.3%	14.1%
Coef Varn	0.14	0.82	0.79	0.59	1.21	1.29	0.77
Correl w/ Index	na		0.667		0.384		0.270
No. Obs.			400		75		407
No. Dropped Oobs.			32		4		42

Discussion: The HPR results in Table 1 show that on average, both LA NYSE and NASDAQ stocks had a higher return than the relevant U.S. index, whereas the LA AMEX stocks had a lower average return. As the risk (standard deviation) and risk-return (coefficient of variation) measures in Table 1 are based on filtered data, they are technically biased. It is interesting to note, however, that 8 percent or more of both the LA NYSE and NASDAQ (AMEX) stocks had annualized monthly returns exceeding ± 500 percent. The difference between the filtered and unfiltered standard deviations is striking. The correlation coefficient between the LA NYSE and the S&P

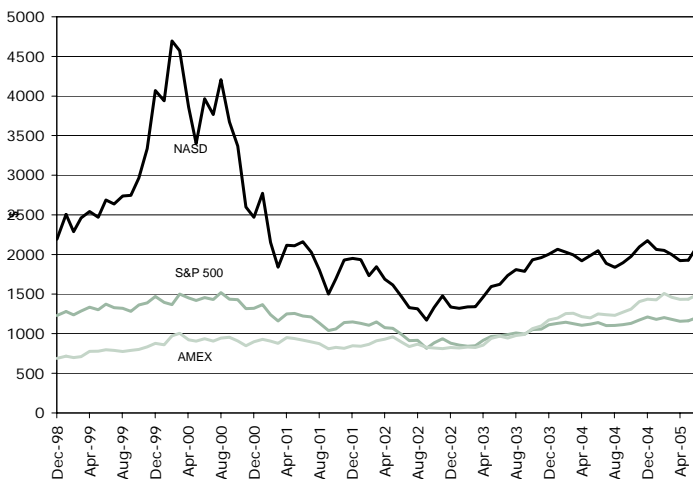
how the LA stock returns move in comparison to the reference index. **No. Obs.** shows the number of stock prices used in the relevant comparison, while the **No. Dropped Obs.** shows how many of the returns exceed 500 percent. **Table 2** below reports the HPRs, STDs, and CVs for the unfiltered sample.* Two stocks have an incomplete stock price series.

500 Index shows that these stocks track the index much more closely than do the LA AMEX or NASDAQ stocks. Indeed, the nearly zero correlation for the unfiltered LA NASD portfolio indicates that on average, these stocks have essentially no systematic relation to the NASD Index's movements.

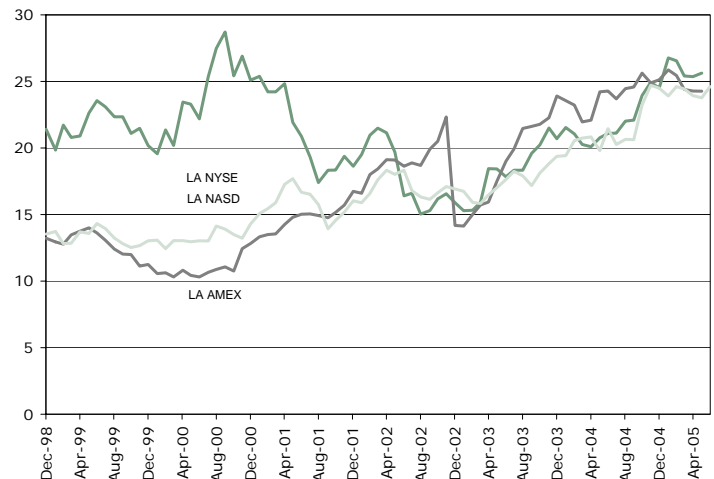
Table 2 - Unfiltered Sample: Comparative Stock Returns (regardless of return magnitude)

2-Year Period	LA NYSE	LA AMEX	LA NASD
Mean	17.90%	17.72%	18.18%
Stand Devn	57.2%	97.2%	1943.5%
Coef Varn	3.19	5.49	106.93
Correl w/ Index	0.669	0.222	0.0038

EXCHANGE MARKETS



LA STOCKS



REGIONAL

North Shore Employment Situation

Total employment in the North Shore Region (the five Florida Parishes of St. Tammany, Tangipahoa, Washington, Livingston, and St. Helena) grew 9.8 percent during the second quarter of 2005 compared with the corresponding months of the past year. The

highest gains were made in Washington Parish (15.8 percent), St. Tammany (12.1 percent) and Livingston (8.3 percent). In contrast, employment in St. Helena dropped 6.8 percent for the same period.

EMPLOYMENT												
NORTHSHORE												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	210,900	207,790	209,030	210,220	210,590	222,793	224,697	222,437	222,712	222,460	224,454	228,736
% Change Last Year	0.8%	1.7%	2.5%	2.8%	2.7%	7.9%	3.0%	1.7%	1.2%	8.6%	-12.6%	-8.1%
Total Employment	197,050	197,290	198,630	199,180	199,100	211,998	211,960	210,825	213,161	213,562	214,311	215,436
% Change Last Year	1.6%	3.9%	3.5%	3.6%	2.7%	9.2%	3.0%	1.3%	1.5%	10.0%	10.2%	9.4%
Unemployed	13,850	10,500	10,400	11,040	11,490	10,795	12,737	11,612	9,551	8,898	10,143	13,300
% Change Last Year	-9.4%	-27.0%	-12.2%	2.8%	2.4%	-11.9%	2.7%	10.1%	-4.0%	-15.9%	-8.8%	-8.8%
Unemployment rate	6.6%	5.1%	5.0%	5.3%	5.5%	4.8%	5.7%	5.2%	4.3%	4.0%	4.5%	5.8%
Change Last Year	-0.7%	-2.0%	-0.8%	0.0%	0.0%	-1.1%	0.0%	0.4%	-0.2%	-1.2%	-1.1%	-1.1%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	209,257	210,400	223,388	225,217
% Change Last Year	1.7%	2.5%	2.0%	8.5%
Total Employment	197,683	199,137	212,088	214,436
% Change Last Year	3.0%	2.7%	2.0%	9.8%
Unemployed	11,573	11,263	11,300	10,780
% Change Last Year	-16.4%	-1.0%	3.0%	-19.0%
Unemployment rate	5.5%	5.4%	5.1%	4.8%
Change Last Year	-1.2%	-0.2%	0.0%	-1.0%

Employment Northshore

2005 (light green line), 2004 (black line), 2003 (grey line)

Source: Louisiana Department of Labor ; * Data based on new benchmark - No data available for the previous years.

