

Massachusetts Legal Assistance Corporation

Civil Legal Aid Yields Economic Benefits to Clients and to the Commonwealth: Some Benefits from FY11 Advocacy

The work of MLAC-funded legal aid programs substantially boosts the Commonwealth's economy each year by bringing in tens of millions of federal dollars, improving the economic condition of low-income clients and other residents and saving the state millions in avoided benefits and social services. MLAC estimates its grantees' individual casework and leadership in systemic advocacy in FY11 resulted in at least **\$27,730,837 million in new federal revenue** coming into the Commonwealth over the course of one year and credits its grantees with winning an additional **\$25,486,914 in income and savings for clients and the Commonwealth**, for a total of **\$53,217,751 million**.

New Federal Revenue Coming into the Commonwealth

Food Security: SNAP and school lunch policy changes won	\$8,595,530
Medicare: federal health care coverage won	\$558,527
Medicaid: expansion of Medicaid autism waiver	\$125,000
Federal Taxes: credits and refunds from representing clients with tax controversies	\$75,000
Disability Benefits Project: one year new federal SSI/SSDI benefits, back payments and fees paid	\$8,089,777*
Disability Benefits Project: direct federal reimbursement to DTA for EAEDC payments	\$619,515
Federal Unemployment Benefits: federal portion of benefits won through individual UI appeals	\$9,667,488
Total New Federal Revenue	\$27,730,837

Other Benefits and Savings Won for Low-Income Residents

Unemployment Insurance: non-federal portion of benefits won on appeal	\$3,389,295
Housing Stabilization: rent relief, "cash for keys" or damages won for tenants	\$415,992
Child Support: orders won	\$3,346,200
Utilities: increase in utility arrearage forgiveness	\$3,200,000
Total Other	\$10,351,487

Potential Savings for the Commonwealth

Homelessness Prevention: avoided costs for shelter	\$11,251,027
Domestic Violence Prevention: avoided health care and other costs	\$3,884,400
Total Estimated Savings	\$15,135,427

Total Benefits and Savings	\$53,217,751
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**Includes back payments and only the first year of benefits. Clients whose cases were won by the Disability Benefits Project in FY11 can be expected to receive over \$35.3 million in SSI/SSDI benefits over their lifetimes.*

Section I: Bringing in New Federal Revenue

A. Food Security/SNAP

During FY11, the Massachusetts Law Reform Institute (MLRI) continued its successful multi-year, multi-forum effort to address state procedural barriers to receipt of Supplemental Nutritional Assistance Program (SNAP) benefits (formerly called food stamps). **SNAP benefits are 100% federal dollars.**

A senior policy analyst at MLRI runs the statewide Food SNAP Improvement Coalition, comprised of community-based food pantries, health centers, social services and legal services agencies as well as USDA federal officials and state agency representatives. Through their collaborative efforts under the leadership of the Coalition, Massachusetts SNAP participation rates have increased dramatically and monthly benefits have increased well above the annual COLAs. Massachusetts has gone from being the lowest ranked state in the country in terms of food stamp participation among eligible residents in 2002 to today being ranked in the top 10. **Federal SNAP dollars coming into Massachusetts annually are now \$1.2 billion, a staggering \$936 million higher than in 2002.**¹

These federal dollars coming to Massachusetts families and seniors are in turn spent in local grocery stores, supporting local businesses and their employees as well as local farmers. According to USDA, 97% of SNAP benefits are spent within a month of their receipt.² In addition, USDA research has shown that every SNAP dollar spent creates \$1.84 in local economic activity, or \$9 for every \$5 in SNAP benefits.³ Moody's Economy shows an economic stimulus of \$1.73 per dollar of food stamps.⁴

Over the past year, MLRI successfully advocated for several further changes that improved access to SNAP benefits and school lunches and brought millions of federal dollars into the Commonwealth:

- **Reduction in the Standard Utility Allowance Avoided.** Federal SNAP rules require the state to reduce the Standard Utility Allowance (SUA) used in SNAP eligibility determination if the cost of utilities goes down in the prior year. The consumer price index for utilities dropped slightly in 2010, enough to set in

¹ Compiled with data from DTA/A&F, as reported to USDA on the Monthly FNS-388 and from the US Department of Agriculture. monthly issuance amount: December 2002, \$19,252,816 x 12 = \$230,033,792 annually; annual Massachusetts benefits for FY10 (from [http://www.fns.usda.gov/pd/17SNAPfyBEN\\$.htm](http://www.fns.usda.gov/pd/17SNAPfyBEN$.htm)) are \$1,165,907,744. Difference FY02-FY10 is \$935,873,952.

