

Legal Aid in Illinois

Selected Social and Economic Benefits

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Executive Summary

Equal access to the justice system is a fundamental principle of American democracy. The U.S. Constitution guarantees equal protection of the laws and due process in the courts to all Americans—not just those who can afford a lawyer. By providing legal counsel to those who cannot afford it, legal aid helps ensure that all Americans receive equal protection and due process, and that the laws passed by Congress and state and local governments are applied equally.

Across Illinois, nonprofit legal aid providers offer free legal advice, representation, and other legal services to low-income, disadvantaged Illinoisans who have civil legal problems and cannot afford counsel. These legal aid providers afford access to the justice system for clients facing eviction and foreclosure, domestic violence, termination of vital benefits, and other threats to the health and safety of themselves and their families. Legal aid may prevent clients and their families from becoming homeless, protect clients from domestic violence, and ensure that clients and their families receive benefits that help them meet basic needs. For many clients, obtaining these services may mean the difference between hunger and food on the table, entering a homeless shelter and being stably housed, and abuse and physical safety.

Services provided by legal aid organizations range from educating clients about their rights and responsibilities to extended legal representation to resolve complex problems. Low-income, disadvantaged people may struggle to understand their legal rights and obligations. By educating clients and helping them resolve legal problems before courts, administrative bodies, and other settings, legal aid providers may prevent legal problems from escalating, leveling the playing field and enabling vulnerable people to participate more fully in society.

The primary outcomes legal aid achieves are ensuring that low-income, disadvantaged people understand their rights; have the assistance needed to fairly and efficiently resolve their legal problems; and feel they are treated fairly and equally under the laws that govern their particular situations. In the course of achieving these outcomes, legal aid also provides clients and other Illinoisans with tangible economic benefits. These include monetary awards that help low-income clients meet their financial obligations; increased demand for goods and services, household income, and employment from federal benefits cases; and costs of harm avoided from homelessness and domestic violence.

The Chicago Bar Foundation, the Illinois Equal Justice Foundation, the Illinois Bar Foundation, the Lawyers Trust Fund of Illinois, and the Polk Bros. Foundation commissioned this study to inform policymakers and other stakeholders about the tangible economic benefits of legal aid. This study quantifies some of the benefits to clients and other Illinoisans from cases closed by seven legal aid providers that are part of the larger network of 38 legal aid providers funded by The Chicago Bar Foundation and the Lawyers Trust Fund. It uses data from civil law cases in which clients resided in Illinois. These include cases in which a provider communicated with a third party, prepared legal documents, or helped a client represent himself or herself; negotiated a settlement with a third party;

While a complete inventory of the economic benefits from legal aid is beyond the scope of this study, the estimates it presents can help inform policymakers and other stakeholders as they make decisions about the future of legal aid.

represented a client in an administrative agency process or court proceeding; and provided other services beyond legal advice. Data from 8,134 cases were used in the study. The average client helped by one of these cases belonged to a household of three people and reported annual household income of \$14,075, meaning that his or her household was well below the federal poverty level.*

The study quantifies four economic benefits from cases closed in 2010 by the seven legal aid providers:

- Legal aid providers won \$49.4 million in monetary awards for clients. Examples of monetary awards are child support and alimony, public benefits like Social Security and unemployment insurance, and relief from illegal charges by a landlord or payment to a predatory lender.
- Legal aid providers won \$11.9 million in benefits wholly or partially paid for by the federal government. It is estimated that these awards were associated with \$9.3 million in demand for goods and services, \$5.4 million in household income, and 172 non-legal-aid jobs across Illinois.
- By preventing or obtaining more time in foreclosures or evictions, obtaining, protecting, or increasing rental subsidies, and assisting clients with other housing issues, legal aid providers avoided \$1.9 million in costs to homeless shelters.
- By obtaining protective orders, divorces, child custody, and legal recognition for noncitizens experiencing abuse, legal aid providers avoided \$9.4 million in costs of domestic violence to individuals.

Overall, each dollar spent on legal aid by governments and private donors was associated with \$1.80 in economic benefits for legal aid clients or other Illinoisans. Total economic benefits from cases closed in 2010 in the four areas considered by this study exceeded spending on legal aid by \$32.1 million.