Sales Tax Collections in North Shore Region

Sales tax collected reflects the retail level of business activity in a region. It represents an important aspect of the economic vitality of the North Shore parishes. Total sales collected in the region rose 9.8 percent in the second quarter of 2005 in comparison with the same period one year

ago. Taxes collected in St. Tammany Parish increased 11.7 percent compared to a 6.1 percent gain in Livingston Parish. The sales tax collection for the rest of the parishes rose at rates ranging between these two limits.

SALES TAX												
NORTHSORE												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Sales Tax Collected (Mil.)	\$ 20.16	\$ 19.96	\$ 19.85	\$ 19.46	\$ 19.23	\$ 23.05	\$ 20.69	\$ 18.85	\$ 20.99	\$ 22.38	\$ 20.93	\$ 22.30
% Change Last Year	5.7%	9.2%	4.5%	2.7%	6.2%	5.6%	7.9%	11.8%	5.7%	11.9%	8.6%	9.0%

Source: St. Tammany Parish Sheriff's Office (Sales and Use Tax Division), Tangipahoa Parish Council - School Board, St. Helena Parish Sheriff's Office, Livingston Parish Sales Tax Department, Washington Parish Sheriff's Office - Sales and Use Tax Department

Building Permits in North Shore Region

Construction projects provide another perspective of a region's economy. The value of building permits is usually a leading indicator of the construction activity that will occur during the next several months. The value of building permits in the North Shore parishes for the second quarter of 2005 dropped 6.3 percent over a 12-month period. This likely reflects the fact that higher interest rates are

expected to have a dampening effect on certain sectors of the economy. However, there was wide dispersion in the value of building permits throughout the individual parishes. St. Helena and Tangipahoa experienced 33.2 percent and 30.1 percent gains respectively, while Washington Parish experienced a 19.4 drop in the value of the permits.

RESIDENTIAL BUILDING PERMITS												
NORTHSORE												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	500	556	339	575	356	511	674	379	395	398	426	413
% Change Last Year	13.4%	10.8%	-33.3%	12.7%	-22.8%	52.1%	72.4%	-21.9%	-30.0%	-25.5%	-4.5%	-12.3%
Value (\$000s)	66,830	68,518	49,255	68,746	57,792	73,586	94,930	49,407	51,819	54,823	61,102	58,116
% Change Last Year	10.6%	-7.5%	-20.3%	-15.2%	11.9%	59.4%	81.9%	-29.1%	-30.4%	-20.7%	7.9%	-3.2%
Unincopr. Units	448	494	297	529	314	454	619	343	354	353	388	380
% Change Last Year	13.7%	6.5%	-35.9%	25.4%	-25.1%	56.0%	78.9%	-25.4%	-30.9%	-27.1%	-3.0%	-8.4%
Value (\$000s)	57,842	61,539	44,703	62,046	46,767	65,232	86,718	45,977	47,151	48,918	55,178	53,786
% Change Last Year	4.5%	1.2%	-21.5%	-11.8%	-0.3%	52.0%	89.8%	-31.3%	-32.6%	-22.9%	8.5%	0.9%
Corp. Units	52	62	42	46	42	57	55	36	41	45	38	33
% Change Last Year	10.6%	63.2%	-6.7%	-47.7%	0.0%	26.7%	22.2%	44.0%	-21.2%	-10.0%	-17.4%	-41.1%
Value (\$000s)	8,988	6,978	4,552	6,700	11,025	8,354	8,212	3,431	4,668	5,905	5,924	4,330
% Change Last Year	77.1%	-47.5%	-5.3%	-37.4%	131.7%	156.7%	26.0%	24.8%	3.5%	4.8%	2.6%	-24.9%

Source: St. Tammany Parish - Economic Development Information Clearing House, Tangipahoa - Building Permit Office, Washington Parish - Building Permit Office, St. Helena Parish - Building Permit Office.

LOCAL

St. Tammany Parish

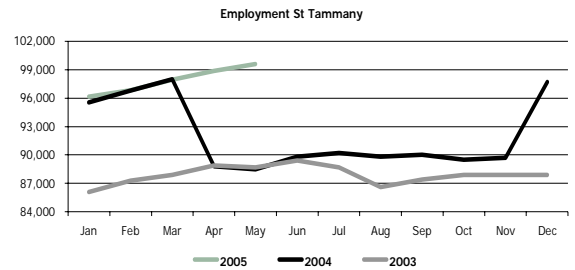
Smoothie King Franchise, Inc. announced the move of their corporate headquarters to Covington. **HCA/Medline** recently opened a \$10M, 197,000 square foot office/distribution facility in Covington. The July 2005 edition of *Entrepreneur Magazine* ranked Slidell's **Louisiana Lumber** 15th in the 2005 Hot 100 list of fastest-growing new businesses

