

A Report on Pennsylvania's Access to Justice Act, FY 2004-2011

Appendix I

Endnotes

May 1, 2012

Page 1

- **Bar chart, “Cases Handled and People Benefitted by AJA-Funded Programs, FY 2004-2011”** – “Each year’s ‘Cases Handled’ figure includes all cases completed in that fiscal year, and all cases that were still active at the end of that fiscal year. The cumulative total over the eight years of AJA funding was **117,632 cases**, the sum of cases completed during the eight years, and the active cases carried into FY 2012. The cumulative total of **people directly benefitted was 231,735.**” The 117,632 figure comes directly from the statewide case reporting system maintained by PLAN, Inc. The total number of people directly benefitted was derived by multiplying the number of cases by 1.97, a figure derived by *The Resource for Great Programs, Inc.* for the average number of people directly benefitted per case. This multiplier was estimated through an analysis of 2010 outcomes data from 258,140 Legal Aid cases in New York State, in which *The Resource* maintains a statewide reporting system for the IOLTA funder. The data collected by that system includes mandatory reporting of the major benefits received by clients and the number of people directly benefitted by each case as a result of the legal assistance provided by IOLTA grant recipients.

Page 2

- **Bulleted item, “Boosted the economy of communities across the state by more than a half-billion dollars.”** – See Pages 8-9 endnotes below for source of economic and jobs data.
- **“In FY 2011, the most recent year for which data are available, 45,200 Pennsylvanians obtained direct benefits from Legal Aid as a result of AJA funding.”** AJA funding supported 22,945 cases handled in FY2011, according to the statewide case reporting system maintained by PLAN, Inc. The 45,200 people directly benefitted was derived by multiplying the number of cases by 1.97, a figure derived by *The Resource for Great Programs, Inc.* for the average number of people directly benefitted per case. See the Page 1 endnote above for additional detail.
- **Text box, “AJA by the Numbers”**
 - **“AJA Funds Awarded”** – The sources for AJA funding and total legal aid funding are the PA IOLTA Board (www.paiolta.org) and PLAN, Inc. (www.palegalaid.net).
 - **“People & Legal Cases”** – See the Page 1 endnote above.
 - **“Economic Impact”** – See the Pages 8-9 endnotes below.

Page 3

- **“The Access to Justice Act provides a foundation of stable funding for Legal Aid.”**

- The sources for AJA funding and total legal aid funding are the PA IOLTA Board (www.paiolta.org) and PLAN, Inc. (www.palegalaid.net).
- *“Due to a shortage of resources and increased demand in recent years, however, Legal Aid still must turn away one out of every two people who is otherwise eligible and applies for needed legal representation, denying critical legal help to thousands of people a year.”* Source: Sampling of intake data by PLAN programs, March 14 through May 13, 2005.
- **Bar chart, “Impact of AJA on Total Legal Aid Funding, FY 2004-2011”.** The sources for AJA funding and total legal aid funding are the PA IOLTA Board (www.paiolta.org) and PLAN, Inc. (www.palegalaid.net).
- **Text box, “Without AJA Funding, the Legal Needs of Many Individuals & Families Would Go Unmet.”** The figures were estimated using statistics from quarterly reports on cases handled, submitted to PLAN, Inc. by its grantees covering FY 2010-11, the most recent year for which statistics were available:
 - *“45,200 fewer people in Pennsylvania each year would directly benefit from legal assistance.”* This figure was derived by multiplying the number of cases handled in FY 2010-11 (22,945 cases) by the average number of people directly benefitted per case (1.97 people per case – see the Page 1 endnote above).
 - *“At least 12,800 fewer women and their children would be protected each year from domestic abuse or have their lives stabilized through Protection from Abuse orders, child custody, and family law representation”.* These figures represented the numbers of people directly benefitting from AJA-funded Legal Aid cases handled in FY 2010-11 addressing legal problems such as domestic violence, custody, and child support. The assumption here is that without AJA funding, the numbers of cases handled each year would be reduced proportionately.
 - *“At least 3,700 fewer veterans, disabled persons, and seniors would receive legal help each year obtaining federal disability benefits, including access to federal medical programs, or being assisted in moving from welfare to work.”* See explanation above for 2nd bullet.
 - *“At least 6,100 fewer low-income people would be protected from homelessness each year or have their substandard housing made safe and habitable.”* See explanation above for 2nd bullet.
 - *“At least 300 fewer deserving children annually would have the child support and legal assistance they need to stay in school and have a decent chance at later success in life.”* See explanation above for 2nd bullet.

Pages 4 - 5

- **“Snapshots,”** Source of case vignettes of actual cases is content reported to PLAN, Inc. and PA IOLTA by Pennsylvania legal aid provider programs.
- **Bar chart, “AJA-Funded Cases Closed, FY 2011: 16,960.”** Source of case statistics: quarterly case reports submitted by legal aid providers to PLAN, Inc., compiled by The Resource for Great Programs, Inc.
- Source of estimated cost savings from preventing certain legal problems and of estimated increases in federal benefits payments: See the Pages 8-9 endnotes below.