The economic benefits of legal aid in Illinois are likely to be greater than those estimated in this study. The study uses data from only seven of 38 legal aid providers funded by The Chicago Bar Foundation and the Lawyers Trust Fund. Additionally, civil law cases other than those involving monetary awards and federal benefits, homelessness, and domestic violence may have outcomes with economic benefits for legal aid clients and other Illinoisans: by overcoming expulsion of a student from school, legal aid may enable the student to obtain a high school diploma, increasing his or her lifetime earnings; by restoring a client's drivers license or recovering a repossessed vehicle, legal aid may enable the client to access employment far from home, meeting an employer's need for labor and contributing to the local economy. Because this study estimates economic benefits of legal aid in only four easy-to-monetize areas, it represents an incomplete estimate of the economic benefits of legal aid in Illinois. While a complete inventory of the economic benefits from legal aid is beyond the scope of this study, the estimates it presents can help inform policymakers and other stakeholders as they make decisions about the future of legal aid.

Complete details regarding cases and methods used for estimating economic benefits are described in the methodology report, available from www.heartlandalliance.org/research.

* Household size was reported for 8,044 clients and household income was reported for 6,245 clients. The federal poverty level in 2010 was \$18,310 for a family of three.

Legal Aid Providers and Cases Included in the Study

Data from the following legal aid providers were used in this study:

- **Cabrini Green Legal Aid (www.cgla.net):** Cabrini Green Legal Aid provides integrated legal and social services to Chicago residents in family law, housing law, criminal records, and criminal defense.* It serves clients with household incomes below 150 percent of the federal poverty level.
- **Land of Lincoln Legal Assistance Foundation (www.lollaf.org):** Land of Lincoln Legal Assistance Foundation serves residents of 65 counties in central and southern Illinois. It handles cases in the areas of housing, family, consumer, health, public benefits, and education, and provides additional services to senior citizens and residents of long term care facilities in some areas. Households with incomes below 200 percent of the federal poverty level are potentially eligible for services.
- **Lawyers' Committee for Better Housing (<http://lcbh.org>):** Lawyers' Committee for Better Housing serves Chicago residents in housing law. It serves clients with household incomes below 60 percent of Chicago's median income.
- **Legal Aid Society of Metropolitan Family Services (www.metrofamily.org):** Legal Aid Society serves residents of Cook County. It handles cases concerning family law, housing law, consumer issues, and elder abuse. It serves clients with household incomes below 125 percent of the federal poverty level.
- **LAF (www.lafchicago.org):** LAF, formerly the Legal Assistance Foundation of Metropolitan Chicago, is the largest provider of legal services in Cook County to people living in poverty. LAF handles cases concerning non-criminal issues like domestic violence, consumer fraud, and unfair evictions. LAF generally serves clients with household incomes below 125 percent of the federal poverty level, but in some instances can serve clients with household incomes up to 150 percent of the federal poverty level.
- **National Immigrant Justice Center (www.immigrantjustice.org):** National Immigrant Justice Center handles cases concerning protections for noncitizens facing domestic violence, sexual assault, and other forms of physical or mental abuse. It serves clients with household incomes below 200 percent of the federal poverty level.
- **Prairie State Legal Services (www.pslegal.org):** Prairie State Legal Services serves residents of 36 counties in northern and central Illinois. It handles cases concerning family law, housing law, benefits, and consumer issues. It serves clients with household incomes below 125 percent of the federal poverty level and those over age 60.

Providers are grantees of the Illinois Equal Justice Foundation and were able to provide basic data about clients and cases. Because these seven providers are part of the larger network of 38 legal aid providers funded by The Chicago Bar Foundation and the Lawyers Trust Fund, they represent a small cross section of all legal aid providers. The seven providers handled one third of all cases handled by legal aid providers in this network in 2010.¹

Each provider offers free legal services to low-income Illinois residents. Providers face high demand for these services and limited resources to meet this demand.² Generally, they prioritize cases with the

* Criminal law cases were not included in this study.

potential to protect clients from serious risks to their health and safety and ensure that clients are able to meet their basic human needs.

The study uses data from 8,134 cases closed by the providers in 2010. Each case involved one or more of the following areas:

- **Monetary awards:** Monetary awards are payments to a client from another party or relief from a client’s obligation to pay another party. Examples are child support and alimony, public benefits awards, and relief from illegal charges by a landlord or payment to a predatory lender.
- **Federal benefit awards:** Federal benefit awards are a subset of monetary awards that are wholly or partially paid for using federal funds. They include Social Security, Housing Choice Vouchers/Section 8 rental assistance, SNAP/Food Stamps, TANF, Medicare and Medicaid, veterans’ benefits, and awards from IRS tax cases.
- **Homelessness:** Cases in which a legal aid provider helped clients avoid foreclosure or eviction, maintain, obtain, or increase a rental subsidy, or obtain another outcome that enabled them to access safe and habitable housing may have prevented clients and their families from entering a homeless shelter.
- **Domestic violence:** Cases in which a legal aid provider helped clients experiencing domestic violence obtain a protective order, divorce, child custody, or legal recognition for noncitizens experiencing abuse may have prevented clients from experiencing domestic violence.