EMPLOYMENT

ST. TAMMANY

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	94,300	92,900	93,200	93,100	93,400	101,240	100,924	101,321	101,476	102,019	103,417	105,624
% Change Last Year	0.9%	1.9%	2.2%	1.9%	2.2%	10.4%	1.3%	0.9%	0.2%	11.0%	12.5%	12.4%
Total Employment	90,200	89,800	90,000	89,500	89,700	97,726	96,134	96,814	97,965	98,857	99,603	101,043
% Change Last Year	1.7%	3.7%	3.0%	1.8%	2.0%	2.2%	0.6%	0.0%	0.0%	11.3%	12.5%	12.5%
Unemployed	4,100	3,100	3,200	3,600	3,700	3,500	4,790	4,507	3,511	3,162	3,814	4,581
% Change Last Year	-14.6%	-32.6%	-15.8%	2.9%	5.7%	-7.9%	16.5%	22.1%	7.7%	2.0%	12.2%	9.1%
Unemployment rate	4.4%	3.3%	3.4%	3.8%	4.0%	3.8%	4.7%	4.4%	3.5%	3.1%	3.7%	4.3%
Change Last Year	-0.7%	-1.7%	-0.7%	-0.1%	0.2%	-0.3%	0.6%	0.7%	0.3%	-0.3%	0.0%	-0.2%

	3Q-04	4Q-04	1Q-05	2Q-05
Labor Force	93,467	93,267	101,231	103,687
% Change Last Year	1.6%	1.9%	0.8%	12.0%
Total Employment	90,000	89,667	96,965	99,834
% Change Last Year	2.8%	2.0%	0.2%	12.1%
Unemployed	3,467	3,600	4,266	3,852
% Change Last Year	-21.2%	0.0%	15.7%	-4.3%
Unemployment rate	3.7%	3.9%	4.2%	3.7%
Change Last Year	-1.0%	-0.1%	0.5%	-0.2%



Source: Louisiana Department of Labor - * Data based on new benchmark - No data available for the previous years.

SALES TAX

ST. TAMMANY

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Sales (Mil.)	na	na	na	na	na	na	na	na	na	na	na	na
% Change Last Year	na	na	na	na	na	na	na	na	na	na	na	na
Sales Tax Collected (Mil.)	\$ 12.47	\$ 12.37	\$ 12.57	\$ 12.11	\$ 12.53	\$ 16.14	\$ 12.06	\$ 11.91	\$ 14.24	\$ 14.15	\$ 13.35	\$ 14.56
% Change Last Year	4.4%	7.9%	2.9%	2.1%	10.2%	6.8%	8.7%	12.6%	6.4%	18.0%	10.2%	7.4%

Source: St. Tammany Parish Sheriff's Office (Sales and Use Tax Division)

Residential Building Permits

ST. TAMMANY

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	310	348	200	333	220	339	530	193	214	211	260	229
% Change Last Year	29.7%	51.3%	-32.9%	16.0%	-30.2%	51.3%	107.8%	-47.4%	-32.3%	-39.9%	-17.2%	-21.6%
Value (\$000s)	47,055	49,027	34,666	46,990	44,593	56,739	81,108	33,011	32,930	36,220	43,776	38,568
% Change Last Year	27.7%	40.1%	-19.6%	-6.2%	-15.0%	57.6%	104.8%	-44.3%	-37.9%	-28.3%	-1.3%	-8.8%
Unincorp. Units	280	312	199	308	198	305	493	179	203	190	242	214
% Change Last Year	30.2%	46.5%	-25.7%	19.4%	-31.5%	52.5%	61.6%	-63.7%	-31.2%	-41.2%	-15.1%	-17.7%
Value (\$000s)	\$ 41,113	\$ 44,098	\$ 35,546	\$ 41,760	\$ 35,426	\$ 50,526	\$ 74,647	\$ 31,132	\$ 31,721	\$ 32,948	\$ 40,792	\$ 36,466
% Change Last Year	22.7%	31.4%	-11.9%	-3.6%	0.9%	47.3%	113.5%	-46.3%	-37.8%	-29.2%	0.1%	-5.1%
Incorp. Units	30	36	25	25	22	34	37	14	11	21	18	15
% Change Last Year	25.0%	111.8%	-16.7%	-13.8%	-15.4%	41.7%	37.0%	16.7%	-47.6%	-25.0%	-37.9%	-53.1%
Value (\$000s)	\$ 5,943	\$ 4,929	\$ 2,614	\$ 5,230	\$ 9,167	\$ 6,213	\$ 6,461	\$ 1,878	\$ 1,209	\$ 3,272	\$ 2,983	\$ 2,103
% Change Last Year	77.8%	243.4%	-7.0%	-22.6%	149.9%	262.4%	39.2%	38.5%	-38.1%	-17.3%	-17.2%	-45.7%

Source: Economic Development Information Clearing House

Tangipahoa Parish

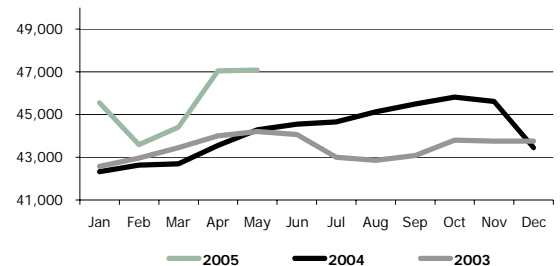
Tangipahoa Parish continues on a path of steady positive economic growth. This quarter marks the end of the 2004-2005 fiscal year. Tangipahoa Parish has an estimated population growth of over 1%, and an employment increase of over 4%. As estimated, per capita income increased over 2% and a sales and use tax base increased over 5%. With new businesses and business expansion in the parish continuing, the economic future is bright.