- *“Preventing domestic violence reduces the likelihood children will grow up to be abusers and saves taxpayers an estimated \$3,400 per case in medical, counseling and law enforcement costs.”*
- *“Preventing homelessness for one family saves state taxpayers an estimated \$14,800 per year in emergency shelter costs.”*
- *“Using AJA funds, Legal Aid has increased federal benefit payments to low-income Pennsylvanians by \$162 million since FY 2004.”*

Page 6

- **Text box, “Measuring the “Justice Gap” in Pennsylvania”**
 - *“Thousands of people a year are denied legal assistance, as Legal Aid intake workers – due to a lack of resources – must **turn away one out of every two** otherwise eligible people who applies for services. Many others in Pennsylvania do not even apply.”* Source: Sampling of intake data by PLAN programs, March 14 through May 13, 2005.
 - *“**Only 20 percent** of low-income Pennsylvanians who experience a legal problem are able to get legal help from any source.”* Source: "Legal Needs and Civil Justice; A Survey of Americans;" American Bar Association, Consortium on Legal Needs and the Public; 1994; cited by the Legal Services Corporation in "Documenting the Justice Gap in America," Second Edition, June 2007.
- *“Even with Access to Justice Act funds benefitting more Pennsylvanians, **half the people** who seek Legal Aid must be turned away for lack of resources, and many others do not even apply. **Only one in five** low-income Pennsylvanians having a critical legal problem receives legal help from any source.”* Sources: See the two bullets immediately above.

Page 7

- **Text box, “People in Poverty & Their Legal Needs.”** Sources for the following three bulleted items are the Pennsylvania State Data Center (<http://pasdc.hbg.psu.edu/> and http://pasdc.hbg.psu.edu/sdc/pasdc_files/census2010/Pennsylvania.pdf) and U.S. Census Bureau, 2010 Census.
 - *“**Nearly two million people** in Pennsylvania — **811,000 households** — are living on incomes less than 125 percent of the federal poverty level, which is about \$13,600 a year for an individual or \$28,000 for a family of four.”*
 - *“**One in six Pennsylvanians** is eligible for free civil legal aid, as a result of their poverty status.”*
 - *“**One in four residents in the city of Pittsburgh** lives in poverty, as do one in four residents of rural Greene County.”*
 - *“**About 819,000 legal problems** are experienced annually by low-income people in Pennsylvania, based on a national study by the American Bar Association indicating an average incidence of **1.01 legal problems per household per year**. That study, as well as legal need studies conducted in several states, show that approximately half of low-income households experience at least one legal problem each year, and many experience two or more interconnected legal*

problems.” Source: “Legal Needs and Civil Justice; A Survey of Americans;” American Bar Association, Consortium on Legal Needs and the Public; 1994

Pages 8-9

1. **Page 8, “Legal Aid Produces Economic Impacts that Benefit Everyone in Pennsylvania” and Page 9, “Fact Sheet: \$530 Million Economic Impact of AJA-Funded Legal Aid throughout Pennsylvania”**
 - **“\$67 million in AJA-allocated funds.”** This is the total of AJA funding distributed to Pennsylvania Legal Aid providers over the eight fiscal years from 2004 through 2011. This total was compiled by PA IOLTA, based on its records as the fiduciary for AJA funds under the Access to Justice Act.
 - **“The total economic impact... was \$530 million.”** This is the sum of economic impacts attributable to AJA-funded legal services over the eight years covered by this report. The figure is comprised of two components:
 - **“\$464 million in direct economic benefits”** stimulated by federal benefits. See “2” below.
 - **“An additional \$66 million in cost savings”** produced by prevention of domestic violence and homelessness by AJA-funded legal assistance. See “6” below.
 - **“2,245 jobs for Pennsylvania workers, with every million dollars in federal funds brought in supporting 13.84 jobs.”** See “5” below.
2. **“\$464 million in direct economic benefits for Pennsylvania’s local communities”** from activity was stimulated by federal benefits achieved by AJA-funded legal aid.

This figure is the sum of:

 - **“\$115 million in Social Security Disability and Supplemental Security Income”** benefits received by legal aid clients over the eight-year life of the AJA. See “3” below.
 - **“\$47 million in the federal share of Medicaid benefits attained for low-income and disabled”** clients over the eight-year life of the AJA. See “4” below.
 - **“\$302 million for local communities through the economic multiplier effect”** – the economic activity generated as a result of the federal benefits being immediately spent by legal aid clients and subsequently circulated through the local and state economies. See “5” below.
3. **\$115 million in Social Security and Supplemental Security Income benefits was received by legal aid clients over the eight-year life of the AJA.**
 - a. **Overview of method used to derive this figure.** The \$115 million figure was estimated using a financial model developed by *The Resource for Great Programs, Inc.* The model is based on a regression analysis of data from 15 general civil legal aid

organizations in New York State and Virginia,¹ which collectively close more than 200,000 cases per year.