Legal aid providers across Illinois handled over 220,000 cases in 2010.³ Consequently, cases used in this study represent a small cross section of all cases handled by legal aid providers.

A case may involve more than one area; for example, legal aid may help a client obtain a divorce that protected him or her from domestic violence and obtain child support payments in a single case. The following table shows the number of cases included in the study by case type. It excludes federal benefit awards cases because these are a subset of monetary awards cases.

Table 1: Cases included in the study by case type

<i>Case type</i>	<i>Number of cases</i>	<i>Percentage of all cases</i>
Monetary awards	2,033	25.0%
Homelessness	1,642	20.2%
Domestic violence	2,845	35.0%
More than one area	1,614	19.8%
<i>Total</i>	<i>8,134</i>	<i>100.0%</i>

The average client helped through one of these cases belonged to a household of three people and reported annual household income of \$14,075.* The federal poverty level for a family of three was \$18,310 in 2010, meaning that his or her household was well below the federal poverty line.

* Household size was reported for 8,044 clients and household income was reported for 6,242 clients.

What is Not Included in this Study

This study uses data on 8,134 cases with easy-to-monetize outcomes handled by seven legal aid providers that were able to provide basic data about their clients and cases. Because it excludes many other providers and cases, it represents an incomplete inventory of the economic benefits from legal services in Illinois.

- In 2010, there were 38 legal aid providers funded by The Chicago Bar Foundation and the Lawyers Trust Fund. This study uses data from less than one quarter of all providers.
- In 2010, legal aid providers across Illinois handled over 220,000 cases. This study uses data from fewer than four percent of those cases.
- This study uses cases with outcomes that are relatively easy to monetize: cases including monetary awards for clients, cases including benefits wholly or partially paid for by the federal government, and cases with outcomes that may have avoided costs to homeless shelters and individuals who would have experienced domestic violence. Many other case types may have outcomes with economic benefits.

While a complete inventory of the economic benefits from legal aid is beyond the scope of this study, the estimates it presents can help inform policymakers and other stakeholders about the economic benefits of legal aid.

Monetary Awards for Low-Income Clients

Cases closed by legal aid providers in 2010 included \$49.4 million in monetary awards for clients. Awards from these cases included recoveries and avoidances:

- **Recoveries:** Recoveries are payments to a client from another party. Examples are awards of child support and alimony, public benefits like Social Security and unemployment insurance, medical benefits, and payment for medical expenses of crime victims.
- **Avoidances:** Avoidances are relief from a client's obligation to pay another party. Examples are relief from wage garnishment, illegal charges by a landlord, and mortgage payments to a predatory lender.

Cases closed by selected legal aid providers in 2010 included \$49.4 million in monetary awards.

The following table shows awards from cases closed by legal aid providers in 2010 by area of law.

Table 2: Monetary awards from cases closed by legal aid providers in 2010 by area of law

<i>Area of law</i>	<i>Examples</i>	<i>Number of cases</i>	<i>Total awards</i>
Consumer	Bankruptcy, protection from predatory lenders, protection from harassment by creditors	472	\$14,852,356
Family	Child support, alimony, division of property or debt from a marriage	1,051	\$10,444,230
Income maintenance	Social Security, Food Stamps, unemployment insurance, TANF, Veterans benefits, state and local benefits	1,086	\$9,784,688
Housing	Relief from illegal charges by a landlord, obtaining, increasing, or preventing termination of a rental subsidy	725	\$9,366,364
Health	Eligibility for Medicaid, Medicare, or another public health insurance program	134	\$1,969,005
Employment	Recovering unpaid wages or overtime pay, resolving federal tax claims	50	\$601,235
Other	Obtaining compensation for medical expenses and lost wages of crime victims	128	\$2,429,611
<i>Total</i>		<i>3,646</i>	<i>\$49,447,490</i>

Economic Stimulus from Federal Benefits Awards

In addition to winning payments or relief from monetary obligation for low-income clients, legal aid stimulates the Illinois economy by transferring income from out of state to individuals who are likely to spend this income in Illinois. Many cases involve benefits wholly or partially paid from federal funds. The share of these benefits paid from federal funds represents purchasing power that consumers in Illinois would not otherwise receive, and this purchasing power contributes to economic activity in Illinois.*

Cases closed by legal aid providers in 2010 won \$11.9 million in benefits wholly or partially paid for by the federal government. It is estimated that legal aid clients spent \$9.9 million of these benefits on goods purchased in the retail trade, housing, and medical care sectors. The federal government contributed \$9.1 million to this amount. It is estimated that this contribution was associated with the following economic activity across Illinois:

- \$9.3 million in demand for goods and services†
- \$5.4 million in household income
- 172 non-legal-aid jobs

Spending of awards from federal benefits cases closed by selected legal aid providers in 2010 was associated with \$9.3 million in demand for goods and services, \$5.4 million in household income, and 172 non-legal-aid jobs.