EMPLOYMENT

TANGIPAHOA												
	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	48,940	48,290	48,570	48,960	48,930	46,470	48,770	46,473	46,863	49,372	49,707	50,225
% Change Last Year	2.9%	2.6%	4.3%	4.3%	3.9%	-1.8%	6.6%	2.3%	3.1%	5.9%	4.0%	2.3%
Total Employment	44,660	45,120	45,490	45,810	45,620	43,453	45,542	43,584	44,403	47,042	47,126	46,636
% Change Last Year	3.8%	5.3%	5.6%	4.6%	4.3%	-0.7%	7.6%	2.2%	4.0%	8.0%	6.4%	4.7%
Unemployed	4,280	3,170	3,080	3,150	3,310	3,017	3,228	2,889	2,460	2,330	2,581	3,589
% Change Last Year	-5.5%	-25.1%	-12.0%	-0.3%	-1.5%	-15.3%	-5.4%	2.4%	-11.0%	-24.1%	-26.7%	-20.8%
Unemployment rate	8.7%	6.6%	6.3%	6.4%	6.8%	6.5%	7.1%	6.2%	5.2%	4.7%	5.2%	7.1%
Change Last Year	-0.8%	-2.4%	-0.8%	-0.3%	-0.3%	-1.0%	-0.4%	0.0%	-0.9%	-1.9%	-2.2%	-2.1%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	48,603	48,867	47,306	49,768
% Change Last Year	3.3%	3.7%	3.9%	4.0%
Total Employment	45,090	45,607	44,446	46,935
% Change Last Year	4.9%	4.2%	4.5%	6.4%
Unemployed	3,513	3,260	2,860	2,833
% Change Last Year	-14.0%	-3.0%	-4.6%	-26.7%
Unemployment rate	7.2%	6.7%	6.2%	5.7%
Change Last Year	-1.3%	-0.4%	-0.4%	-2.1%

Employment Tangipahoa



Source: Louisiana Department of Labor ; * Data based on new benchmark - No data available for the previous years.

SALES TAX

TANGIPAHOA

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Sales (Mil.)	\$ 110.02	\$ 103.07	\$ 100.60	\$ 99.25	\$ 96.73	\$ 90.55	\$ 117.90	\$ 92.68	\$ 92.46	\$ 110.48	\$ 103.04	\$ 101.99
% Change Last Year	14.1%	7.9%	0.6%	0.6%	4.7%	-2.0%	12.0%	4.2%	6.4%	6.1%	6.5%	6.8%
Sales Tax Collected (Mil.)	\$ 2.20	\$ 2.06	\$ 2.01	\$ 1.99	\$ 1.93	\$ 1.81	\$ 2.36	\$ 1.85	\$ 1.85	\$ 2.21	\$ 2.06	\$ 2.04
% Change Last Year	14.1%	7.9%	0.6%	0.6%	4.7%	-2.0%	12.0%	4.2%	6.4%	6.1%	6.5%	6.8%

Source: Tangipahoa Parish Council - School Board

Residential Building Permits

TANGIPAHOA

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	65	70	60	154	38	56	72	69	69	51	71	69
% Change Last Year	4.8%	-44.9%	13.2%	58.8%	-19.1%	60.0%	75.6%	35.3%	-36.1%	-17.7%	36.5%	13.3%
Value (\$000s)	8,581	6,641	7,585	13,874	5,103	7,308	8,403	6,637	8,719	12,884	13,723	14,516
% Change Last Year	20.4%	-68.6%	42.2%	42.7%	-3.2%	54.5%	79.8%	66.6%	-16.4%	81.3%	158.3%	98.7%
Unincorp. Units	51	55	52	140	30	45	60	61	56	39	53	58
% Change Last Year	-1.9%	-52.2%	15.6%	159.3%	-25.0%	50.0%	76.5%	45.2%	-41.1%	-22.0%	23.3%	16.0%
Value (\$000s)	\$ 6,345	\$ 5,254	\$ 6,460	\$ 12,543	\$ 3,947	\$ 6,060	\$ 6,824	\$ 5,546	\$ 7,036	\$ 5,003	\$ 6,745	\$ 7,951
% Change Last Year	7.0%	-46.0%	43.3%	85.9%	-11.5%	67.7%	96.8%	66.3%	-23.1%	-12.7%	84.9%	27.3%
Incorp. Units	14	15	8	14	8	11	12	8	13	12	18	11
% Change Last Year	40.0%	25.0%	0.0%	-67.4%	14.3%	120.0%	71.4%	-11.1%	0.0%	0.0%	100.0%	0.0%
Value (\$000s)	\$ 2,235	\$ 1,387	\$ 1,125	\$ 1,331	\$ 1,156	\$ 1,248	\$ 1,579	\$ 1,091	\$ 1,682	\$ 1,581	\$ 2,726	\$ 1,665
% Change Last Year	86.3%	-87.8%	36.2%	-55.3%	42.9%	11.8%	30.8%	68.1%	30.5%	15.1%	63.7%	57.0%

Source: Tangipahoa - Building Permit Office

Livingston Parish

Alexandria based **Champion Steel** has reopened an abandoned steel fabrication plant in Denham Springs. The location currently employs 15-20 workers. The company plans to hire 15-20 more within the next two years. The company was founded 2 1/2 years ago and already has enough work orders to stay busy until the end of 2006.