² Secretary Vilsack News Release No. 0087.09. <http://www.usda.gov/wps/portal/!ut/p/ s.7 0 A/7 0 1RD?printable=true&contentidonly=true&contentid=2009/04/0087.xml>

³ USDA FNS. "The Business Case for Increasing SNAP Participation." Last Modified: 2/17/2009. <http://www.fns.usda.gov/fsp/outreach/business-case.htm>

⁴ Zandi, Mark. "The Economic Impact of the American Recovery and Reinvestment Act." 21 January 2009: https://www.economy.com/mark-zandi/default.asp?src=economy_hopmepage

motion a reduction in the SUA that would have resulted in a cut in benefits amounting to \$11 per month for over 100,000 Massachusetts households, mostly seniors and persons with disabilities. MLRI approached the Department of Transitional Assistance (DTA) and the Massachusetts congressional delegation and, at the same time, organized New England state advocates. Together they succeeded in persuading USDA to postpone the planned SUA reduction for the coldest months of the years. As a result, needy Massachusetts households received **\$6.6 million more in SNAP benefits** than they otherwise would have between October 2010 and April 2011.⁵

- **Funding for community-based groups doing SNAP outreach.** In FY10, MLRI secured state budget language to leverage federal reimbursement for community based groups (CBOs) for their SNAP outreach and application assistance work. These CBOs help local residents file applications and verify eligibility, saving the state administrative work. In FY11, MLRI worked closely with CBOs engaged in SNAP application assistance, providing training and fielding calls on SNAP eligibility issues from CBOs. MLRI estimates that **FY11 federal reimbursement for eight Massachusetts CBOs is at least \$350,000.**
- **Standard medical expense deduction outreach.** MLRI worked with DTA and the Massachusetts congressional delegation to pursue a USDA waiver to allow for a standard medical expense deduction for households of elders and people with disabilities and to broadly define what can count as a medical expense. The administration applied for, and USDA approved, the DTA waiver, which took effect in March 2008. MLRI negotiated the policy guidance for implementation of this waiver and has worked since to promote awareness of the waiver. Since that time, the number of people taking the deduction has grown dramatically, from 6,451 in 2008 to 26,121⁶ by the end of FY11, as has the value of the average deduction. The medical deduction reduces the countable net income used in calculations of SNAP benefits.

During 2011, MLRI updated outreach materials and worked with Councils on Aging, Senior Services, Massachusetts Association of Older Americans and others to conduct outreach on the issue.

From June 2010 through June 2011, the number of elder and disabled SNAP recipient households claiming medical expenses grew by 4,482,⁷ a 20% increase at a time when the general caseload rose a comparatively low 9%. The average amount deducted was \$192.⁸ By comparing the growth in medical expense deduction claims to the growth in the whole caseload, we can estimate that the

⁵ \$11 per month x 6 months x 100,000 recipients = \$6,600,000.

⁶ DTA Data Warehouse, August 3, 2011.

⁷ *Ibid.* 26,121 (in FY11) - 21,693 (in FY10) = 4,482.

⁸ *Ibid.*

outreach on medical deductions increased food SNAP benefits to Massachusetts residents by **\$1,188,480 in FY11.**⁹

- **National School Lunch Program (NSLP).** MLAC-funded programs also worked to expand the number of children living in TANF/SNAP households who are directly certified to receive free lunches under the federally funded National School Lunch Program.

MLRI helped the state identify 6,000 children who should have been directly certified as “free meal eligible,” but were not. MLRI also worked with the Department of Children and Families (DCF) to implement polices to reach thousands of foster families whose foster children can be directly certified as “free meal eligible,” and whose non-foster children may also qualify for free meals. They also worked with both DTA and DCF to send informational fliers to all SNAP and TANF households and foster families notifying them of their children’s right to free meals at school. At the same time, MetroWest Legal Services began investigating school lunch issues in the Framingham School District and advocating for improved program administration and oversight.

These efforts have lightened the administrative burden for schools and resulted in more low-income children receiving free meals sooner in the school year, since the direct certification process is quicker than the paper application. For every child approved for free meals, the school district collects \$2.77 per meal from the NSLP, while the families can use their limited incomes to meet other living expenses.

Many of the 6,000 children initially identified by MLRI may have been already enrolled in the free lunch program through the regular application process. However, conservatively assuming that these efforts increased overall participation in free school meals by even 1,000 children in Massachusetts, the Commonwealth’s economy would benefit from **an additional \$457,050 per school year in federal school lunch funds.**¹⁰

⁹ If medical deduction waiver claims had increased at the same rate as the general caseload, there would have been 23,645 elder and disabled households receiving SNAP benefits in June 2011 ($21,693 \times .09 + 21,693 = 23,645$). Therefore, 2,476 more people received the deduction than could have been explained just by the rising caseload ($26,121 - 23,645 = 2,476$). The average deduction was \$192. For every \$3 deducted from income, recipients can expect to see an increase in their benefits of \$1, so the average benefit increase would be \$64. However, recipients may not receive the full amount of the benefit if it takes them above their benefit limit. We estimate that the average recipient actually receives somewhat more than half of the added value of the benefit, approximately \$40. Therefore, these 2,476 people received an additional \$1,188,480 in federal SNAP benefits ($2,476 \times \$40 \times 12 \text{ months} = \$1,188,480$) attributable to the waivers.

¹⁰ $1000 \text{ children} \times \$2.77 \text{ (amount reimbursed per free lunch, see } <http://www.fns.usda.gov/cnd/Lunch/AboutLunch/NSLPFactSheet.pdf>)} \times 165 \text{ (average number of lunches served per child)} = \$457,050.$

For average number of lunches served per child see <http://www.fns.usda.gov/pd/cncosts.htm>: Average = Total Lunches served / Average Total Participation.