Spending of benefits in one sector of the economy stimulates activity in other sectors. When a client spends federal benefits on goods or services in Illinois, the business from which he or she makes a purchase must replenish its stock of materials or buy services from other business to support the initial purchase. The business may make some supporting purchases within Illinois, stimulating economic activity. It may make other purchases out of state, resulting in “leakage” of economic activity from Illinois. The supporting businesses in Illinois, in turn, make purchases from other businesses, with leakage occurring at every step. The sum of economic activity at each step after the initial purchase reflects the total economic activity associated with the initial purchase.

Low-income individuals and families have a higher propensity to spend income on goods and services (as opposed to saving or investing), and to spend income locally than those with higher incomes.⁴ Studies of the Earned Income Tax Credit and federal stimulus payments find that low-income households spend approximately 70 percent of these payments immediately after receiving them.⁵ To estimate economic stimulus associated with cases involving federal benefits, it is assumed that clients spent 70 percent of awards from Social Security, TANF, veterans’ benefits, and federal tax cases in Illinois.

* By contrast, cases that obtain payments from one party to another cannot be said to stimulate the Illinois economy when both parties are in state: in the absence of the case, the losing party might spend the amount of the payment in Illinois. For example, consider a hypothetical case in which a client won a \$100 child support payment from a former spouse in Illinois: with the case, the client might spend the payment in Illinois; without the case, the former spouse might spend the amount of money he or she *would have paid to the client* in Illinois. With or without legal services, \$100 would have been spent in Illinois, so the case cannot be said to have contributed to economic activity in-state.

† This excludes initial increased demand of \$9.1 million in spending on retail goods, housing, and medical care that stimulated subsequent demand. Dollars paid by the federal government that constitute initial demand are a component of total monetary awards for clients; consequently, initial increased output is not considered economic stimulus in order to avoid double counting.

The U.S. Department of Commerce creates “economic multipliers” to estimate demand for goods and services, household income, and employment stimulated by increased spending in a given industrial sector. The retail trade sector encompasses many businesses at which clients might have spent awards from Social Security, TANF, veterans’ benefits, and federal tax cases; these include general merchandise stores, gas stations, clothing stores, and health and personal care stores.⁶ Accordingly, the economic multiplier for the retail trade sector is applied to the federal share of awards spent in Illinois.

Other benefits wholly or partially paid for by the federal government include SNAP/Food Stamps, Housing Choice Vouchers/Section 8 rental assistance, Medicaid, and Medicare. Clients must use these benefits to obtain food, rental housing, and medical care (as opposed to saving or investing them as they could other benefits). Accordingly, economic multipliers for the retail trade, real estate, and ambulatory healthcare services sectors are applied to the federal share of these awards.

Table 3 shows awards by benefit type, estimated amount spent by clients, and federal share of amount spent. Economic multipliers were applied to the federal share of the estimated amount that clients spent.

Table 3: Monetary awards from federal benefits cases closed by legal aid providers in 2010 by benefit type

<i>Benefit</i>	<i>Total dollars</i>	<i>Dollars spent by clients</i>	<i>Dollars spent by clients that are federal</i>
Social Security	\$6,271,698	\$4,390,188	\$4,390,188
TANF	\$258,236	\$180,765	\$93,636
Awards from federal tax cases	\$29,418	\$20,593	\$20,593
Veterans' benefits	\$10,329	\$7,230	\$7,230
SNAP	\$1,591,993	\$1,591,993	\$1,591,993
Section 8	\$2,194,504	\$2,194,504	\$2,194,504
Medicare	\$14,268	\$14,268	\$14,268
Medicaid	\$1,504,655	\$1,504,655	\$754,886
<i>Total</i>	<i>\$11,875,101</i>	<i>\$9,904,197</i>	<i>\$9,067,298</i>

Applying these economic multipliers, it was estimated that the \$9.1 million federal share of awards was associated with \$9.3 million in demand, \$5.4 million in household income, and 172 non-legal-aid jobs across Illinois.