The multipliers derived from the NY-VA outcomes model and used as assumptions in our analysis consisted of the following:

- An average of **92 percent** of all Social Security Disability (SSD) or Supplemental Security Income (SSI) cases closed by legal aid programs through “extended

¹ The key multipliers used to in this section of the report to compute the \$115 million dollar figure were derived from a financial model developed by The Resource for Great Programs, Inc. This model applies a standard linear regression methodology to derive equations for estimating the average value of independent variables such as the success rate (92 percent) of SSD/SSI legal aid cases and the average back awards achieved from legal representation in SSD/SSI “extended representation” cases closed by a legal aid program in a sampled year (\$10,008 in 2011 dollars).

The inputs for this model were outcome statistics from a sample of 15 New York and Virginia legal aid programs in 2010. In these two states, mandatory, statewide outcome reporting, using consistent categories and definitions, has been in place for almost two decades, overseen by the statewide funders, the IOLA Fund of the State of New York and the Legal Services Corporation of Virginia. This sample of programs and cases can be regarded as representative of “general” (but not specialized) civil legal aid practice in the continental United States.

Figures on the yearly output of AJA-funded SSD/SSI cases closed by extended representation were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN). Each program reports quarterly to PLAN on all cases handled and completed during the quarter, including the numbers of cases attributed to each funding source.

The estimation model based on NY-VA data was used because detailed outcomes data suitable for computing these multipliers were not available for Pennsylvania directly. Legal aid programs report outcomes to PLAN for cases for which the resolution is known at the time of closing – for example, where the case is resolved by a court decision or a negotiated settlement among the parties. The outcome categories used for these reports is more general than those used in New York or Virginia; they consist of whether cases were won, lost, settled, withdrawn or advised. If a monetary settlement was involved, the amounts of back awards and/or monthly benefits generated for the client are reported.

Reporting of more detailed major benefits data – such as whether custody was achieved or an eviction was averted – is not required by the principal state funders, or by LSC, the federal funder. Seven Pennsylvania legal aid programs collect detailed client benefit data for their own internal purposes. However, there is significant variation in data categories and consistency of data collection across programs, and The Resource did not feel it understood that data sufficiently to use it in deriving multipliers for this analysis.

The Resource has maintained the reporting systems in New York and Virginia since assisting the state funders in design and implementation of their outcomes reporting systems in 1993 (NY) and 1997 (VA). Based on our experience with this data, we are confident that it provides a good measure of outcomes actually being achieved by legal aid programs in those states – and legal aid programs generally – for the following reasons.

In these two states, the statewide legal aid funders require their grantees to maintain data collection systems and report aggregated statistics on outcomes received by clients for all cases completed each year, including dollar awards. The outcomes are recorded in the data collection system by the advocate at the time the case is completed. Because it is mandatory as a condition of funding, and because the program leaders at the local level find the outcomes data to be useful for their internal purposes, the consistency of reporting is high.

The Resource’s regression model treats each legal aid program as an observation. The number of SSD/SSI cases closed during the period is the independent variable; the total SSD/SSI back awards achieved for clients of the program is the dependent variable. The slope of the regression line is the average back award per extended representation case. This method is used to derive the average values of the multipliers listed above. In our most recent analysis using 2010 data, the R-squared parameter, a measure of the degree of correlation between the independent and dependent variables, ranged from 0.88 to 0.90. (A perfect correlation is 1.00).

representation” are successful in achieving dollar benefits for their clients. (“Extended representation” cases consist of cases that are closed by the following “major reasons:” negotiated settlement, court decision or administrative agency decision.)

- The **average back award** achieved in successful SSD or SSI cases is **\$10,008** per “extended representation” case.²
- The **average monthly benefit** achieved in SSD or SSI cases is **\$485 per month** per successful “extended representation case.

In our analysis of the outcomes of Pennsylvania AJA-funded legal aid, we applied the above multipliers to the numbers of AJA-funded SSD/SSI extended representation cases completed in fiscal years 2004 through 2011 by Pennsylvania legal aid programs.

The computation had two components – the total of *SSD/SSI back awards* received by clients, and the cumulative total of *monthly SSD/SSI benefits* received by clients as a result of successful SSD/SSI cases completed by AJA-funded legal assistance over the eight-year life of the AJA.

a. Total revenue from back awards. Exhibit 1 below shows the computation of estimated back SSD/SSI awards produced through AJA-funded legal aid between 2004 and 2011. The total was **\$34.5 million**.

Exhibit 1
Computation of Total Back Awards, 2004-2011³

	Fiscal Year Ending								8-Year Total
	2004	2005	2006	2007	2008	2009	2010	2011	
SSD and SSI (CSR codes 74 and 75)	258	497	548	540	418	439	307	442	
Back Award (2011 dollars)	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008	
Total Back Awards:	\$2,586,000	\$4,976,000	\$5,489,000	\$5,402,000	\$4,186,000	\$4,392,000	\$3,069,000	\$4,426,000	\$34,526,000

b. Total revenue from monthly benefit awards. According to the Social Security Administration, the average duration of benefits from a SSD case is **9.7 years**, and the average for an SSI case is **10.5 years**.⁴ This means that all of the AJA-funded SSD/SSI cases completed since 2004 – the first year of AJA funding – that were successful in producing dollar benefits continued to produce monthly benefit payments each year through June 2011, the end of the eight-year period covered by our analysis.⁵

With this assumption, and applying the average benefit amount indicated by the regression model (\$485 per month) to the number of extended SSD/SSI cases attributed to AJA funding each fiscal year from 2004 through 2011, we created the economic

² All figures on economic impacts of legal aid used in deriving the estimates on pages 8 and 9 in the report were adjusted for inflation to reflect 2011 dollars.