Combining the improved SNAP and NSLP benefits, we estimate that at least **\$8,595,530 in new federal revenue** will come into the Commonwealth to ensure food security for needy Massachusetts residents.¹¹

- **Disaster Assistance.** Legal services advocates responded quickly when tornadoes ravaged much of Western Massachusetts in June of 2011. MLAC-funded programs including Western Massachusetts Legal Services (now Community Legal Aid) and MLRI worked together to ensure that victims were able to receive the benefits to which they were entitled. They advocated with DTA to ensure that emergency SNAP was made available and accessible beyond initial deadlines. They developed easy-to-understand materials on the various emergency benefits available to disaster victims through FEMA, including unemployment benefits. Their efforts helped Massachusetts residents avoid delays and maximize FEMA benefits. (FEMA payments to Massachusetts victims of the tornadoes totaled \$9,016,252 as of December 12, 2011.)¹²

B. Health Care

MLAC programs contribute to the state's economy by maximizing federal Medicare and Medicaid dollars.

- Through MLAC's **Medicare Advocacy Project (MAP)**, three programs, South Coastal Counties Legal Services, Community Legal Aid and Greater Boston Legal Services, represent Massachusetts elders and people with disabilities who have been wrongly denied Medicare coverage for medical services, equipment, hospitalizations, nursing home stays or prescription drugs. **In FY11, MAP advocacy resulted in Massachusetts residents being approved for \$558,527 of Medicare coverage for medical expenses.**

In addition to direct services to clients, MAP supports Medicare policy analysis and advocacy on behalf of low-income residents, as well as significant public education and training of social service providers in Massachusetts. Given the complexity of the Medicare program and important legislative changes, such advocacy, education and training are essential to Medicare's effective operation in the state.

MAP advocates are nationally recognized experts on Medicare and their efforts help to ensure that Massachusetts maximizes its federal Medicare revenue. The expertise and opinions of MAP advocates are frequently solicited as a unique and critical resource by state agencies such as the Attorney General's office and the Office of Medicaid, as well as by hospitals, pharmacies and other medical providers. Since the state's \$532,118 investment in MAP was more than offset by

¹¹ \$6,600,000 (Standard Utility Allowance protection) + \$350,000 (Community Based Organizations) + \$1,188,480 (Medical Deduction outreach) + \$457,050 (School Lunch certification and outreach) = \$8,595,530.

¹² FEMA website: <http://www.fema.gov/news/event.fema?id=14733>

federal dollars brought into the state by direct service, this policy work, education and training was essentially cost free in FY11. **Although the additional savings and dollars brought into the state by the Medicare policy work, education and training are difficult to quantify, they undoubtedly far exceed the direct benefits recorded here.**

- In FY08, Massachusetts Advocates for Children (MAC)'s lead advocacy for the **Children's Autism Medicaid Waiver** resulted in the Commonwealth receiving 50% federal reimbursement for the cost of intensive behavioral services provided by the state to low-income children with autism. The waiver was capped at \$2.5 million, amounting to \$1.25 million in federal Medicaid reimbursement each year. In FY11, MAC advocated for and won the expansion of the waiver to \$3 million, bringing in an additional \$250,000 per year in federal Medicaid reimbursement to the state. As of December 2010, there were 127 autistic low-income children being assisted by the program.¹³

Over the long term, these intensive services are expected to prevent costly institutionalization for many children, saving as much as \$195,000 per year per child. Cost benefit studies have found that the provision of this type of intensive service at early ages can be expected to save a total of \$1 million to \$2 million per child over the span of ages 3-22.¹⁴ Some of these savings come from the reduced need for state and other public services, others in costs to the family.

C. Taxes

Some MLAC-funded programs create economic benefits for clients and the Commonwealth by providing tax assistance and/or helping eligible immigrants with securing work authorization.

- **Representation in federal income tax appeals.** Through its Low-Income Taxpayer Assistance Project (LITAP), Greater Boston Legal Services (GBLS) prevailed in cases of tax controversies on behalf of 60 low-wage families whose tax returns were challenged, **totaling at least \$75,000 in federal tax reductions and refunds**, benefiting both the filers and the Commonwealth's economy.
- **Assistance with tax returns.** GBLS serves as the legal resource for the Boston Earned Income Tax Coalition, providing legal training and support to volunteers and staff. A GBLS attorney also serves on the Coalition's steering committee. In 2011, the Coalition served 11,500 taxpayers and returned \$17.5 million in federal refunds to Boston area residents, including \$6,225,045 in Earned Income Tax

¹³ Demand for the program is high: 600 children applied in 2010. Commonwealth of Massachusetts Department of Developmental Services [Autism Waiver Program: 2010 Legislative Report](#).

¹⁴ See J. W. Jacobson, J. Mulick, G. Green, "Cost-Benefit Estimates for Early Intensive Behavioral Intervention for Young Children with Autism – General Model and Single State Case," [Behavioral Interventions](#), 13, 201-226 (1998).