Avoided Cost of Harm: Homeless Shelter

The outcomes of cases handled by legal aid may prevent families from entering homeless shelters:

- **Foreclosure:** By helping a client modify the conditions of a home loan or obtain other assistance, legal aid may prevent the client and his or her family from losing possession of their home and entering a homeless shelter.
- **Eviction:** By helping a client avoid eviction, legal aid may prevent the client and his or her family from losing possession of a home they rent and entering a homeless shelter. Legal aid may also obtain more time for a client to move in an eviction, enabling the client and his or her family to locate and move into a new home and avoid entering a homeless shelter.
- **Rental subsidy:** By preventing termination of a rental subsidy, obtaining a new subsidy, or increasing a subsidy amount, legal aid may enable a client and his or her family to continue paying rent for their home and avoid entering a homeless shelter.
- **Other cases:** Legal aid helps clients obtain access to public or private housing, prevent threatened lockouts or stop actual lockouts by landlords, obtain repairs to housing or accommodations for clients with disabilities, and enforce other tenant rights. These services enable clients to access safe and habitable housing and may help clients and their families avoid entering a homeless shelter.

Cases closed by selected legal aid providers in 2010 avoided \$1.9 million in costs to homeless shelters in Illinois.

Of cases closed in 2010, 2,548 were cases in which the provider helped clients avoid foreclosure or eviction, maintain, obtain, or increase a rental subsidy, or obtain another outcome that enabled them to access safe and habitable housing. The following table shows these cases by outcome type.

Table 4: Cases with outcomes that may have prevented clients from entering a homeless shelter by outcome type

<i>Outcome type</i>	<i>Number of cases</i>	<i>Percentage of cases</i>
Avoided or obtained additional time in eviction	1,246	48.9%
Avoided or obtained additional time in foreclosure ¹	126	4.9%
Maintained, obtained, or increased a rental subsidy	279	10.9%
Other	770	30.2%
Unknown ²	127	5.0%
<i>Total</i>	<i>2,548</i>	<i>100.0%</i>

¹Includes foreclosure cases that prevented eviction of tenants from a foreclosed-upon landlord.

²Includes cases from a provider that handles only housing cases. The provider was able to identify cases that may have prevented homelessness but was unable to provide outcome types.

Based on prior research, it was assumed that one in every five cases prevented a family from entering shelter, that each sheltered family costs a homeless shelter \$1,505 per month, and that each family stays sheltered for 2.5 months. Given these assumptions, cases closed by legal aid providers in 2010 avoided \$1.9 million in costs to homeless shelters in Illinois.

Avoided Cost of Harm: Domestic Violence

The outcomes of cases handled by legal aid may protect clients from domestic violence:

- **Protective orders:** By helping a client obtain a protective order, legal aid may prevent an abuser from contacting, harassing, and committing acts of violence against a client. In a protective order, an abuser is usually mandated by a court to have no contact with another person. The abuser may face civil or criminal charges if he or she disobeys the order.⁷
- **Divorce:** By helping a client obtain a divorce, legal aid may enable the client gain control of financial resources (such as a bank account or credit card) from an abusive spouse. This may give the client means to move away from the spouse and exit an abusive marriage.
- **Child custody:** By helping a client obtain custody of his or her children, legal aid may enable the client to move away from his or her abuser. Without child custody, the client may be unable to move away from the abuser while ensuring the children’s safety, forcing the client to remain with the abuser and subjecting him or her to further abuse.
- **Legal recognition for noncitizens:** Legal aid helps noncitizens who experience domestic violence, sexual assault, and other forms of physical or mental abuse obtain legal status and eligibility to work in the United States. This may enable them to obtain independence from their abusers and protection from further abuse under United States law.

Cases closed by selected legal aid providers in 2010 avoided \$9.4 million in costs of domestic violence to clients in Illinois.

Of cases closed in 2010, 5,109 were cases in which providers helped clients obtain a protective order, divorce, child custody, legal status and eligibility to work in the United States, or related protections. The following table shows these cases by outcome type.

Table 5: Cases that may have prevented domestic violence by outcome type

<i>Outcome type</i>	<i>Number of cases</i>	<i>Percentage of cases</i>
Obtained a protective order	1,322	25.9%
Obtained divorce, legal separation, or annulment	1,911	37.4%
Obtained, maintained, or modified child custody	1,063	20.8%
Obtained noncitizen legal status and eligibility to work in the United States	219	4.3%
Other	594	11.6%
<i>Total</i>	<i>5,109</i>	<i>100.0%</i>

Based on prior research, it was assumed that every 100 cases prevented 11.1 incidents of domestic violence per year and that domestic violence costs individuals \$16,599 per incident. Given these assumptions, cases closed by legal aid in 2010 avoided \$9.4 million in costs of domestic violence to clients in Illinois.

Economic Benefits Exceed Spending

Each dollar spent on selected legal aid providers was associated with \$1.80 in economic benefits for legal aid clients or other Illinoisans.