³ The figures in this table have been rounded for display.

⁴ Rupp, Kalman and Charles G. Scott, “Trends in the Characteristics of DI and SSI Disability Awardees and Duration of Program Participation,” Social Security Bulletin, Spring 1996, page 3.

⁵ For this analysis, we assumed that in its first year each cohort of cases produced, on average, six payments of \$485 each, and in each subsequent year, 12 payments at \$485 each (in 2011 dollars).

impact matrix shown in Exhibit 2 below. Each column in the matrix indicates the total benefit payments contributed by a “cohort” of cases in one year. The “Total” column at right indicates the sum of monthly benefits produced by all cohorts for each of the eight years of the AJA. The grand total at the lower right indicates that the cumulative total of monthly SSD/SSI benefits produced by AJA-funded legal assistance over the eight years was **\$80.6 million**.

Exhibit 2
Computation of Total Cumulative Monthly Benefits, 2004-2011⁶

Annual Revenue Produced by Each "Cohort" of Cases, By Year (In 2011 Dollars)									
AJA-Funded SSD/SSI Cases Closed >>	2004	2005	2006	2007	2008	2009	2010	2011	
Average Benefit/Mo. >>	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485
Benefit per 12 Months >>	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818	\$ 5,818
Total Revenue in 12 Mos (# Cases x Benefit/Case) >>	\$ 1,503,430	\$ 2,892,500	\$ 3,191,000	\$ 3,140,100	\$ 2,433,600	\$ 2,553,100	\$ 1,784,400	\$ 2,572,900	

Total Monthly Benefits Flowing Into State, By Cohort									Total From All Cohorts
Year of AJA	2004	2005	2006	2007	2008	2009	2010	2011	
2004	\$751,713	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$751,713
2005	\$1,503,426	\$1,446,260	\$0	\$0	\$0	\$0	\$0	\$0	\$2,949,686
2006	\$1,503,426	\$2,892,519	\$1,595,521	\$0	\$0	\$0	\$0	\$0	\$5,991,467
2007	\$1,503,426	\$2,892,519	\$3,191,042	\$1,570,063	\$0	\$0	\$0	\$0	\$9,157,051
2008	\$1,503,426	\$2,892,519	\$3,191,042	\$3,140,126	\$1,216,824	\$0	\$0	\$0	\$11,943,939
2009	\$1,503,426	\$2,892,519	\$3,191,042	\$3,140,126	\$2,433,649	\$1,276,572	\$0	\$0	\$14,437,335
2010	\$1,503,426	\$2,892,519	\$3,191,042	\$3,140,126	\$2,433,649	\$2,553,144	\$892,185	\$0	\$16,606,092
2011	\$1,503,426	\$2,892,519	\$3,191,042	\$3,140,126	\$2,433,649	\$2,553,144	\$1,784,369	\$1,286,447	\$18,784,723
8-Year Total >>	\$11,275,697	\$18,801,377	\$17,550,734	\$14,130,569	\$8,517,771	\$6,382,859	\$2,676,554	\$1,286,447	\$80,622,006

c. Total of back awards and cumulative monthly benefits. Adding the results of computations “a” and “b” above, we get \$34.5 million plus \$80.6 million, or **\$115 million** (rounded to the nearest \$1 million).

4. \$47 million is the federal share of Medicaid benefits attained for low-income and disabled Pennsylvania residents.

Recipients of SSD and SSI are automatically eligible for Medicaid coverage. Accordingly, an important benefit produced by the success of Pennsylvania legal aid programs in SSD/SSI cases (see above) is health care for thousands of low-income families – and millions of dollars in federal revenue flowing into the state as a consequence of the Federal Medical Assistance Percentage (FMAP).

The key facts used in our analysis⁷ of the economic impacts of these Medicaid benefits were as follows:

- **Recipients of SSD and SSI are automatically eligible for Medicaid coverage.** Therefore, each AJA-funded SSD/SSI case that was successful in producing dollar benefits (as indicated in Exhibit 2), also produced Medicaid benefits.
- **The annual Medicaid reimbursement per enrollee is state specific and varies**

⁶ The figures in this table have been rounded for display.

⁷ Please see Footnote 1 for details on the financial models used in this analysis.

from year to year. Statistics are compiled on a state-by-state basis by and available from, the Centers for Medicare & Medicaid Services (CMS). For Pennsylvania, these figures ranged between **\$5,400** (in 2006) to **\$6,900** (in 2005).⁸

- **The “federal share” of Medicaid payments also is state-specific and variable.** The actual “federal share” of Medicaid payments – the Federal Medical Assistance Percentage (FMAP) – for Pennsylvania for each year from 2004 through 2011, ranged from 53.84 percent to 57 percent.⁹ Thus, each dollar in Medicaid reimbursements made on behalf of legal aid clients during that period represented a flow of about 54 cents to 57 cents in federal revenue into the state.