Credits (EITC). The Coalition also estimates that city residents saved \$1.5 million by avoiding the costs of using commercial tax preparation services.¹⁵

A Neighborhood Legal Services advocate serves as a site coordinator for a Lynn tax assistance project organized by Serving People in Need. With the help of volunteers, the site provided tax assistance to 470 clients in FY11, obtaining close to \$1 million in federal tax refunds, including \$373,392 in EITC.

Legal services played an important role in ensuring that these residents in the Boston and Lynn areas received the federal tax refunds and credits due them.

- **Increased Tax Revenue from Immigrants.** In FY11, advocacy by South Coastal Counties Legal Services and Greater Boston Legal Services resulted in 377 immigrants securing legal status. Data is not available to assess the economic impact of this assistance, but these Massachusetts residents can now live and work legally, pay taxes, support their families and contribute to the economic health of the Commonwealth.

D. Disability Benefits Project¹⁶

MLAC's Disability Benefits Project (DBP), staffed by advocates in legal services programs across the state, represents residents with disabilities in their efforts to qualify for or retain federal Social Security Disability Income (SSDI) or Supplemental Security Income (SSI) benefits. Many DBP clients are recipients of state-funded Emergency Aid to Elders, Disabled and Children (EAEDC); when they are found eligible for SSI/SSDI, they are removed from state programs and the federal government reimburses the Commonwealth for EAEDC payments made while the SSI/SSDI eligibility was being determined.

Services provided by DBP in FY11, with state funding of only \$1.2 million, yielded a total of **\$8.7 million in new federal revenue** for clients and the Commonwealth over the course of one year. This amount includes lump sum retroactive payments as well as ongoing monthly benefits, as follows:

- Successful DBP clients received a total of **\$3,771,769** in retroactive SSI/SSDI payments from cases closed in FY11. DBP clients also won **\$881,691 in retroactive benefit restorations** when the Social Security Administration (SSA) granted waivers of previously made assessments on benefits.
- An additional **\$619,515** was directly **reimbursed by SSA to the Massachusetts Department of Transitional Assistance** as repayment for successful clients who had been receiving EAEDC during their appeals for federal benefits. This

¹⁵ <http://bostontaxhelp.org>

¹⁶ Based on the report: Assessing the Benefits of Provision of Legal Services through the Disability Benefits Project, R. Granberry and R. Albelda, University of Massachusetts Boston, August 2006; updated for FY11 by MLAC.

reimbursement effectively reduced the state's net cost for the program to \$559,374.¹⁷

- In addition, SSA paid attorneys' fees of **\$275,672** to DBP programs for their representation in certain cases.
- Aside from these lump payments, DBP clients won ongoing monthly **federal SSI/SSDI benefits of \$3,160,645** per year.¹⁸
- Combining new federal benefits with federal benefit restorations and retroactive payments to clients, **the first year new federal dollars** received by clients as a result of DBP services in FY11 **total \$7,814,105**.¹⁹ Adding the \$619,515 reimbursed to DTA and the \$275,672 in attorneys' fees, **the combined first year total is \$8,709,292 in new federal dollars won by DBP in FY11**.
- Since these are all new federal funds entering the state, they can be considered a direct economic boost to the Commonwealth. When these funds are spent on food, clothing and other items, their effect on the state's economy will be multiplied. The economic multiplier effect of these funds can be estimated at two,²⁰ making **the total economic impact** of the DBP program in FY11 **\$17,418,584**.
- SSA estimated in 1996 that SSI recipients receive benefits for an average of 9.7 years, while SSDI recipients receive benefits for an average of 10.5 years. SSA also suggested that these averages would increase in future years. Using the 9.7 year figure, we find that DBP services provided in FY11 will result in Massachusetts residents with disabilities receiving **\$35.3 million in additional federal benefits** over their lifetimes.²¹

E. Federal Unemployment Benefits

MLAC-funded programs represented hundreds of low-income workers in Unemployment Insurance (UI) appeals and successfully advocated for regulatory changes that will result in millions of additional federal dollars coming into the state.

¹⁷ MLAC funding for DBP from the Fiscal Year 2012 state budget appropriation (line item 0321-1600) was \$1,178,889. Subtracting amount reimbursed to the state for successful DBP cases: \$1,178,889 - \$619,515 = \$559,374.

¹⁸ Federal share only, does not include state supplement of \$269,499 per year. State outlay is more than balanced by: 1) \$378,144 per year saved by EAEDC because successful DBP clients who formerly relied on EAEDC for their support left the rolls; and 2) a \$52,632 per year reduction in the demand on Massachusetts' TANF block grant from successful DBP clients who were previously receiving TANF.

¹⁹ \$3,160,645 (new monthly federal benefits) + \$881,691 (benefit restorations) + \$3,771,769 (retroactive SSI/SSDI payments) = \$7,814,105.

²⁰ Granberry and Albelda, 2006.

²¹ Retroactive benefits to clients: \$3,771,769. Benefit reductions waived = \$881,691. Ongoing annual new federal benefits (\$3,160,645) * 9.7 (average number of years benefits received) = \$30,658,256. Combining all three: \$3,771,769 + \$881,691 + \$30,658,256 = \$35,311,716 in lifetime benefits.