- Cases closed by legal aid providers in 2010 were associated with \$70.1 million in economic benefits, including \$49.4 million in monetary awards for clients, \$9.3 million in demand for goods and services across Illinois, \$1.9 million in costs avoided to homeless shelters, and \$9.4 million in costs of domestic violence avoided to individuals.
- In 2010, the United States government, other governments, and private donors spent \$38.0 million to support legal aid providers.
- Total economic benefits in the four areas considered by this study exceeded spending on legal aid providers by \$32.1 million.

Some benefits included in this comparison accrued to legal aid clients: Monetary awards such as child support payments or recovery of unpaid wages were benefits to legal aid clients but losses for other parties. Costs of domestic violence avoided were benefits to legal aid clients who might have experienced domestic violence without help from legal aid. By contrast, demand for goods and services and costs avoided to homeless shelters accrued to Illinoisans other than legal aid clients.

This comparison reflects economic benefits from cases handled by the seven legal aid providers included in this study and spending on those providers. It includes only cases with economic benefits in the four areas considered by this study. As noted above, civil law cases in other areas may have outcomes with economic benefits for clients and other Illinoisans. While this comparison demonstrates that the economic benefits of selected legal aid programs exceed spending on those programs, it is likely to understate the ratio of economic benefits to spending.

Methodology

This section summarizes the methodology used to select cases for inclusion in the study, determine monetary awards by area of law, estimate economic stimulus from federal benefits cases, and estimate costs avoided by cases that may have prevented families from entering a homeless shelter and individuals from experiencing domestic violence. Complete details are available in the methodology report, available from www.heartlandalliance.org/research.

Providers and Cases Included

Data from seven legal aid providers were used in this study. Providers were selected from grantees of the Illinois Equal Justice Foundation, a nonprofit organization that distributes funding from the State of Illinois to nonprofit legal aid programs. Providers selected were those able to provide basic data about clients and cases, including outcome codes describing the subject matter and outcome of each case and monetary awards associated with each case.

Data on 8,134 cases were used in the study. To be included, a case must have been closed in 2010 and the client must have resided in Illinois. Additionally, the provider must have rendered a level of service beyond providing legal advice, such as preparing legal documents or communicating with a third party, negotiating a settlement, or representing a client in a court proceeding or administrative agency action. Cases in which a provider provided only legal advice, referred a client to another agency, rejected the case, withdrew from the case, or lost contact with clients were excluded from the study.

Monetary Awards for Low-Income Clients

Data on awards to which clients were entitled according to court decisions, settlements, and other official sources were used to report total monetary awards and monetary awards by area of law. Legal problem codes defined by the Legal Services Corporation, a nonprofit organization that administers federal funding for legal services, were used to categorize awards into one of 10 broad areas of law.

Economic Stimulus from Federal Benefits

Monetary awards from cases involving benefits wholly or partially paid for using federal funds and economic multipliers created by the U.S. Department of Commerce, Bureau of Economic Analysis were used to estimate economic stimulus from cases involving federal benefits.

First, monetary awards from federal benefits cases were recorded and the amount that clients spent in Illinois was estimated. Awards amounts were recorded for Social Security, Housing Choice Vouchers/Section 8 rental assistance, SNAP/Food Stamps, Medicare and Medicaid, Temporary Assistance to Needy Families (TANF), veterans' benefits, and IRS tax cases. Awards from half of all eviction cases that prevented eviction from private housing of clients with Section 8 rental subsidies were also counted. These cases were randomly selected and their awards recorded to reflect the fact that some eviction cases effectively preserve Section 8 rental subsidies for clients. It was assumed that clients spent 70 percent of awards from Social Security, TANF, veterans' benefits and IRS tax cases. Additionally, it was assumed that 100 percent of awards from Food Stamps, Section 8 rental assistance, and Medicare and Medicaid cases were used by clients to obtain food, rental housing, and medical care from businesses in Illinois.

Next, the amount of awards paid for using federal funds was determined. The federal government funds Social Security, Section 8 rental assistance, Food Stamps, Medicare, and veterans' benefits. Accordingly,

it was assumed that 100 percent of Social Security, Section 8, Food Stamps, Medicare, and veterans' benefits awards were paid for by federal funds. Awards from IRS tax cases were also considered fully paid for by federal funds. The federal government funds approximately half of TANF and Medicaid benefits, with states paying the other half. Accordingly, it was assumed that approximately half of TANF and Medicaid awards were paid for by federal funds.