Exhibit 3 below summarizes the computations used to estimate the total Medicaid benefits and the federal share. The estimated number of AJA-funded cases that were successful in achieving SSD/SSI benefits – and thereby, Medicaid eligibility – is shown for each of the eight years from FY 2004 through FY 2011.¹⁰ The total federal share computed in this manner was **\$47 million** (rounded to the nearest \$1 million).

Exhibit 3 Computation of Total Federal Share of Medicaid Payments, 2004-2011¹¹

Annual Revenue Produced by Each "Cohort" of Cases, By Year (In 2011 Dollars)									
	2004	2005	2006	2007	2008	2009	2010	2011	
AJA-Funded SSD/SSI Cases Closed >>	258	497	548	540	418	439	307	442	
Average Annual Benefit	\$ 6,527	\$ 6,886	\$ 5,434	\$ 6,013	\$ 6,119	\$ 6,141	\$ 6,335	\$ 6,335	
Total Revenue in 12 Mos (# Cases x Benefit/Case) >>	\$ 1,686,550	\$ 3,423,670	\$ 2,980,300	\$ 3,245,590	\$ 2,559,600	\$ 2,694,870	\$ 1,942,870	\$ 2,801,430	
Total Monthly Benefits Flowing Into State, By Cohort (Year in Which Cases Were Closed) - In 2010 Dollars									
Year of AJA	2004	2005	2006	2007	2008	2009	2010	2011	Total From All Cohorts
2004	\$843,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$843,275
2005	\$1,686,550	\$1,711,835	\$0	\$0	\$0	\$0	\$0	\$0	\$3,398,385
2006	\$1,686,550	\$3,423,670	\$1,490,150	\$0	\$0	\$0	\$0	\$0	\$6,600,370
2007	\$1,686,550	\$3,423,670	\$2,980,300	\$1,622,795	\$0	\$0	\$0	\$0	\$9,713,315
2008	\$1,686,550	\$3,423,670	\$2,980,300	\$3,245,590	\$1,279,800	\$0	\$0	\$0	\$12,615,910
2009	\$1,686,550	\$3,423,670	\$2,980,300	\$3,245,590	\$2,559,600	\$1,347,435	\$0	\$0	\$15,243,145
2010	\$1,686,550	\$3,423,670	\$2,980,300	\$3,245,590	\$2,559,600	\$2,694,870	\$971,435	\$0	\$17,562,015
2011	\$1,686,550	\$3,423,670	\$2,980,300	\$3,245,590	\$2,559,600	\$2,694,870	\$1,942,870	\$1,400,715	\$19,934,165
8-Year Total >>	\$12,649,125	\$22,253,855	\$16,391,650	\$14,605,155	\$8,958,600	\$6,737,175	\$2,914,305	\$1,400,715	\$85,910,580
PA Medicaid FMAP percentage	57.00%	53.84%	55.05%	54.39%	54.08%	54.52%	54.81%	55.64%	
Total Federal Share, 8 Years >>	\$7,210,000	\$11,981,480	\$9,023,600	\$7,943,740	\$4,844,810	\$3,673,110	\$1,597,330	\$779,360	\$47,053,430

⁸ The figures we used in the analysis were obtained from the CMS.gov website. All figures were adjusted to constant 2011 dollars.

⁹ Source: Congressional Research Service website at www.crs.gov. “Medicaid: The Federal Medical Assistance Percentage (FMAP),” by Evelyne P. Baumrucker, Analyst in Health Care Financing, September 24, 2010, Congressional Research Service 7-5700 www.crs.gov RL32950.

¹⁰ See Footnote 1 for details about determination of the numbers of successful SSD/SSI cases funded by the AJA. We assume that the amount of federal Medicaid payments flowing into Pennsylvania each year per Medicaid-eligible legal aid client was equal to the average expenditure per Medicaid enrollee in the state for each year.

¹¹ The figures in this table have been rounded for display.

\$302 million was produced for local communities through the “economic multiplier effect.”