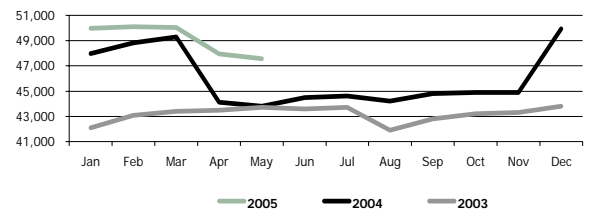
EMPLOYMENT

LIVINGSTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	48,500	47,200	47,700	47,900	48,000	52,790	53,022	52,790	52,301	50,076	50,004	50,363
% Change Last Year	1.5%	3.1%	3.7%	4.1%	3.4%	11.6%	3.4%	2.5%	0.8%	5.9%	5.9%	5.5%
Total Employment	44,600	44,200	44,800	44,900	44,900	49,952	49,977	50,111	50,037	47,943	47,653	47,813
% Change Last Year	2.1%	5.5%	4.7%	3.9%	3.7%	14.0%	4.2%	2.7%	1.5%	8.7%	8.8%	8.3%
Unemployed	3,900	3,000	2,900	3,000	3,100	2,838	3,045	2,679	2,264	2,133	2,351	2,550
% Change Last Year	-4.9%	-23.1%	-9.4%	7.1%	0.0%	-18.9%	-7.3%	-0.3%	-12.9%	-33.3%	-30.9%	-33.0%
Unemployment rate	8.0%	6.4%	6.1%	6.3%	6.5%	5.4%	5.7%	5.1%	4.3%	4.3%	4.7%	5.1%
Change Last Year	-0.6%	-2.0%	-0.8%	0.3%	-0.2%	-2.0%	-0.7%	-0.1%	-0.7%	-2.4%	-2.6%	-2.5%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	47,767	47,933	52,883	50,363
% Change Last Year	2.7%	2.9%	2.6%	5.5%
Total Employment	44,500	44,867	50,218	47,813
% Change Last Year	4.0%	3.3%	3.1%	8.3%
Unemployed	3,267	3,067	2,664	2,550
% Change Last Year	-12.5%	-2.1%	-6.8%	-33.0%
Unemployment rate	6.8%	6.4%	5.0%	5.1%
Change Last Year	-1.1%	-0.3%	-0.5%	-2.5%

Employment Livingston



Source: Louisiana Department of Labor. * Data based on new benchmark - No data available for the previous years.

SALES TAX

LIVINGSTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Sales (Mil.)	\$ 77.77	\$ 79.28	\$ 75.44	\$ 75.45	\$ 71.04	\$ 69.81	\$ 85.97	\$ 73.61	\$ 68.41	\$ 82.40	\$ 77.53	\$ 80.79
% Change Last Year	8.5%	12.3%	9.4%	4.5%	-0.8%	0.8%	8.8%	10.0%	9.9%	2.3%	1.2%	11.5%
Sales Tax Collected (Mil.)	\$ 3.88	\$ 4.09	\$ 3.81	\$ 3.80	\$ 3.58	\$ 3.52	\$ 4.38	\$ 3.94	\$ 3.46	\$ 4.14	\$ 3.89	\$ 4.09
% Change Last Year	8.9%	16.3%	10.6%	6.1%	-0.9%	1.2%	10.2%	10.7%	10.8%	10.8%	3.3%	13.2%

Source: Livingston Parish Sales Tax Department

Residential Building Permits

LIVINGSTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	108	117	68	67	85	97	62	94	94	115	83	97
% Change Last Year	9.1%	4.5%	-46.9%	-34.3%	10.4%	67.2%	-13.9%	100.0%	-6.9%	25.0%	25.8%	-2.0%
Value (\$000s)	9,466	11,019	6,061	5,882	6,740	8,309	4,978	7,672	8,807	10,236	6,749	8,203
% Change Last Year	-35.1%	-31.4%	-49.8%	-70.2%	-1.2%	92.4%	-18.6%	89.2%	14.9%	13.4%	17.5%	-10.9%
Unicorp. Units	102	114	62	67	76	94	60	90	82	107	81	91
% Change Last Year	7.4%	6.5%	-50.8%	-26.4%	1.3%	88.0%	-10.4%	91.5%	-16.3%	18.9%	28.6%	-4.2%
Value (\$000s)	\$ 8,756	\$ 10,693	\$ 5,392	\$ 5,882	\$ 6,190	\$ 7,729	\$ 4,855	\$ 7,360	\$ 7,296	\$ 9,261	\$ 6,534	\$ 7,717
% Change Last Year	-38.9%	-31.5%	-51.4%	-69.0%	-6.9%	91.3%	-13.7%	81.5%	-1.0%	5.3%	21.3%	-11.3%
Incorp. Units	6	3	6	0	9	3	2	4	12	8	2	6
% Change Last Year	50.0%	-40.0%	200.0%	-100.0%	350.0%	-62.5%	60.0%	na	300.0%	300.0%	-33.3%	50.0%
Value (\$000s)	\$ 709	\$ 325	\$ 669	\$ 0	\$ 550	\$ 580	\$ 123	\$ 312	\$ 1,511	\$ 975	\$ 215	\$ 486
% Change Last Year	164.7%	-28.7%	-32.8%	-100.0%	219.8%	107.1%	-74.6%	na	415.7%	324.0%	-39.4%	-3.4%

Source: Livingston Parish - Building Permit Office

Washington Parish

The second quarter of 2005 continued to provide increased residential construction for Washington Parish. Expansion of the LSU-Bogalusa Community Medical Center will provide more jobs in the medical field as well as an increase in the quality of health care available in Washington Parish.