Finally, economic multipliers were applied to federal funds to estimate demand, income, and employment associated with federal benefits cases. Economic multipliers represent the relationship between demand in one sector of the economy and demand, household earnings, and employment across the economy. The Bureau of Economic Analysis creates multipliers for specific geographies and for industrial sectors within geographies. Multipliers for the following industrial sectors in Illinois were applied to federal funds:

- Multipliers for the retail trade sector were applied to Social Security, TANF, veterans' benefits, and IRS tax awards. This sector encompasses many business establishments at which clients might spend income from these awards.
- Multipliers for the real estate sector were applied to Section 8 rental assistance awards. This sector encompasses business establishments that rent or lease real estate to others or manage real estate for others.
- Multipliers for the ambulatory health care services sector were applied to Medicare and Medicaid awards. This sector encompasses offices of physicians and other health practitioners, home health care services, and outpatient care services.

Three types of multipliers were applied to federal funds spent in each sector: output multipliers representing the relationship between demand in one sector and demand across the economy; income multipliers representing the relationship between spending in one sector and earnings received by households across the economy; and employment multipliers representing the relationship between spending in one sector and employment across all sectors.

Avoided Costs of Harm: Homeless Shelter

The number of cases with outcomes that may have prevented clients and their families from entering homeless shelters was used to estimate the cost of homeless shelter avoided by legal aid. These included cases in which legal aid prevented or obtained additional time in an eviction; prevented or obtained additional time in a foreclosure; prevented termination of a housing subsidy, obtained a new housing subsidy, or obtained an adjustment to a housing subsidy; and other relevant housing cases.

It is unlikely that all clients and their families would have entered homeless shelters had legal aid not resolved the cases in their favor: some might have avoided entering shelters by obtaining new rental housing, staying with family or friends, or finding other housing arrangements. Based on data from New York State, leading homelessness researchers estimated that one of every five families receiving public assistance and facing eviction would enter shelter in the absence of an intervention.⁸ Accordingly, it was assumed that one in every five cases prevented one family from entering shelter.

The cost of providing a family with emergency shelter for one month was used to represent costs of homeless shelter avoided. A study sponsored by the U.S. Department of Housing and Urban Development determined the average cost of family emergency shelter in the District of Columbia, Houston, Kalamazoo, and Upstate South Carolina.⁹ Of these areas, fair market rent in Houston is most comparable to fair-market rent in Chicago, where most clients in housing cases handled by legal aid

resided. Accordingly, the cost of family emergency shelter in Houston, \$1,505 (2010 dollars) per family per month, was used to estimate costs of shelter avoided through legal aid. The average length of stay in interim shelter in Chicago was 75 days, or 2.5 months, in 2010.¹⁰ Accordingly, this length of stay was used to represent length of stay that clients would have had if they had entered shelter.

The number of cases was multiplied by 0.20, the share of cases assumed to have prevented one family from entering shelter; by \$1,505, the cost of shelter per family per month; and by 2.5, the average length of stay in interim shelter, to estimate costs of homeless shelter avoided:

$$2,548 \times 0.20 \times \$1,505 \times 2.5 = \$ 1.9 \text{ million}$$

Avoided Costs of Harm: Domestic Violence

The number of cases with outcomes that may have prevented clients from experiencing domestic violence was used to estimate the cost of domestic violence avoided by legal aid. These included cases in which legal aid obtained or modified a protective order; obtained divorce, legal separation, or annulment; obtained, maintained, or modified child custody; obtained protection for a noncitizen under the U Visa, Violence Against Women Act, or Special Immigrant Juvenile program; and other relevant family law cases.

It is unlikely that all clients would have experienced domestic violence had legal aid not resolved the cases in their favor: some might have protected themselves from a potential assailant or moved away from a potentially harmful living situation had their cases been unsuccessful. A study of women in Seattle, Washington who had experienced domestic violence found that a group of women who obtained permanent protective orders experienced 11.1 fewer incidents of physical abuse per 100 women than a group with no protective orders in the year following the initial incident of domestic violence.¹¹ Accordingly, it was assumed that every 100 cases prevented 11.1 incidents of domestic violence.

The cost of domestic violence to individuals who experience it was used to represent costs of domestic violence avoided. A study by the U.S. Institute of Justice estimates that spousal abuse costs \$16,599 (2010 dollars) per incident, including the cost of medical and mental healthcare, lost productivity, property damage, and intangible losses such as pain, suffering, and reduced quality of life.¹² Accordingly, this cost was used to estimate costs of domestic violence avoided through legal aid.