- **UI Appeals.** In FY11 at least 511 low-income workers whose UI applications had initially been denied won their appeals for benefits with assistance from MLAC-funded programs. In FY11, recipients were eligible for up to 26 weeks of state benefits after which federally funded extended benefits kick in (for up to a maximum of 99 weeks of total benefits). On average (between July 2010 and June 2011) recipients received 19.1 weeks of state benefits and 19.2 weeks of federal Extended Benefits²² as well as 33.5 weeks of federal Emergency Unemployment Compensation.²³ This amounts to an average of 52.7 weeks of federal benefits.

In Massachusetts over the past year, recipients received an average of approximately \$385 per week in benefits.²⁴ However Greater Boston Legal Services estimates that their clients receive somewhat less on average, approximately \$350 per week. Using that figure we estimate that legal aid clients won \$9,425,395 in federal benefits over the past year.²⁵ In addition, \$25 per week of the state UI benefit was in the form of Federal Additional Compensation, amounting to \$242,093. Combining these two amounts, we see that **UI application and appeals assistance by MLAC-funded programs resulted in \$9,667,488 in new federal dollars coming into the Commonwealth.**

- **Extension of “Look Back” for Federal Extended Benefits.** Last year Massachusetts faced the impending loss of 100% federally funded Extended Benefits (EB), because the state’s unemployment rate did not increase in either of the previous two years. Fortunately, in December 2010 federal law was changed to allow states to “look back” at unemployment rates for three years instead of two, to the time before the economic crisis sent rates soaring.

A GBLS employment law attorney, realizing the need for prompt state legislative action so that Massachusetts would benefit from the federal extension, approached state officials and helped draft an amendment incorporating the three-year “look back” into state law. With legal services collaborating with the Secretary of Labor’s office, the amendment was enacted before the benefits expired. As a result, unemployed Massachusetts workers and their families were able to continue receiving an additional 20 weeks of 100% federally funded UI payments at no cost to the state or to Massachusetts employers.

²² http://www.ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2011_2.pdf. Note that some people leave the UI rolls before 26 weeks, which reduces the state benefit average to 19.1 weeks.

²³ Calculated from US Department of Labor *EB Monthly Program Activity*, <http://www.ows.doleta.gov/unemploy/euc.asp>, using formula Average Duration = Weeks Claimed divided by Number of Initial Claims. For federal Emergency Unemployment Compensation paid to Massachusetts workers in FY11, the figures are: 4,916,328 weeks claimed / 146,866 initial claims = 33.47 average duration.

²⁴ http://www.ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2011_2.pdf

²⁵ 52.7 weeks federal benefits x \$350 x 511 clients = \$9,425,395.

Section II: Other Benefits Won

A. Massachusetts Unemployment Benefits

In addition to bringing federal dollars into the Commonwealth, legal assistance with Unemployment Insurance (UI) claims provides low-income workers with an average of 19.1 weeks of state-based UI benefits, keeping families afloat as they weather difficult times. UI is quickly spent on goods and services in the state, contributing to the economy. Beneficiaries also receive health insurance and extended unemployment benefits to pursue job training.

- **Assistance with Benefit Appeals.** As discussed above, 507 individuals won UI benefit appeals in FY11 with the assistance of MLAC-funded programs. The average recipient received state benefits for 19.1 weeks at an amount averaging \$350 per week. Thus, legal aid clients won **\$3,389,295 in state-based UI.**
- **Application Period for Extended Training Benefits.** The Department of Unemployment Assistance (DUA) also provides up to 26 weeks of extended UI benefits beyond the normal maximum of 99 weeks to recipients who are participating in DTA training programs. In FY11, Greater Boston Legal Services won a case challenging DUA regulations that limited the time during which unemployed workers could apply for the extended benefits to the first 52 weeks after initial application for UI. As a result of the suit, UI recipients can now apply for extended training benefit anytime they are receiving either state or federal UI. In addition to providing financial support to unemployed residents who are trying to improve their job skills, the change will result in federal revenue coming into the state in the form of Pell grants of up to \$5,350, which are available to UI recipients in DUA training programs. Data is not available on the number of people receiving extended training benefits or Pell grants as a result of the change.

B. Financial Judgments for Tenants

Tenants in eviction cases who were represented by Greater Boston Legal Services or Neighborhood Legal Services in just two courts²⁶ in FY11 won **\$415,992 in rent relief, moving expenses or damages.** (Data was not available on amounts won by other MLAC-funded programs or in other courts.) These funds will allow families to preserve their housing or find new housing, helping to prevent homelessness.

C. Child Support

MLAC-funded programs won at least 429 child support cases in FY11. One program, Community Legal Aid, reports that the average order won by their program in FY11 was \$150 per week. Assuming this average holds for all programs (the others did not have this data available), in total, programs have won **child support orders of \$3,346,200 per**

²⁶ Quincy District Court and the Northeast Housing Court.

year for low-income custodial parents and their children.²⁷ Child support orders also save the state money as they reduce dependence on TANF.

