



State of Louisiana  
Coastal Protection and Restoration  
Authority

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## **ECONOMIC EVALUATION OF LAND LOSS IN LOUISIANA**

Louisiana's degrading coastal environment is making the state more vulnerable to hurricane damage, and in 50 years a Katrina-type storm could cause more than more than \$133 billion in damage, says a report commissioned by the state and presented today to the Louisiana Coastal Protection and Restoration Authority (CPRA).

The two-year study conducted by the LSU Economics and Policy Research Group and the RAND Corporation quantified economic impacts of ongoing and future land loss in Louisiana, demonstrating a need and justification for Coastal Master Plan project expenditures that can save billions during future storm events.

"Every dollar we spend today on coastal restoration and protection will save us many, many more dollars in the future," said CPRA Board Chairman Chip Kline. "But beyond being cost-feasible, we're talking about saving lives, families, homes, business and our way of life. This study by LSU and RAND is important in making our case to Congress and the nation that it is better for many reasons to spend now rather than later."

The report examines potential economic implications of Louisiana's land loss through a spatial analysis that layered future land loss and storm surge scenarios from the 2012 Coastal Master Plan onto today's economy. The researcher's approach examined both fixed assets and flows of economic activity occurring within the coastal zone as well as their cascading effects throughout the state and the nation.

Findings from the study include replacement costs to commercial, residential, and network infrastructure directly resulting from land loss from \$2.1 billion in a moderate environmental scenario after 25 years to \$3.5 billion in a less optimistic environmental scenario after 50 years. Direct land loss also has the potential to impact business activities in Louisiana and around the nation in a range from \$5.8 billion in a moderate environmental scenario after 25 years to \$7.4 billion in a less optimistic environmental scenario in 50 years. These direct impacts to the economy due to land loss include disruptions at between 807 and 1,182 business structures and put at risk between 8,801 and 12,234 jobs.

Impacts to the economy due to increased storm damage were found by the researchers to be much more severe. Increases in storm damages to fixed assets range from less than \$10 billion in a hypothetical western track storm to over \$133 billion in a hypothetical eastern track storm hitting after 50 years in the less optimistic environmental scenario. The study also quantifies the storm damage impacts to economic activity in a future without action. The range of these impacts was found to be between \$5 billion and \$51

billion nationwide from a single storm event. Under the harshest environmental conditions in 50 years, disruptions to the economy from single storm events occurring on Louisiana's degraded coastline could put at risk as many as 78,000 jobs representing \$4.6 billion in wages, and increases in the price of gasoline that would cost the nation between \$2.3 and \$2.6 billion.

This study also includes discussions of the value of ecosystem services provided by coastal wetlands, commodity flows by transportation mode in coastal Louisiana, considerations on business survival post disaster, and recommendations for future research.

This study would not have been possible without the input and expertise provided by the Coastal Master Plan team and the other steering committee members including Dr. Denise Reed of the Water Institute of the Gulf, Robin Barnes of GNO, Inc., David Conner of the Southwest Louisiana Economic Development Alliance, Dr. Timothy Ryan, Chett Chaisson with Port Fourchon, and King Milling, chairman of the Governor's Advisory Commission on Coastal Protection, Restoration, and Conservation.

Files for the executive summary, full report, and appendix are available today at [www.coastal.la.gov](http://www.coastal.la.gov).