The number of cases was multiplied by 11.1 incidents of domestic violence prevented per 100 cases and by \$16,599 to estimate costs of domestic violence avoided:

$$5,109 \times (11.1 \div 100) \times \$16,599 = \$9.4 \text{ million}$$

Comparing Economic Benefits to Spending

Economic benefits were compared to revenue received by the seven legal aid providers from all public and private sources in fiscal year 2010. Economic benefits used in the comparison included \$49.4 million in monetary awards, \$9.3 million in demand for goods and services, \$1.9 million in costs avoided to homeless shelters, and \$9.4 million in costs of domestic violence avoided to individuals. Household income was not used because it is part of demand for goods and services: some increased demand for goods and services is realized as income by households as legal aid clients spend federal benefits awards. Revenue data were provided by the Illinois Lawyers Trust Fund. Revenue received by the seven

legal aid providers included \$13.8 million from the United States government, \$11.9 million in other public funding, \$4.7 million from the Lawyers Trust Fund of Illinois, \$4.7 million from corporations and foundations, \$4.2 million from the legal community, and \$1.9 million from other sources.

Economic benefits were divided by revenue received to calculate the ratio of benefits to spending on legal aid, or number of dollars in economic benefits associated with one dollar of spending:

$$\text{\$70.1 million} \div \text{\$38.0 million} = 1.8$$

References

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- ¹ Social IMPACT Research Center's analysis of 2010 case data provided by The Chicago Bar Foundation and the Illinois Equal Justice Foundation.
- ² See for example Rob Paral and Associates and The Chicago Bar Foundation. (2010 November). *Legal aid in Cook County: A report on basic trends in need, service, and funding*. Chicago: Author. Retrieved from <http://www.robparal.com/downloads/Legal%20Aid%20in%20Cook%20County%20CBF%20-%20Nov%202010.pdf>
- ³ Social IMPACT Research Center's analysis of 2010 case data provided by The Chicago Bar Foundation and the Illinois Equal Justice Foundation.
- ⁴ P. Orszag & J. Stiglitz. (2001 November). *Budget cuts versus tax increases at the state level: is one more counter-productive than the other during a recession?* Washington, DC: Center for Budget and Policy Priorities.
- ⁵ EITC recipients spent 70 percent of their EITC checks. Low-income households spent 76 percent of their 2001 income tax rebates and 71.5 percent of their 2008 economic stimulus payments. R. Edwards. (2003 September). *Macroeconomic implications of the Earned Income Tax Credit*. Retrieved from <http://www.demog.berkeley.edu/~redwards/Papers/edwards-eitc.pdf>; D. Johnson, J. Parker, & N. Souleles. (2006 December). Household expenditure and the income tax rebates of 2001. *American Economic Review*, Volume 96, 1589-1610; J. Parker, N. Souleles, D. Johnson, & R. McClelland. (2009 December). *Consumer spending and the economic stimulus payments of 2008*. Retrieved from http://finance.wharton.upenn.edu/~souleles/research/papers/ESP2008_v7b_results.pdf
- ⁶ U.S. Department of Labor, Bureau of Labor Statistics. *Retail Trade: NAICS 44-45*. Retrieved from <http://www.bls.gov/iag/tgs/iag44-45.htm>
- ⁷ Benitez, C., McNiel, D., & Binder, R. (2010). Do protection orders protect? *The Journal of the American Academy of Psychiatry and Law* 38:376-85.
- ⁸ Shinn, M. & Baumohl, J. (1999). Rethinking the prevention of homelessness. In Fosburg, L. & Dennis, D. (Eds.), *Practical lessons: The 1998 National Symposium on Homelessness Research*. Washington, DC: U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services. Retrieved from U.S. Department of Health and Human Services website: <http://aspe.hhs.gov/progsys/homeless/symposium/toc.htm>
- ⁹ Spellman, B., Khadduri, J., Sokol, B., & Leopold, J. (2010). *Costs associated with first-time homelessness for families and individuals*. Washington, DC: U.S. Department of Housing and Urban Development. Retrieved from U.S. Department of Housing and Urban Development website: http://www.huduser.org/publications/pdf/Costs_Homeless.pdf Costs were reported in 2006 dollars and inflated by the CPI-U to reflect 2010 dollars.
- ¹⁰ Pfeiffer, J. (personal communication, April 11, 2012)
- ¹¹ Holt, V., Kernic, M., Lumley, T., Wolf, M., & Rivara, F. (2002). Civil protection orders and risk of subsequent police-reported violence. *Journal of the American Medical Association* 288:589-94.
- ¹² Miller, T., Cohen, M., & Wiersma, B. (1996). *Victim costs and consequences: A new look*. Retrieved from National Criminal Justice Reference Service website: <https://www.ncjrs.gov/pdffiles/victcost.pdf> Costs were reported in 1993 dollars and inflated by the CPI-U to reflect 2010 dollars.