

Economic Impacts of Civil Legal Assistance Programs in Vermont

A Study Commissioned by the Vermont Bar Foundation and
Funded by a Grant from the Vermont Supreme Court

Fall 2019

Presented by the Access to Justice Coalition

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Executive Summary

Civil legal aid organization in Vermont are, like many other services in the state, organized along a variety of lines. The primary low-income legal service providers are Vermont Legal Aid, Legal Services Vermont, the South Royalton Legal Clinic at the Vermont Law School, and the Vermont Bar Association's low and pro bono project. Together with the Vermont Bar Foundation, which provides funding to these and other organizations, these groups represent the best of the public service bar and contribute hundreds of hours at low, reduced, or free rates to ensure that the civil legal needs of Vermonters are met.

These organizations along with the Vermont Supreme Court comprise the Access to Justice Coalition, which coordinates efforts among the members and seeks to find new ways to expand access to justice.

The report accompanying this summary represent the coordinated efforts of several individuals and groups. It began in the spring of 2018 when the Vermont Bar Foundation sought a grant from the Vermont Supreme Court to study the impacts of low-income legal services on the greater Vermont economy. Following receipt of this grant, the Foundation convened a work group comprised of representatives from the Foundation and the four primary legal service providers, together with Dr. Ken Smith and the *Resource for Great Programs*.¹ From October of 2018 through June of 2019, the working group met to compile the most recent data of each group's caseload, outcomes, and judgments. From this information, Dr. Smith and his team were able to identify, analyze, and quantify the value of this work.

In brief, the Study found that:

- The results of this study show that these legal service groups provide two important benefits:
 - They provide direct benefits to their clients through greater access to the legal system to defend their rights and to make meritorious claims.
 - They provide indirect benefits to all Vermonters in the form of a substantial economic return to the larger economy.
- For every \$1 invested in Vermont Low-Income Legal Services, the State and Vermonters see a rate of return of \$11, or a social impact return on investment of 1106%.
- In 2017, Vermont's Low-Income Legal Services had a \$66.4 Million impact on the Vermont economy at a cost of \$6 Million.

¹ The Resource for Great Programs is a national research firm dedicated to providing strategic support to civil justice organizations that seek to expand access to justice for low-income people. Details about The Resource may be obtained at www.GreatPrograms.org.

- These impacts include:
 - \$32.7 Million in new income for low-income households
 - \$2.6 Million in cost savings (Preventing evictions, foreclosures, and domestic violence)
 - \$31.1 Million impact on local spending.
- This analysis reveals that Vermont civil legal aid organizations are providing essential services that help low-income residents of Vermont each year address critical legal issues directly affecting their families, homes, incomes, jobs, and access to vital services. The gap between the need for these services and the capacity of these organizations to address them is profound.²

Major Findings

1. Low-income Legal Services Provide an Important Economic Resource at a Low Cost

The income generated by civil legal aid providers goes directly to low-income Vermonters. This is money in the pockets of individuals and families to purchase the essentials of life. It is food for groceries, rent, medicine, clothing for school, and reliable transportation. These results are achieved with a relatively low investment in civil legal aid services. This \$11 benefit for every \$1 invested is one of the best in the nation.³ As compared to other states, Vermont low-income legal services provide effective and efficient representation.

2. The \$66.4 Million impact that low-income legal service providers had in 2017 consisted of three major components:

- a. **\$32.7 Million in direct dollar benefits.** These payments received directly by low-income clients and other entities as a result of successful legal assistance by legal aid organizations in 2017 included the following:
 - \$10.7 Million in SSI, SSDI, and other Social Security benefits received by low-income individuals and their families.
 - \$17.4 Million in Medicaid- and Medicare-funded reimbursements received by Vermont health care providers.

² The Vermont Committee on Equal Access to Legal Services published a report on Vermont's low-income legal needs in 2001. https://www.americanbar.org/content/dam/aba/administrative/legal_aid_indigent_defendants/ATJReports/ls_VT_clns_2001.pdf. A subsequent study focusing on older Vermonters was published in 2010 by Vermont Legal Aid. https://www.americanbar.org/content/dam/aba/administrative/legal_aid_indigent_defendants/ATJReports/ls_VT_Elderclns_2010.pdf.

³ For a broad comparison, see the American Bar Association's Collection of State Needs Assessments and Impact Studies, available at https://www.americanbar.org/groups/legal_aid_indigent_defendants/resource_center_for_access_to_justice/atj-commissions/atj_commission_self-assessment_materials1/studies/.