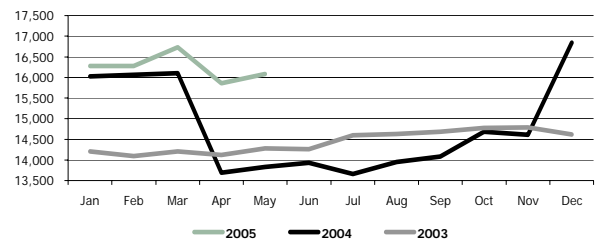
EMPLOYMENT

WASHINGTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	14,910	14,930	15,060	15,760	15,760	18,000	17,548	17,444	17,750	16,780	17,132	17,515
% Change Last Year	-7.3%	-6.5%	-4.5%	-0.1%	-0.4%	14.4%	1.1%	1.5%	3.1%	14.4%	15.2%	14.7%
Total Employment	13,660	13,950	14,080	14,680	14,610	16,846	16,284	16,283	16,729	15,861	16,093	16,063
% Change Last Year	-6.4%	-4.6%	-4.1%	-0.7%	-1.2%	15.2%	1.6%	1.4%	3.9%	15.9%	16.4%	15.3%
Unemployed	1,250	980	980	1,080	1,150	1,154	1,264	1,161	1,021	919	1,039	1,452
% Change Last Year	-15.5%	-26.3%	-10.1%	9.1%	11.7%	3.0%	-4.9%	3.1%	-8.0%	-6.2%	0.1%	8.4%
Unemployment rate	8.4%	6.6%	6.5%	6.8%	7.3%	6.4%	7.2%	6.7%	5.8%	5.5%	6.1%	830.0%
Change Last Year	-0.8%	-1.7%	-0.4%	0.5%	0.8%	-0.7%	-0.5%	0.1%	-0.6%	-1.2%	-0.9%	-0.5%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	14,967	15,827	17,564	17,142
% Change Last Year	-6.1%	0.3%	1.8%	14.8%
Total Employment	13,897	14,727	16,416	16,006
% Change Last Year	-5.1%	0.0%	2.2%	15.8%
Unemployed	1,070	1,100	1,148	1,137
% Change Last Year	-17.7%	5.1%	-3.4%	-11.6%
Unemployment rate	7.1%	6.9%	6.6%	6.6%
Change Last Year	-1.0%	0.3%	-0.3%	-0.9%

Employment Washington



Source: Louisiana Department of Labor - * Data based on new benchmark - No data available for the previous years.

SALES TAX

WASHINGTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Sales (Mil.)	na	na	na	na	na	na	na	na	na	na	na	na
% Change Last Year	na	na	na	na	na	na	na	na	na	na	na	na
Sales Tax Collected (Mil.)	\$ 1.36	\$ 1.29	\$ 1.31	\$ 1.34	\$ 1.04	\$ 1.40	\$ 1.67	\$ 1.15	\$ 1.29	\$ 1.32	\$ 1.45	\$ 1.40
% Change Last Year	0.5%	4.1%	3.7%	1.8%	-5.8%	13.1%	-0.2%	21.7%	-11.3%	-4.1%	16.1%	12.6%

Source: Washington Parish Sheriff's Office - Sales and Use Tax Department

Residential Building Permits

WASHINGTON

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	14	19	9	19	11	17	10	22	16	18	10	13
% Change Last Year	-39.1%	0.0%	-43.8%	0.0%	-21.4%	13.3%	-47.4%	37.5%	-51.5%	-10.0%	-28.6%	-27.8%
Value (\$000s)	1,188	1,389	653	1,698	855	890	441	2,019	1,033	1,259	807	909
% Change Last Year	-16.1%	-16.7%	-40.7%	16.8%	31.9%	-8.7%	-71.5%	16.3%	-59.6%	-4.6%	-35.0%	-19.6%
Unincorp. Units	12	11	6	12	8	8	6	12	11	14	10	12
% Change Last Year	-14.3%	-26.7%	-45.5%	-14.3%	14.3%	14.3%	-53.8%	0.0%	-38.9%	16.7%	11.1%	33.3%
Value (\$000s)	\$ 1,088	\$ 1,052	\$ 509	\$ 1,559	\$ 703	\$ 577	\$ 392	\$ 1,869	\$ 767	\$ 1,181	\$ 807	\$ 833
% Change Last Year	-5.4%	-36.0%	-45.1%	27.0%	30.5%	-30.5%	-71.2%	88.6%	-51.5%	-5.1%	-25.9%	4.1%
Incorp. Units	2	8	3	7	3	9	4	10	5	4	0	1
% Change Last Year	-77.8%	100.0%	-40.0%	40.0%	-57.1%	12.5%	-33.3%	150.0%	-66.7%	-50.0%	-100.0%	-88.9%
Value (\$000s)	\$ 100	\$ 337	\$ 145	\$ 139	\$ 152	\$ 314	\$ 49	\$ 150	\$ 266	\$ 78	\$ 0	\$ 76
% Change Last Year	-62.4%	44.3%	-18.0%	-38.5%	38.9%	116.7%	-73.7%	-79.9%	-72.7%	4.3%	-100.0%	-77.0%

Source: Washington Parish - Building Permit Office

St. Helena Parish

Employment in St. Helena shrunk by 281 jobs during the second quarter of 2005 when compared with that of a year earlier. The picture, however, is brighter when one takes a closer look at the parish's economy. Sales tax collected during the period was 9.2 percent higher and the value of building permits also advanced by 5.1 percent.

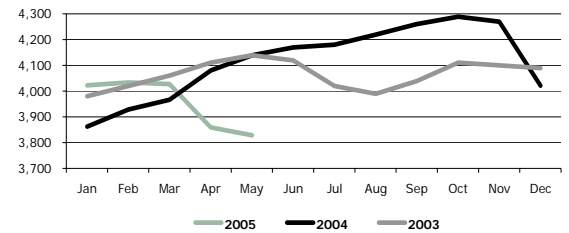
EMPLOYMENT

ST. HELENA

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04*	Jan-05*	Feb-05*	Mar-05*	Apr-05*	May-05*	Jun-05*
Labor Force	4,480	4,470	4,500	4,500	4,500	4,293	4,433	4,409	4,322	4,213	4,194	4,363
% Change Last Year	2.1%	3.5%	4.9%	4.2%	3.9%	-1.8%	7.3%	6.2%	3.3%	-2.3%	-4.2%	-2.8%
Total Employment	4,180	4,220	4,260	4,290	4,270	4,021	4,023	4,033	4,027	3,859	3,836	3,851
% Change Last Year	4.0%	5.8%	5.4%	4.4%	4.1%	-1.7%	4.2%	2.6%	1.5%	-5.4%	-7.3%	-7.6%
Unemployed	300	250	240	210	230	272	410	376	295	354	358	512
% Change Last Year	-18.9%	-24.2%	-4.0%	0.0%	0.0%	-2.9%	52.4%	67.9%	36.6%	53.9%	49.2%	60.0%
Unemployment rate	6.7%	5.5%	5.4%	4.6%	5.2%	6.3%	9.2%	8.5%	6.8%	8.4%	8.5%	11.7%
Change Last Year	-1.6%	-2.0%	-0.5%	-0.3%	-0.1%	0.0%	2.7%	3.1%	1.6%	3.1%	3.0%	4.5%