This figure was derived as follows:

- **\$162 million** in direct federal revenue (\$115 million in SSD/SSI payments and \$47 million from the federal share of Medicaid payments) flowed into Pennsylvania as a result of AJA-funded legal representation by legal aid advocates. (See above.)
 - **These federal dollars were spent almost immediately** by the households receiving them to purchase necessities such as food, housing, prescriptions, utilities and transportation. Thus, in addition to providing essential goods and services for low-income families, the federal dollars flowed quickly into the state and local economies in the form of income for Pennsylvania businesses and wages for working Pennsylvanians.
 - **Each dollar circulates 1.86 times in the state and local economies before leaving the state.** We applied the U.S. Department of Commerce Input-Output Model¹² to compute the economic multiplier impact of the spending by federal benefit recipients resulting from the work of AJA-funded legal aid programs. This model indicates that \$1.86 in economic activity is produced from each dollar in federal benefits received, and then spent, by low-income households.
 - \$162 million times 1.86 equals **\$302 million** in total economic activity.
 - **The payoff is more sales for local businesses and 2,245 jobs for working Pennsylvanians.** The U.S. Department of Commerce Input-Output Model indicates that 13.84 jobs are produced for each million federal dollars coming into low-income households in Pennsylvania. Multiplication of 13.84 by 162 (millions in federal revenue) produces the result that AJA-funded legal assistance supported 2,245 jobs for working Pennsylvanians over the eight years between 2004 and 2011.
- 5. An additional \$66 million in cost savings was achieved for Pennsylvania taxpayers and communities.**

The \$66 million figure was comprised of two components, as follows.

- **\$34 million** savings in emergency shelter costs through prevention of eviction and foreclosure; and
 - **\$32 million** savings through prevention of domestic violence.
- a. Savings in emergency shelter cost: \$34 million.** This figure was estimated as follows.
- Pennsylvania legal aid programs completed **29,877** AJA-funded “Housing” cases during the eight years between 2004 and 2011.¹³
 - Based on outcomes data from the NY-VA regression model, eviction is avoided or delayed, or foreclosure is avoided, in **18.7 percent** of all legal aid Housing cases.¹⁴

¹² For details on this methodology, visit the web site of the US Department of Commerce, Bureau of Economic Analysis at: <http://www.bea.gov/regional/rims/>. For its application in a Legal Aid context, see Hardin, Jane, “Disability Advocacy Projects: Programs That Assist Low-Income Clients and Ease State Government Fiscal Problems,” *26 Clearinghouse Review*, 776 (1992-1993).

¹³ Figures on the yearly output of AJA-funded Housing cases were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN).

- Applying the “18.7 percent” benchmark to the 29,877 AJA-funded Housing cases, we estimate that **5,587** low-income households avoided eviction or foreclosure as a result of the legal assistance they received.
- A 2010 analysis in New York State indicates that **41 percent** of households that are removed from their homes through eviction or foreclosure ultimately require emergency shelter.¹⁵ (The other 59 percent are able to find shelter elsewhere – for example, by moving in with family or friends or into rental housing they are able to secure.)
- Applying the “41 percent” benchmark to the 5,587 avoided eviction or foreclosure cases, we estimate that **2,311** low-income households avoided homelessness through AJA-funded legal assistance.
- Based again on the 2011 New York analysis, a conservative estimate of the average cost of emergency housing for a homeless family/household is **\$14,794**.¹⁶
- The total savings is: (2,311 households avoided homelessness) x (\$14,794 savings per household) = **\$34 million** (rounded to the nearest \$1 million).

b. Savings in costs related to domestic abuse: \$32 million. This figure was estimated as follows.

- Pennsylvania legal aid programs completed **14,196** AJA-funded Protection from Abuse (PFA) cases during the eight years between 2004 and 2011.¹⁷
- On average, **66.1 percent** of all PFA cases completed by legal aid programs are successful in enabling clients to avoid domestic violence. This benchmark was estimated using a financial model developed by *The Resource for Great Programs, Inc.*, based on a regression analysis of data from 15 general civil legal aid

¹⁴ See Footnote 1 for information regarding the regression model we used for estimating the outcomes multipliers used in this analysis of economic impacts of AJA-funded legal aid cases.

¹⁵ Weighted average for New York State, derived in 2011 by *The Resource for Great Programs, Inc.* from data compiled for New York State by Geeta Singh, Ph.D., Cornerstone Research, summarized in PowerPoint presentation, “*Testimony at Chief Judge’s Hearing on Civil Legal Services*” (New York), September 26, 2011, Slide 7. *The Resource* collaborated with Dr. Singh in her research. She documented the percentages in each region of the state – for example, in New York City it was 43.4 percent; in suburban New York it averaged 13.6 percent; and in Upstate New York it averaged 32.1 percent. We applied the New York weighted average of 41 percent to Pennsylvania, on the premise that the costs of emergency shelter would be similar considering the proximity of these two states and the similarities in their urban/suburban/rural composition, poverty population demographics and housing markets.

¹⁶ We assumed the same weighted average cost for Pennsylvania as determined for New York State by Dr. Singh – see previous footnote. We believe this figure of \$14,794 is conservative, reflecting the lower range of estimates derived around the U.S. For example, a 2012 Massachusetts analysis determined that 2,017 families in family shelters cost the state an average of \$25,155 apiece and 812 families in hotels/motels cost an average of \$10,480 apiece. See Massachusetts Legal Assistance Corporation, “*Civil Legal Aid Yields Economic Benefits to Clients and to the Commonwealth*,” January 2012, Footnote 31. Studies in other states have produced figures in a comparable range between \$14,000 and \$40,000 per family.