- \$4.2 Million in child and spousal support payments to low-income clients of legal aid organizations.
 - \$0.4 Million in Veteran's benefits to veterans and their families.
 - \$0.5 Million in increased wages to immigrants due to attainment of legal permanent resident (LPR) status or becoming U.S. citizens with legal assistance from Vermont legal aid organizations.
- b. **\$2.6 Million in cost savings.** In addition to the direct dollar benefits outlined above, Vermont civil legal aid organizations achieved the following cost savings for clients and other stakeholders as a result of services provided in 2017:
- \$0.8 Million in preventing domestic violence thereby reducing emergency medical treatment and law enforcement costs.
 - \$1.1 Million in foreclosure avoidance representing costs that were not incurred and were avoided by low-income homeowners, lenders, neighbors, and local governments through the legal assistance provided by the organizations in this study.
 - \$0.7 Million in preventing evictions thereby avoiding costs of emergency shelters and associate social costs of homelessness.
- c. **\$31.1 Million from the economic multiplier effect** of revenue brought into Vermont from outside the state. A large portion of the dollars received by legal aid clients from such external sources as federal SSI/SSDI benefits and the federal share of Medicaid reimbursements are spent within the state, thereby increasing revenue for local businesses and creating jobs for working Vermonters. This boost to the Vermont economy would not have occurred without the successful legal assistance that eliminates legal barriers to low-income Vermonters' receiving benefits for which they are eligible under the law.

3. Low-Income Legal Services Bring Stability to Vermonters.

Through access to services, income, prevention of homelessness, and protection of basic rights, low-income legal services protect those who are most vulnerable. As these numbers show, these services help individuals and communities recover and obtain economic benefits. More importantly, these needs prevent individuals and families from slipping further into poverty and its accompanying issues. Helping a family fight an eviction keeps them from involuntary homelessness, loss of employment, and potential issues like drug use, and crime. Investing in this type of preventative program is both less expensive and more effective than dealing with these issues as they emerge.

Civil legal aid organizations ease the burden on the Vermont court system. Legal aid advocates enable Vermont courts to operate more efficiently and effectively by helping self-

represented litigants prepare to navigate the courts and by hosting community legal education events to inform residents how the legal process works.

4. Access to Justice is more than numbers.

It is about meaningful access to the legal system to resolve disputes, obtain benefits or services owed, or defend rights and processes. Yet this mission also produces economic impacts that ripple outward to benefit many other segments of society. Making local government officials, business people, bar leaders, funders, and other stakeholders aware of the scope and impact of these outcomes is an important opportunity that this report seeks to address.

The substance of this report reflects the significant efforts of Vermont private lawyers to support civil legal aid efforts and to narrow the justice gap. The Vermont Bar Association and local county bar associations collaborate with legal aid organizations across the state to identify needs and to promote pro bono service to low-income Vermont residents.

Methodology Used in the Study

The impacts reported above were estimated using a methodology developed by The Resource for Great Programs over the past two decades and applied in 12 states—including New York, Virginia, Pennsylvania, Georgia, and New Hampshire—encompassing more than 80 civil legal aid organizations. This methodology first quantified the number of legal aid cases for which specific outcomes for clients were achieved during the study period, such as avoidance of domestic violence or prevention of eviction. These figures were derived from case statistics and outcomes data collected by the legal aid organizations through their recordkeeping systems.

The outcome figures were then multiplied by estimates of the dollar benefits or cost savings per successful outcome to derive estimates of the total impact. For example, each successful SSDI/SSI case produces an average income stream of \$715 per month for the client that lasts for an average of 11 years. These dollar multipliers were derived from a variety of external data and evaluation results such as government databases and analyses, research papers and reports, and various models and surveys such as the Regional Input-Output Multiplier System (RIMS II) maintained by the U.S. Bureau of Economic Analysis.

Details regarding the data sources, computations, and assumptions used for deriving the estimates produced by this study are provided in appendices to this report, available from the Vermont Bar Foundation at www.vtbarfoundation.org.

Conclusion

This study has revealed that the civil legal aid organizations funded in part by The Vermont Bar Foundation are providing essential services that help thousands of low-income residents of Vermont each year to address critical legal issues directly affecting their families,

homes, incomes, jobs, and access to vital services. The gap between the need for these services and the capacity of these organizations to address them is profound.

The “justice gap” represents both a challenge to the justice system and an unrealized opportunity for the Vermont civil justice community and its supporters to produce even more profound economic and societal benefits for low-income Vermont residents and the entire community. Every additional \$100,000 of funding enables legal aid organizations to generate an additional \$1.1 Million in economic benefits. The findings of this study have demonstrated that additional investments aimed at bridging the “justice gap” not only will help many more people, but also will have dramatic economic impacts that benefit all Vermonters.