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A 108% Return on Investment:

The Economic Impact to the State of North Carolina of Civil Legal Services in 2012

NC Equal Access to Justice
COMMISSION



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This report is available at www.ncequalaccesstojustice.org.

Photos on the cover are actual clients of North Carolina legal aid providers.

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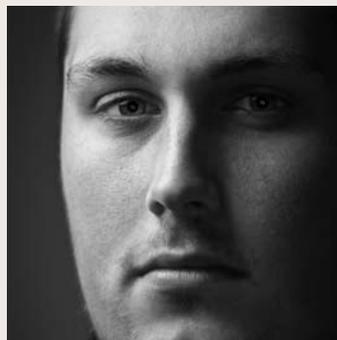
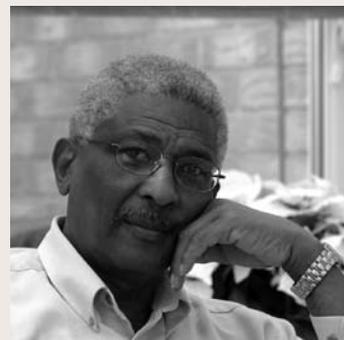
Introduction

THROUGH THEIR CLIENT ADVOCACY, legal aid providers contribute significantly to the North Carolina economy. Legal aid providers offer free legal representation in civil matters to low income North Carolinians who could not otherwise afford such services from a private attorney. Legal assistance is not provided to individuals for the purpose of stimulating the economy but rather to provide access to the civil justice system regardless of ability to pay. However, in serving the civil legal needs of low-income individuals, legal aid providers obtain millions of dollars for their clients. Often these are federal benefits which flow into North Carolina, thus strengthening the state and local economies. In many cases, benefits obtained also reduce the financial burden on the state to provide for the needy and give some modicum of financial stability for households and neighborhoods.

The North Carolina Equal Access to Justice Commission, a state commission created by the North Carolina Supreme Court with the charge of expanding access to civil legal representation, commissioned a study on the economic impact of free civil legal services in North Carolina. In light of the legislative defunding of nonprofit services broadly as well as specific cuts to the legal services sector, an assessment of the return on investment is timely. This report attempts to better understand the direct and indirect economic impact of the work of three North Carolina legal aid providers: Legal Aid of North Carolina (LANC), Legal Services of Southern Piedmont (LSSP), and Pisgah Legal Services (PLS). The three providers compiled data about the economic benefit associated with their representation.

Relying on data compiled by the providers, this report totals the economic benefit of provided legal assistance including: (1) federal dollars obtained in the areas of food stamps, supplemental security and social security disability, temporary welfare assistance, and tax-related awards; (2) other financial awards won in the areas of child support and housing; and (3) cost savings attained in the areas of homelessness and domestic violence prevention.

While the work of legal aid providers has many positive economic impacts, only some of this economic benefit is easily captured. For example, obtaining expunctions for adults with a criminal record, thus better positioning them



This report attempts to better understand the direct and indirect economic impact of the work of three North Carolina legal aid providers: Legal Aid of North Carolina (LANC), Legal Services of Southern Piedmont (LSSP), and Pisgah Legal Services (PLS).

to secure self-supporting employment, results in a clear economic benefit to the individual and community, though not one which can be plainly calculated at the completion of representation.

What this report captures is the direct economic impact in a few discrete practice areas to the local and state economies. Additionally, the report provides a projection of the indirect economic impact and costs savings generated by provided legal assistance, presenting an economic perspective on the investment in free legal services. In doing so, this report seeks to inform policymakers, foundations, and other stakeholders of the economic benefit of legal services, not just for low-income individuals but for the entire state of North Carolina.

\$29,437
A family of four with an annual income of \$29,437 or less qualifies for legal aid services.

Background

1 Fact Sheet on the Legal Services Corporation, Legal Services Corporation, <http://www.lsc.gov/about/what-is-lsc> (last visited Oct. 16, 2013).

2 National Archives and Records Administration, Federal Register, "Annual Update of the HHS Poverty Guidelines," 2013 Poverty Guidelines for the 48 Contiguous States and District of Columbia 5183 (Jan. 24, 2013), *available at* <http://www.gpo.gov/fdsys/pkg/FR-2013-01-24/pdf/2013-01422.pdf>.

3 "Fact Sheet."

4 45 C.F.R. § 1626.10(a) (2011), *available at* <https://www.federalregister.gov/a/E7-18194>.