¹⁷ Figures on the yearly output of AJA-funded Protection From Abuse cases were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN).

organizations in New York State and Virginia, which collectively close more than 200,000 cases per year.¹⁸

- Based on available studies, a conservative estimate of the average savings from preventing one domestic assault per victim is \$3,462.¹⁹
- The total savings is: (14,196 cases) times (66.1 percent avoided domestic violence) times (\$3,462 savings per client) = **\$32 million** (rounded to the nearest \$1 million).

Page 10

- **Pie chart, “Total Funding for Legal Aid, FY 2010-2011”** This is the total of AJA funding distributed to Pennsylvania Legal Aid providers during fiscal year 2010-11. This total was compiled by PA IOLTA, based on its records as the fiduciary for AJA funds under the Access to Justice Act.
- *“Prior to passage of the Access to Justice Act in 2002 and the supplemental fee in 2009, the Pennsylvania Legal Aid community struggled to keep up with the need for legal assistance in the face of rising costs and federal funding cuts, as well as a low level of state funding, which has remained flat for over 30 years.”* Source: Data compiled by PLAN, Inc. and The Resource for Great Programs, Inc.
- *“In FY 2009, AJA supplemental fee funding mitigated the impact of a 70 percent decrease in IOLTA funding caused by the national economic crisis and falling interest rates. Since then, IOLTA plummeted an additional 37 percent to \$1.8 million in FY 2011 as a direct result of interest rates having dropped to their lowest levels in history.”* Source: PA IOLTA Board and The Resource for Great Programs, Inc.

Page 11

- *“Without AJA funds, some 45,000 fewer Pennsylvanians would be able to receive legal assistance each year (See fact box on page 3 for details).”* Source: This figure was derived by multiplying the number of cases handled in FY 2010-11 (22,945 cases) by the average number of people directly benefitted per case (1.97 people per case – see the Page 1 endnote above).
- *“The uncertainty in funding leads to a high turnover of Legal Aid advocates, with the cost to hire and train each new lawyer estimated to be about \$45,000.”* Source: "Investing in Justice: A Framework for Effective Recruitment and Retention of Illinois Legal Aid Attorneys;" report on a study sponsored by the Chicago Bar Foundation and the Illinois Coalition for Equal Justice, November 2006, page 18; data adjusted for inflation by The Resource for Great Programs to reflect costs in 2011 dollars.

¹⁸ See Footnote 1 for information regarding the regression model we used for estimating the outcome multipliers used in this analysis of economic impacts of AJA-funded legal aid cases.

¹⁹ Source: "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), page 13. This 2006 study indicated the cost due to each incident of domestic violence was \$3,201. In 2011 dollars, this is equivalent to \$3,462. This figure is very conservative because it only includes readily quantifiable costs such as medical care for injured victims, special education and counseling for affected children, police resources, and prison for perpetrators. It does not include costs that are equally real but more difficult to quantify, such as the value of time lost from school and work or the long-term costs of trauma on children and adults caused by exposure to domestic abuse.

- “*From FY 2004-2011, private attorneys and law firms donated 174,513 hours of pro bono services to Legal Aid clients, worth \$26 million.*” Source: The number of hours was determined from End-of-Year reports submitted by PLAN, Inc. grantees, covering hours donated by volunteer attorneys participating in organized pro bono programs coordinated by the grantees. The dollar value of pro bono services was calculated by multiplying the number of hours by \$150 per hour, a conservative estimate of the average billing rate of participating attorneys in FY 2004-2011.
- “*These contributions were made in the context of organized pro bono programs operated by Legal Aid programs or in partnership with local bar associations, and leveraged, in part, with Access to Justice Act funds. Pro bono attorneys handled a total of 49,015 cases, about seven percent of the total cases handled for Legal Aid clients in fiscal years 2004-2011.*” Source: The figures for cases handled were compiled from quarterly statistical reports submitted to PLAN, Inc. by its grantees.

Page 12

- “*As outlined in this report, \$67 million in AJA funds generated since FY 2004 has produced \$530 million in total income and savings for residents and communities.*” Source: This is the total of AJA funding distributed to Pennsylvania Legal Aid providers over the eight fiscal years from 2004 through 2011. This total was compiled by PA IOLTA, based on its records as the fiduciary for AJA funds under the Access to Justice Act. \$530 million is the sum of economic impacts attributable to AJA-funded legal services over the eight years covered by this report; see the Pages 8-9 endnotes for details.

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Appendix II

Pennsylvania Legal Aid Programs* Annual Revenues From All Sources

Eight Fiscal Years, Beginning July 1, 2003 through June 30, 2011

Includes PLAN, Inc. Funded Organizations, Philadelphia Legal Assistance Center (CY 2003-2010), & Community Impact Legal Services

