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LSBA Study Indicates Legal Services Programs Create Much-Needed Jobs and Extra Income to State of Louisiana

A new study estimates that the four Louisiana legal services programs provide an economic impact of between \$70 million to \$107 million in total economic transactions to the state of Louisiana. Those same services contribute \$2.9 million to \$4.4 million to state and local tax collections each year. For every dollar spent, the study shows legal services programs return \$1.55-\$2.40 to the Louisiana economy. The study, conducted by Dr. James A. Richardson, alumni professor of economics at Louisiana State University, also estimates that legal services programs account for estimated personal earnings of \$21.6 million to \$33.2 million each year in Louisiana, and support between 851 and 1,309 jobs.

At the request of the Louisiana State Bar Association's (LSBA) Access to Justice Committee and its Gap Assessment Subcommittee, Dr. Richardson analyzed economic benefit data collected over a three-month period from the four Louisiana legal services programs, assessing the direct impact of federal funding to the programs and the new state and local taxes collected which results in net new spending in Louisiana's economy.

In Louisiana, qualified residents can receive basic legal services through four federally funded programs: Acadiana Legal Service Corporation, the Capital Area Legal Services Corporation, Legal Services of North Louisiana, Inc. and Southeast Louisiana Legal Services, Inc. These programs operate 14 offices throughout the state. The main objective of these programs is to ensure that Louisiana's neediest citizens have equal access to justice and improved quality of life through the provision of primary legal services. These services have been proven successful many times over. This legal access enables individuals to exercise their rights as citizens to achieve fair outcomes unbiased by their economic situations.

The study says that the availability of these legal services is even more important now, "given that the national poverty rate (was) expected to reach 15 percent in 2010 and this national trend will be repeated in states throughout the country." Also, the study points out that there are important economic impacts that need to be recognized, for example, when individuals are required to miss work to resolve legal issues; when individuals receive payments for which they are legally eligible; or when an individual is able to resolve often longstanding legal issues.

"This kind of net new spending that legal services programs generate serves as an important stimulus for economic activities throughout our communities that should not go unrecognized or unsupported in Louisiana," Dr. Richardson says.

In 2009, records indicate Louisiana's legal services programs handled 19,049 cases for qualified families and

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individuals in cases involving family issues, consumer problems, housing conflicts, income maintenance, education, employment and health concerns.

Roughly 65 percent of the four Louisiana legal services programs' annual budgets come from the national Legal Services Corporation, with the rest of the programs' budgets relying on lawyers themselves — who contribute the interest earned on lawyers' trust accounts — and from state, local and nonprofit contributions.

State funding for legal services has never been fixed or guaranteed. Louisiana state appropriations funded approximately 1.6 percent of all legal services program dollars spent in 2009, with a total of 9.8 percent of all legal services dollars coming from state, local and non-profit organizations. In fiscal year 2010, the state did not appropriate any funding for legal services programs.

While providing legal assistance to low-income individuals is not primarily intended to spur economic activity, Dr. Richardson's recent study indicates that the dollars spent do deliver unmistakable economic returns to the state as a whole.

“This report can assure the state's legislators that all dollars allocated to the legal services programs are not only well spent but also are an investment in the state's fiscal viability,” LSBA President Michael A. Patterson says.

In 2010, the study shows that the four Louisiana legal services programs assisted their clients in either acquiring or retaining more than \$58 million. “This monetary benefit initiates a series of economic transactions that will have a positive impact on the Louisiana economy,” Dr. Richardson's study concludes. “The state's benefit-cost ratio is almost 2.4, meaning that for every dollar of local expenditures, the state is getting back \$2.40.”

Also, “access to legal aid is paramount in achieving societal goals that uphold basic democratic values as well as allowing all segments of society to benefit fully from the rule of law. Basic legal services, without some form of public support, have become prohibitively expensive for less-advantaged citizens, but it is still necessary that they have access to the services in order to fulfill legal obligations,” the study says.

To read the full study online, Legal Services Programs in Louisiana: Their Economic Impact on the State of Louisiana, go to: <http://www.lsba.org/lspstudy>.

The Louisiana State Bar Association assists its more than 21,000 members in the practice of law. The statewide association, as part of its multi-faceted mission, promotes and maintains access to justice initiatives for the state's residents, assists the Louisiana Supreme Court in its regulation of the practice of law, upholds the honor of the courts and the profession, and supports programs that increase public understanding of and respect for the law.

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