D. Utilities

The National Consumer Law Center drafted the original provision of a 2005 law requiring utility companies to offer Arrearage Management Programs, which allow low-income customers who are behind in their payments to get out from under past debt by paying future monthly bills as they come due. NCLC continues to be actively involved with the gas and electric companies to oversee implementation of the law. NCLC reports that utilities forgave \$13.2 million in arrearages in the first nine months of 2011.

Annualizing this number, we can estimate that low-income Massachusetts utility customers will have their back utility bills reduced by \$17.6 million in calendar year 2011, up from \$14.4 million in 2010, **an increase of \$3.2 million in annual arrearage reductions** for low-income Massachusetts utility consumers.

Section III: Potential Cost Savings

A. Housing

The economic decline and foreclosure crisis continue to increase homelessness in the Commonwealth in FY11. Massachusetts family shelters were at full capacity in December 2010 (the most recent period for which figures are available) with 3,039 Massachusetts families in shelter, including 812 in hotels or motels.²⁸ The work of legal services advocates to preserve and protect housing for low-income families and individuals is an effective deterrent to homelessness, protecting residents and their children from the turmoil and hardship homelessness creates and at the same time saving the state millions of dollars in shelter expenses.

- **Protection from Foreclosure.** The foreclosure crisis continued to ravage low-income communities across Massachusetts in FY11. A dip in foreclosures related to the robo-signing scandal has now given way to sharply increased activity. In the third quarter of 2011, a total of 4,002 foreclosure petitions were filed, compared to 2,056 in the first quarter.²⁹ MLAC-funded programs have intervened strongly on behalf of low-income homeowners and tenants facing foreclosure, providing advice and representation to individual families and addressing larger systemic issues.

MLRI and Greater Boston Legal Services, working with the Harvard Legal Aid Bureau and the Massachusetts Alliance against Predatory Lending, were

²⁷ 429 orders x \$150 per week x 52 weeks = \$3,346,200.

²⁸ Department of Housing and Community Development December 2010 EA Quarterly Report to Legislature, <http://www.mass.gov/hed/docs/dhcd/hs/2010dec.pdf>.

²⁹ The Warren Group, Deed and Petition Activity in Massachusetts, September, 2011.

successful in ensuring that powerful new tenant protection measures were included in mortgage foreclosure legislation enacted in the Commonwealth in August 2010. The new law prevents banks from evicting tenants in foreclosed properties unless there is just cause (where the tenant has violated standard tenancy rules) or when the bank has a signed contract to sell the property.

As of October 2011, there were 29,489 "distressed" units in Massachusetts (units in some stage of the foreclosure process).³⁰ It is generally estimated that at least 25% of the distressed units are rentals. This means that more than 7,000 rental units are in danger of foreclosure or have been foreclosed and are now owned by banks, putting their renter families in danger of losing their homes.

Thanks to immediate and intensive work by MLRI to implement the new law, legal services advocates report that the number of tenants in foreclosure evictions has already decreased dramatically, dropping to zero in some courts.

- **Eviction Assistance.** In FY11, legal assistance by MLAC-funded programs, including representation in court, prevented or delayed eviction for 2,469 households, allowing low-income families to stay in their homes or giving them the time to find alternative housing. Without this assistance many of these individuals and families would have entered the costly emergency shelter system.
- **Preserving Affordable Housing.** Legal aid advocacy was also instrumental in preserving affordable housing units and bringing vacant public housing units online.

Advocacy by MetroWest Legal Services resulted in the preservation of 125 units of affordable housing in the Framingham area. Massachusetts Law Reform Institute took the lead in the campaign to bring vacant public housing units back online, in collaboration with several other community and advocacy organizations. MLRI was able to obtain data from the Department of Housing and Community Development (DHCD) that revealed that the number of offline units was at least 1606. This year, advocacy efforts were rewarded when Representative Kevin Honan, Chairman of the Joint Housing Committee, announced that funds from the Affordable Housing Trust would be used to bring 177 units of public housing back online. In addition, DHCD recently issued a new notice to housing authorities to improve the manner and speed with which they report vacancies.

MLAC estimates that one-quarter of all the low-income families and individuals whose evictions were prevented or delayed, or for whom low-income apartments were preserved, would have become homeless if not for legal aid's help. Using this estimate,

³⁰ Mass Housing Partnership Foreclosure Monitor,
http://www.mhp.net/vision/resources.php?page_function=detail&resource_id=463

we find that legal aid eviction defense and preservation of affordable housing **saved the Commonwealth an estimated \$11,251,027 in shelter costs in FY11.**³¹

Preventing homelessness saves not only shelter costs, but also the costs of individual and mental health care, public health problems, including addiction, and public safety. It also avoids the long term costs of disrupting children's lives and education. According to the National Center on Family Homelessness, homeless children are twice as likely as others to repeat a grade.³²