	June 2004	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
FEDERAL								
Federal Legal Services Corporation	\$11,008,605	\$11,107,703	\$11,003,192	\$10,897,470	\$11,306,928	\$14,455,237	\$14,311,370	\$13,810,396
STATE								
Pennsylvania General Fund	\$2,604,320	\$2,519,000	\$2,519,000	\$2,569,000	\$2,771,000	\$3,184,493	\$3,158,000	\$3,010,257
Special State Allocation	\$0	\$138,766	\$236,914	\$165,000	\$0	\$125,000	\$0	\$127,523
Special Block Grant Allocation	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pennsylvania Social Services Block Grant	\$5,049,001	\$5,049,000	\$5,049,000	\$5,049,000	\$5,048,994	\$5,048,995	\$5,049,000	\$5,055,293
Pennsylvania Disability Project Funding	\$909,000	\$909,000	\$909,000	\$909,000	\$909,000	\$909,000	\$909,000	\$909,001
PA Housing Finance Agency Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Access to Justice Act	\$2,140,444	\$7,394,827	\$7,342,644	\$9,900,000	\$9,677,130	\$9,684,547	\$10,100,383	\$10,957,235
Statewide IOLTA and MJ-IOTA	\$3,297,910	\$1,515,756	\$1,990,955	\$6,234,600	\$9,206,135	\$2,786,643	\$1,726,746	\$1,766,292
Other	\$363,481	\$249,083	\$60,724	\$173,393	\$18,000	\$187,594	\$2,396,608	\$2,513,554
Sub Total PLAN Inc. Funds	\$15,364,156	\$17,775,432	\$18,108,237	\$24,999,993	\$27,630,259	\$21,926,272	\$23,339,737	\$24,339,155
LOCALLY RAISED FUNDS								
Local Efforts and Direct IOLTA Grants	\$11,688,508	\$11,689,335	\$12,052,610	\$12,750,794	\$16,146,780	\$15,037,301	\$16,182,444	\$15,468,146
Sub Total Funding	\$38,061,269	\$40,572,470	\$41,164,039	\$48,648,257	\$55,083,967	\$51,418,810	\$53,833,551	\$53,617,697
Inkind Revenues, mostly value of pro bono	\$3,960,535	\$3,982,253	\$4,900,499	\$4,045,609	\$4,301,867	\$4,386,921	\$4,699,453	\$5,204,243
Total Revenues	\$42,021,804	\$44,554,723	\$46,064,538	\$52,693,866	\$59,385,834	\$55,805,731	\$58,533,004	\$58,821,940
Less: Organizations Not AJA Funded and Inkind Revenues								
Philadelphia Legal Assistance	\$3,440,193	\$3,584,666	\$3,382,434	\$3,503,097	\$3,723,792	\$3,616,585	\$4,285,268	\$4,782,598
Community Impact Legal Services	\$342,246	\$413,446	\$513,197	\$450,025	\$590,407	\$430,904	\$0	\$0
Inkind Revenues	\$3,960,535	\$3,982,253	\$4,900,499	\$4,045,609	\$4,301,867	\$4,386,921	\$4,699,453	\$5,204,243
TOTAL FUNDING to PLAN, Inc. Organizations (Leveraged by AJA Funding)	\$34,278,830	\$36,574,358	\$37,268,408	\$44,695,135	\$50,769,768	\$47,371,321	\$49,548,283	\$48,835,099

* Pennsylvania Legal Aid Programs (PLAN)

The PLAN is composed of the following organizations:

Community Impact Legal Services
Community Justice Project
Community Legal Services
Friends of Farmworkers, Inc.
Laurel Legal Services
Legal Aid of Southeastern Pennsylvania
MidPenn Legal Services
Neighborhood Legal Services Association

North Penn Legal Services
Northwestern Legal Services
Pennsylvania Health Law Project
Pennsylvania LegalAid Network, Inc.
Pennsylvania Institutional Law Project
Philadelphia Legal Assistance Center
Regional Housing Legal Services
Southwestern Pennsylvania Legal Services

Appendix III

AJA Funded Total Cases by Substantive Category

Fiscal Years June 30, 2004 to 2011

AJA Funded Closed Cases Fiscal Year Ending June 30											
Major Categories	2004	2005	2006	2007	2008	2009	2010	2011	Total	Cases Pending at 7/01/11	Cumulative Cases Handled
Consumer	581	1,865	1,951	2,204	2,101	1,950	1,845	1,756	14,253	919	15,172
Education	5	29	25	24	23	62	50	58	276	32	308
Employment	47	470	297	586	717	904	825	1,276	5,122	604	5,726
Family	2,416	4,895	4,686	4,137	4,357	5,803	4,567	5,728	36,589	1,554	38,143
Juvenile	25	45	6	2	0	56	33	51	218	25	243
Health	97	267	219	1,372	877	638	454	846	4,770	194	4,964
Housing	1,783	3,565	4,319	4,610	4,567	3,918	3,450	3,672	29,884	1,245	31,129
Income Maintenance	1,091	2,692	2,206	2,255	2,154	2,216	1,913	2,623	17,150	1,218	18,368
Individual Rights	2	47	24	43	135	314	215	621	1,401	119	1,520
Other Miscellaneous	66	291	301	211	222	309	255	312	1,967	92	2,059
Total Cases	6,113	14,166	14,034	15,444	15,153	16,170	13,607	16,943	111,630	6,002*	117,632

*AJA pending cases by major categories total 6,002, and include cases that were pending as of July 1, 2011.