5 Legal Services Corporation, "Documenting the Justice Gap in America: The Current Unmet Civil Legal Needs of Low-Income Americans" (Sept. 2009), *available at* http://www.lsc.gov/sites/default/files/LSC/pdfs/documenting_the_justice_gap_in_america_2009.pdf.

6 Legal Aid of North Carolina, "2011-2012 Annual Report" 4, *available at* <https://www.legalaidnc.org/public/legal-aid-of-north-carolina-2011-2012-annual-report.pdf>.

The Legal Services Corporation (LSC) was formed in 1974 to provide funding and other support to states for the provision of legal services to individuals with incomes at or below 125% of the federal poverty guidelines.¹ In 2013, an individual who makes \$14,363 or less each year, or a family of four with an income of \$29,437 or less, qualifies for services from local legal aid providers.² LSC-funded programs provide free civil legal services to eligible individuals in a variety of areas including but not limited to housing, consumer, employment, family, and benefits law, particularly gaining access to Medicaid, food stamps, Supplemental Security Income (SSI), and Social Security Disability Insurance (SSDI). Programs also serve victims of domestic violence and seniors.³ LSC-funded programs are generally only able to provide representation to natural born or naturalized citizens, although certain non-citizens may be eligible.⁴

While LSC funds provide for legal representation of many individuals who would have otherwise been unable to hire an attorney, the need far surpasses the limited capacity. LSC estimates that for every client served by LSC-funded programs, there is at least one eligible person seeking legal assistance who will be turned away due to insufficient resources.⁵ In 2012, LSC's appropriation from Congress was cut drastically, a reduction of 17% from 2010 appropriations.⁶ Given these federal cuts, pressed state budgets, increasing poverty rates across the country, and other challenges (for example the lack of knowledge of legal services offered or inability to access due to geographic distance), it is quite likely the unmet need is even greater than cited estimates.



In 2012, LSC's appropriation from Congress was cut 17%.

23.8% of the population is eligible for free legal services.

Background

In North Carolina, current Census numbers indicate that 18% of North Carolinians are living below the poverty line.⁷ With an overall population of nearly 9.5 million, this is more than 1,710,000 persons. This includes 10% of seniors or more than 130,000 impoverished people over the age of 65, and 26% of children, more than 580,000 poor young people. Presently, under LSC guidelines, approximately 2,265,242 North Carolinians, 23.8% of the population, are eligible for free legal services.⁸ Additionally, individuals 60 and older, regardless of income, are eligible to receive LSC-funded services.

In North Carolina, LSC funds are distributed to Legal Aid of North Carolina. In 2011–2012, Legal Aid received \$10,053,803 from LSC. LANC has 18 offices in locations across the state, as well as seven statewide projects to address legal needs in specific areas of law and other regional projects, including several medical-legal partnerships. In the recent economic climate, LANC has experienced decreasing appropriations from the state despite the increased population of eligible individuals.⁹

Other non-LSC funded organizations also serve state residents in need of legal assistance. Pisgah Legal Services, serving Western North Carolina, has offices in Asheville, Hendersonville, and Spindale. Serving more than 13,000 individuals each year, PLS also has targeted programs focused on representing children, people with disabilities, seniors, families facing impending homelessness, immigrants, and victims of domestic violence. Legal Services of Southern Piedmont (LSSP) is located in Charlotte and serves the Charlotte metropolitan area and Western North Carolina. LSSP provides a range of civil legal assistance, notably serving the elderly, veterans, and immigrants, as well as providing tax assistance to low-income individuals.

⁷ American Community Survey 2012 1-year Estimates, U.S. Census Bureau, www.census.gov (last visited on January 15, 2014).

⁸ *Id.*

⁹ "2011–2012 Annual Report."



26% of North Carolina's children live below the poverty line.

Methodology

This report analyzes data to calculate the total direct economic benefit resulting from legal services as well as estimates of indirect economic impact and cost savings. The direct economic benefit is the total amount of funds obtained for clients through legal advocacy, for example in new federal benefits or other financial awards. All data used in this calculation was compiled by the three service providers. Each of the providers track the outcomes of all of their cases and any financial awards obtained for their own operational purposes using case management software. Outcomes are inputted upon occurrence or, at the latest, prior to the closure of a case file.

The three providers compiled data in the spring of 2013 for all cases where a financial benefit was obtained during calendar year 2012 in the follow-

ing areas: Supplemental Nutritional Assistance Program (SNAP), Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI), Temporary Assistance to Needy Families (TANF), tax-related recovery, child support, and housing-related awards. Each also provided additional demographic data about their cases, including the total number of cases in various substantive areas and the frequency of specific outcomes (for example, the numbers of foreclosures prevented and domestic violence protective orders granted).