B. Domestic Violence and Family Law

- In FY11, the Battered Women's Legal Assistance Project (BWLAP), established by the Massachusetts Legislature and operating at seven MLAC-funded programs, provided legal help to 2,362 victims of domestic violence, including 996 with complex cases involving multiple court visits. By helping families live free of violence, BWLAP saves the Commonwealth the high cost of domestic abuse, including medical care for injured victims, special education and counseling for affected children and police and court resources. The Center for Disease Control and Prevention reported in 2003 that 22% of women in the United States are victims of at least one physical assault by an intimate partner at some point in their lives and that the annual cost of domestic violence exceeds \$5.8 billion.³³

Domestic abuse is responsible for a range of health care and mental health care needs: The US Department of Justice reported that 37% of all women who sought care in hospital emergency rooms for violence-related injuries were injured by a current or former spouse, boyfriend or girlfriend.³⁴ A 2006 Wisconsin cost benefit analysis of a proposed domestic abuse grant program estimated that the average domestic violence victim is attacked 3.4 times per year and that **preventing one**

³¹ *Ibid.* DCHD reports that the 2017 families in family shelters cost the state an average of \$25,155 apiece, or \$50,737,635 total; the 812 families in hotels/motels cost an average of \$10,480, or \$8,509,760 total; the 116 in transitional housing or housing authority placements cost an average \$10,626, or \$1,904,952 total; and the 55 in substance abuse placements cost an average of \$53,820, or \$2,960,100 total. Combining these we get a grand total of \$63,440,111. Dividing this total expense by the 3,000 families in any of these shelter types results in an average cost per family of \$21,147. For individuals in adult shelters, the costs are lower, approximately \$1,000 per month or \$1,500 for the average stay of one and a half months. Report of the Special Commission Relative to Ending Homelessness in the Commonwealth, December 2007, page 5. Preventing Homelessness and Promoting Housing Stability: A Comparative Analysis, D. Friedman, Center for Social Policy, McCormack Graduate School of Policy Studies, University of Massachusetts, Boston, June 2007, page 5. Approximately one-fourth of those for whom our programs prevented eviction were individuals and three-fourths were families with children. 2,469 (total evictions delayed or prevented) + 125 (units of affordable housing preserved) + 177 (public housing units brought back online) = 2,771 (tenancies preserved or extended); 2,771 x .25 (estimated percentage of tenants who would have become homeless) = 693 (families and individuals avoiding homelessness); 693 x .75 (percent involving families) x \$21,147 = \$10,991,153; 693 x .25 (involving individuals) x \$1,500 = \$259,875; \$10,991,153 + \$259,875 = \$11,251,027 (estimated total savings).

³² National Center on Family Homelessness, 2000.

³³ Center for Disease Control and Prevention, 2003.

http://www.cdc.gov/violenceprevention/pub/IPV_cost.html

³⁴ <http://www.janedoe.org/know.htm>

assault would avoid \$3,900 in medical and other costs,³⁵ not including the lost quality of life for the victim and the victim's children or the costs of incarceration for the abuser.

A 2003 study by economists at Colgate University and the University of Arkansas reported that legal aid is the only service that consistently brings down the level of domestic violence in the communities it serves.³⁶ If MLAC-funded programs prevent even one assault per complex case, an extremely conservative estimate, **the total direct avoided costs would be \$3,884,400.**³⁷ (Note that on average these cases last 17 months and involve 3.1 court appearances.) In addition, legal aid in domestic violence cases often results in the collection of child support and health insurance, saving further state dollars.

C. Protecting Residents with Unmanageable Debts

Thousands of consumers are sued each year by debt buyers in Massachusetts, overwhelming the court system with lawsuits (sometimes filed against the wrong consumers or against people who have already repaid a debt).

- **Personal Property Exemption.** In January 2011, after substantial advocacy by the National Consumer Law Center's Debt Collection Justice Project, Governor Patrick signed a new law updating the state's outmoded and inadequate personal property exemption. Every state allows debtors to keep certain basic assets safe from creditors, as a vital safety net for low-income consumers who might otherwise be left with nothing and no chance at a fresh start. Until the new law was enacted, Massachusetts had among the worst protections in the country.

Among other provisions, the new law allows a consumer to protect basic assets (for example, \$15,000 worth of furniture rather than the \$3,000 previously protected, automobiles worth \$7,500 wholesale rather than just \$700 and \$2,500 in rent money, rather than \$200). The exact economic impact of this change is unknown, but the thousands of Massachusetts residents sued by debt collectors each year will have their core necessities protected. A likely result is that many more residents will be able to maintain their jobs, contribute to the economy and avoid the need for state benefits, including homeless shelters.

- **Student Loans.** To meet the growing needs of student loan borrowers in financial distress, NCLC created the Student Loan Borrower Assistance Project. Student loan problems are often most severe for students who attend proprietary schools (private, for-profit, postsecondary schools that typically offer vocational and

³⁵ Increasing Access to Restraining Orders for Low-Income Victims of Domestic Violence: A Cost-Benefit Analysis of the Proposed Domestic Abuse Grant Program, L. Elwart, et al (December 2006).

³⁶ "Explaining the Recent Decline in Domestic Violence," Farmer and Tiefenthaler, Contemporary Economic Policy, April 2003, Vol. 21, Issue 2, pp. 158-172.
<http://www3.interscience.wiley.com/journal/120832460/abstract>

³⁷ 996 cases x \$3,900 = \$3,884,400.

technical training). Many attendees never benefit from the schooling, which is promoted by aggressive marketing and other practices that exploit the dire needs of their students. Sadly, the worst abuses occur at schools catering to low-income individuals.