	3QT-04	4QT-04	1QT-05	2QT-05
Labor Force	4,480	4,507	4,403	4,257
% Change Last Year	3.4%	3.8%	6.0%	-3.1%
Total Employment	4,420	4,270	4,042	3,849
% Change Last Year	5.1%	4.1%	3.1%	-6.8%
Unemployed	260	237	361	408
% Change Last Year	-17.9%	-1.4%	52.8%	58.9%
Unemployment rate	5.8%	5.3%	8.2%	9.5%
Change Last Year	-1.4%	-0.2%	2.5%	3.5%

Employment St Helena



Source: Louisiana Department of Labor ; * Data based on new benchmark - No data available for the previous years.

SALES TAX

ST. HELENA

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Sales (Mil.)	na	na	na	na	na	na	na	na	na	na	na	na
% Change Last Year	na	na	na	na	na	na	na	na	na	na	na	na
Sales Tax Collected (Mil.)	\$ 0.25	\$ 0.15	\$ 0.15	\$ 0.23	\$ 0.14	\$ 0.18	\$ 0.22	\$ 0.14	\$ 0.15	\$ 0.19	\$ 0.17	\$ 0.21
% Change Last Year	-11.3%	-4.7%	-0.4%	8.8%	-18.6%	28.9%	-32.8%	-0.6%	-0.5%	-16.6%	9.3%	51.6%

Source: St. Helena Parish Sheriff's Office

Residential Building Permits

ST. HELENA

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Total Units	3	2	2	2	2	2	0	1	2	3	2	5
% Change Last Year	NA	NA	NA	NA	NA	NA	-100.0%	-75.0%	-66.7%	-66.7%	NA	400.0%
Value (\$000s)	\$ 540.00	\$ 442.00	\$ 290.00	\$ 302.00	\$ 500.00	\$ 340.00	0	\$ 70.00	\$ 330.00	\$ 525.00	\$ 300.00	\$ 820.00
% Change Last Year	NA	NA	NA	NA	NA	NA	-100.0%	-87.2%	-59.6%	-54.6%	NA	951.3%

Source: St Helena Parish - Building Permit Office

Southeast Louisiana Business Center: An Update

Founded in April 2003, the Southeast Louisiana Business Center was designed to function as a “one-stop shop” for economic development in southeast Louisiana. The Center strives to develop partnerships that directly and indirectly contribute to economic renewal and diversification as described in Louisiana’s *Vision 2020 Plan*. The center’s mission is to facilitate the economic growth of the North Shore.

In 2002, Southeastern Louisiana University established a strategic plan to assemble and staff a financially independent regional business center. A 17,000-square-foot building with a corporate footprint located 100 yards from campus was purchased and renovated to include 37 offices, abundant parking, conference rooms of various sizes, a 1,600-square-foot training center, and the latest office technology.

The Center is staffed by knowledgeable individuals who are responsive to the needs of businesses throughout the region. The Center established partnerships with key federal, state, regional, parish, and local economic and business development organizations. Several of these partners are housed within the Center, along with key University resources, including the Small Business Development Center, the Economic and Business Development Center, a business incubator, and the Business Research Center. A full-time executive director with access to all University departments completes the Center and creates a critical link between the University and the business community.

The Center responds to business and industry needs by providing key University resources to will facilitate business development throughout the region. The Center provides a single point of contact for business, industry, and government to access University resources. Although no widely accepted models exist to demonstrate how a university should participate in economic and business development, our model has been shown to be successful while supporting the academic mission of Southeastern Louisiana University.

Universities traditionally focus on their academic mission, education, publication of research, technology transfer departments, etc. Our model reverses the traditional university role and focuses on the needs of business, industry and local government. Similar to the medical-hospital model, where resources and medical professionals locate together and patients “in need” go to one location, our model starts by housing economic development organizations, business assistance organizations, and select university departments inside a conveniently located multi-use business incubator on the edge of campus. Business, industry, and local governments now have a customer-friendly “one-stop” place to seek information, research, and problem-solving assistance.

This new regional model successfully connects the University to the business and government-sponsored job creation and job retention efforts. The result is quantifiable economic impact.

Over a period of twelve months, (July 2004-June 2005), the Center assisted with 217 projects that had the following economic impact on the region: creation of 591 jobs, retention of 187 jobs, and 35 business start-ups and expansions. Eighty percent of the business plans developed at the Center were approved, for a total of \$97.4 million of capital formation.

Throughout this period, the Center hosted 61 training events with 887 attendees. The center received a total of 3,822 phone calls, welcomed 986 visitors, and hosted 528 meetings. The staff assisted with the creation of a regional economic newsletter and nine economic impact studies.

Feasibility of a Milk Processing Plant in Tangipahoa Parish

Introduction

The Association of Louisiana Milk Producers (ALaMP) is exploring the possibility of establishing a milk processing plant in the Tangipahoa Parish. This report will analyze the economic feasibility of the proposed plant.

Background

The tri-parish area of Tangipahoa, St. Helena, and Washington produced 402 million pounds of milk in 2003, which was approximately 80 percent of the total production in the state. The total consumption in the state is about 900 million pounds each year. The retail price of processed milk is approximately \$3.25 per gallon, while dairy farmers received \$1.25 for each gallon of raw milk delivered to a processing plant. The wholesale price of processed milk is \$2.50, indicating that a value of \$1.25 is added to a gallon of milk between the amount the farmers receive and the wholesale price of processed milk. Since many dairy farmers are struggling to cover costs with the price they are receiving for their product, they are keenly interested in establishing a milk processing plant that will help capture some of the value added to raw milk before it reaches retailers. The goal of dairy farmers is to process and sell approximately 180 million pounds of milk per year. Our analysis of the cost and the returns from processing raw milk will be based on a study by researchers at Cornell University.