In FY11, working with Neighborhood Legal Services and Crittenton Women's Union, NCLC provided legal representation to about 70 low-income clients with student loan problems. The Neighborhood Legal Services clients came from areas in and around Lynn, Lowell and Lawrence. These clients needed help with a wide range of student loan matters and included people with disabilities as well as those over age 60 who are still dealing with old student loan debts. Crittenton Women's Union clients are almost all women from the Boston area. Most are homeless, or were recently homeless, and many are domestic violence survivors. Addressing exploitive lending practices and helping these needy residents manage their student debts **puts them on the road to economic independence and helps them avoid the need for state services.**

Section IV: Investing in the Commonwealth's Future

A. Education

MLAC-funded programs provide legal support to families of children who are not receiving appropriate educational services or are facing inappropriate school exclusions. Their efforts contribute significantly to the Commonwealth's economy by keeping children on the path to educational success.

- Nationally, in 2009, the average worker with less than a high school education earned \$19,540 per year compared to \$27,380 for high school graduates.³⁸ A newly released study projects that 13,388 members of the class of 2011 in Massachusetts will not graduate and that the projected lifetime earnings for these students is \$2 billion below what it would be if they had high school diplomas.³⁹
- Students who leave high school without a diploma are more likely to be unemployed,⁴⁰ have higher rates of incarceration⁴¹ and tend to have a greater number of health problems,⁴² creating significant costs to the state.

³⁸ T. D. Snyder and S. A. Dillow, Digest of Education Statistics 2010 (2011-015), (Washington, DC: U.S. Department of Education, National Center for Education Statistics, Institute of Education Sciences, 2011).

³⁹ Alliance for Excellent Education, "The High Cost of High School Dropouts: What the Nation Pays for Inadequate High Schools," Issue Brief (November 2011), <http://www.all4ed.org/files/HighCost.pdf>.

⁴⁰ Center for Labor Market Studies, Northeastern University, An Assessment of the Labor Market, Income, Health, Social, and Fiscal Consequences of Dropping Out of High School: Findings for Illinois Adults in the 21st Century (Oct. 2007)

⁴¹ Caroline Wolf Harlow, Education and Correctional Populations: Bureau of Justice Statistics Special Report 3, at.2 (Jan. 2003).

⁴² U.S. Department of Education, National Center for Education, Statistics, Dropout and Completion Rates in the United States: 2006, at 1 (2008).

- Research documents that school exclusions lead to increased school dropout rates, lower test scores, poor academic achievement, social isolation and delinquency,⁴³ as well as a lifetime of lower earnings and increased public assistance. The majority of children subject to punitive exclusionary proceedings are poor, of color and with educational disabilities. Whereas children of color represent 24% of statewide student enrollment, they represent 60% of student exclusions.

The MLAC-funded Children’s Law Center of Massachusetts (CLCM) provided full litigation representation involving education issues to 290 students and their families in FY11, winning appropriate school services, including placements and reinstatements, in most cases. CLCM also provided advice and brief services to another 909 students. Among their clients are youth excluded from school or segregated in inadequate alternative school settings, homeless children and foster children.

Another MLAC grantee, Massachusetts Advocates for Children, provided assistance with special education and school exclusion matters to 944 children. MAC has also been instrumental in initiating and sustaining the state Inclusive Concurrent Enrollment grant program (ICE) for over 100 young adults, age 18-22, who have severe disabilities and will not graduate from high school, to participate in state college classes and career development opportunities. The program will assist these young people in choosing careers and obtaining jobs to the best of their abilities and will reduce their reliance on public assistance for their adult lives.

A third grantee, the Center for Law and Education, combines high-quality statewide advocacy with technical support and collaborative policy work to identify the systemic patterns underlying student exclusion from effective education and to press for changes in school policies and practices to improve student outcomes. Their work benefits all low-income students, including students with disabilities.

Summary

A range of legal services provided by MLAC-funded programs in FY11 can be credited with bringing in **an estimated \$53.2 million in new revenue and cost savings** to the Commonwealth and its low-income residents over the course of a year, of which **\$27.7 million represents new federal revenue**.

The Massachusetts Legal Assistance Corporation has prepared this analysis with the help of its grantees. For more information contact Donna Southwell, Director of Policy Analysis, dsouthwell@mlac.org.

⁴³ The Civil Rights Project, Opportunities Suspended: The Devastating Consequences of Zero Tolerance and School Discipline Policies, 13-19 (2000). 90% of the employed individuals in the U.S. have completed high school, while, conversely, more than 80% of adult prisoners in the United States are high school dropouts. Newburger, E.C. & Curry, A.E., Current Populations Report, U.S. Census Bureau Publication No. P20-528, Washington D.C., U.S. Department of Commerce (August, 2000). Coalition for Juvenile Justice Annual Report 2001, “Abandoned in the Back Row: New Lessons in Education and Delinquency Prevention” (December 2001).