Analysis

A Cornell study by Erba, Aplin and Stephenson (1997) analyzed the cost of processing and distribution in 35 fluid milk plants throughout the United States. The study considered (a) labor cost, (b) utility cost, (c) plant cost including depreciation, (d) cost of milk containers, (e) delivery cost and (f) selling, general, and administrative expenses. The cost in each category

was reported on a per gallon basis. The data represents costs during January 1993 to March 1995. In our analysis, we will use the average estimated in some of the categories and adjust it to reflect 2005 prices and to account for the price differences between Louisiana and the U.S. In the other category, we will use our own estimates based on information obtained locally. The estimates of the cost components are shown in Table 1.

Labor: The average labor cost of processing milk in the U. S. was 12.3 cents per gallon at 1994 prices, based on a labor cost of \$20.19 (including benefits) per hour. Adjusting the data for the cost of living differences between the U.S. average and Louisiana and for inflation since 1994, the labor cost was estimated to be 15.1 cents per gallon at 2005 prices.

Utility: The utility cost in Louisiana was found to lower than in New York in 1994, so a cost of 1.2 cent per gallon was used.

Plant: The plant cost reported in the Cornell study included labor and utility cost. In our estimate these two items were excluded from the plant cost since they are considered separately. Our estimate of the plant cost was based on a facility costing \$30 million and capable of processing 1 million pounds a day. We considered the opportunity cost of capital tied up in the plant, maintenance cost, taxes, and insurance. Assuming that the plant would process an average of 180 million pounds of milk annually, our estimate for the plant cost is 22.7 cents per gallon in 2005.

Plastic Containers: Since utility prices are lower in Louisiana, the cost for plastic jugs was estimated to be 9.1 cents.

Delivery: The average delivery cost of 9.2 cents per gallon in the Cornell study was based on a labor cost of

\$21.3 per hour in 1994. The low wages of transportation workers in Louisiana should keep the delivery cost in check. Consequently, we have used a smaller adjustment factor than that for plant labor.

Selling, General, and Administrative: The average selling and general and administrative expenses in the U.S. would be 14 cents a gallon at 2005 prices. We estimate the cost in Louisiana to be 13 cents per gallon.

Our analysis shows that the cost of processing a gallon of fluid milk in Tangipahoa Parish would be 71 cents. Since the price of raw milk is \$1.25 per gallon and the wholesale price of processed milk is estimated to be

\$2.50 per gallon, the ownership of the milk plant has an opportunity to gain 54 cents per gallon. Assuming that 180 million pounds (20.93 million gallons) of milk is processed per year, the annual profit would be \$11.3 million. If the local dairy farmers owned the plant, the potential exists to significantly increase their income. As a result, substantial relief would be experienced by the farmers who are pressured by the rising cost of milk production. Most state-sponsored projects are required to assume a 10 percent cost overrun for capital outlay and operation. Such an adjustment would reduce the gain to 47 cents per gallon, or \$9.84 million for the enterprise.

Table 1
Cost of Processing and Distribution of Fluid Milk

Cost Component	US Average (¢ per gallon)		Local Plant (¢ per gallon)
	1994 Prices	2005 Prices	2005 Prices
Labor	12.3	16.3	15.1
Utility	2.6	3.4	1.2
Plant	21.1	27.9	22.7
Plastic Container	8.8	11.6	9.1
Delivery	9.2	12.1	10
Selling G&A	10.6	14.0	13
Total	64.6	85.3	71.1

SLU College of Business—Faculty Highlight

Dr. A. M. M. Jamal (ajamal@selu.edu) is a Professor of Management and is co-director of the Southeastern Louisiana University Business Research Center. He teaches statistics and management science, and his research interests include areas of operations research, economic analysis, international business, and applied business research. He has been published in the *Journal of Operations Research Society*, *Applied Economics Letters*, *Computers & Operations Research*, and *Journal of Applied Business Research*, among others. In his position with the Business Research Center, Dr. Jamal has published

reviews of the area's economy and analyzed the economic impact of various ongoing and proposed projects. Dr. Jamal has expertise in applying the Input-Output analysis, which is a standard procedure for evaluating the cost and benefits from various economic activities. For the past 18 years, Dr. Jamal has collaborated with Professors Loren Scott and Jim Richardson (LSU) in developing forecasts for the state and metropolitan economies. He expects to develop an econometric model for the North Shore parishes, which would be used to forecast the economic activity of the region.



Business Research Center
1514 Martens Drive
Hammond, LA 70401



This publication is jointly produced by Southeastern Louisiana University Departments of:

- Business Research Center
- Economic & Business Development Center
- Southeast Louisiana Business Center
- College of Business

Editors:

William Joubert
Jennifer Henry

Administrative Secretary:

Farrah Laciura

Graphic Designer:

Jennifer Henry

Graduate Assistant:

Jennifer Henry

Our Special Thanks

This edition of the *Economic Reporter* would not exist without the valuable contribution of:

Southeastern Louisiana University: Dr. A. M. M. Jamal,
Dr. Yu Hsing, Ms. Anna Bass, Office of Public Information

St. Tammany Building Permit and Sales Tax Collection Offices

St. Tammany Economic Development Foundation

**Tangipahoa Building Permit Office and School Board
Tangipahoa Economic Development Foundation**

Livingston Building Permit and Sales Tax Collection Offices

Livingston Economic Development Council

Washington Building Permit and Sales Tax Collection Offices

Washington Economic Development Foundation

St. Helena Building Permit and Sales Tax Offices.