In each section, the standard method for calculating the benefit obtained is described. The calculation usually includes the sum of back benefits or funds awarded to the client as well as the anticipated future benefit.

The indirect economic impact is an estimate of what occurs when new federal revenue enters and flows

through the state and local economies, namely changes in employment, wages, or business outputs within local industries on account of the introduction of new spending into the market. This report uses the total direct benefits obtained from federal sources—funds which likely would not have come into the state absent legal representation—to assess the broader economic impact to the community. In each section, the method of calculating the indirect economic impact is described.

The cost savings is an estimate of the avoided costs to the local and state economies on account of the legal advocacy of the providers. In particular, this report focuses on advocacy in the areas of domestic violence, foreclosure, and eviction. Here, legal representation prevents the expenditure of state and local government funds in response to increased domestic violence and homelessness.

Limitations of this Report

First, at the risk of understating the actual effect of legal representation, the report makes a conscious effort to utilize a conservative approach to calculating the indirect economic impact and cost savings, even where more generous calculators are available. Where available, the report uses economic impact methodology and cost savings calculations offered by federal government agencies. Further, the cost savings calculations err on the side of being cautious by utilizing small multipliers and proportions of impacted populations where more specific data is lacking, necessitating certain assumptions about impact.

Secondly, some important contributions of the providers are not included

in the economic impact estimates. In compiling the report, it became clear that certain categories of legal representation did not provide sufficient data for an analysis of economic impact. For example, while legal aid providers do provide representation in Medicaid cases and unemployment law cases and there is a clear economic benefit to the client, this representation is a smaller percentage of overall cases and thus did not provide adequate data.

Lastly, in other practice areas of the providers, the economic benefit is not easily captured. For example, obtaining expunctions for adults with a criminal record better positions them to secure self-supporting employment. This results in a clear economic benefit to the individual and com-

munity, though not one which can be plainly calculated at the completion of representation. Similarly, legal aid providers represent children and seniors who require access to health care. This important work results in a direct benefit to the client of improved health care, but it is difficult to quantify the impact on North Carolina's economy.

Because of the data limitations present and conservative approach taken to generating estimates within the report, the full economic impact of the work of legal aid providers across the state is undoubtedly much larger than even the significant figures presented here indicate.

\$48,775,276

The total economic impact of legal aid services in North Carolina in 2012 was \$48,775,276.

Summary of Findings

This report estimates that the legal representation provided by Legal Aid of North Carolina, Legal Services of Southern Piedmont, and Pisgah Legal Services during 2012 resulted in more than **\$9.2 million in new federal revenue** directed into the state of North Carolina, with an **additional \$8.8 million** from other sources. **The overall direct economic impact in these two areas totals \$18,024,411.**

The indirect economic impact is the economic boost to the state and local economies through increases in employment, wages, and business outputs. **The indirect economic impact totals \$13,893,362.** Additionally, through representation of clients, the legal aid providers generated **\$16,857,503 in cost savings**, including domestic violence prevention, eviction prevention, and foreclosure prevention. The chart below details the amounts in each category.

The total economic impact, including direct, indirect, and cost savings, of the provision of legal services by providers across the state is **\$48,775,276.** That is, for every dollar spent to provide legal services from all funding sources in 2012, **\$2.08 is put into the economy.** More specifically, for every dollar spent by the state to provide legal services, **nearly \$10 flows into the economy.** The return on the state's investment in legal services made to the three providers is **108%.**

For every \$1 North Carolina spends on legal services, nearly \$10 flows into the economy.

The state's ROI on legal aid services is 108%.

The chart below details economic impact in each category analyzed.

FEDERAL BENEFITS OBTAINED IN 2012

Source	Direct Benefit	Indirect Impact ¹⁰
Supplemental Nutritional Assistance Program (SNAP)	\$166,536	\$299,765
Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI)	\$9,034,668	\$13,552,002
Temporary Assistance to Needy Families (TANF)	\$19,178	\$28,767
Tax-related federal refunds including the Earned Income Tax Credit	\$8,552	\$12,828
Total Federal Benefits	\$9,228,934	\$13,893,362

OTHER DIRECT AWARDS OBTAINED IN 2012

Source	Direct Benefit
Child support awards	\$115,682
Housing-related awards	\$8,679,795
Total Other Awards	\$8,795,477

COST SAVINGS FROM 2012 REPRESENTATION

Source	Cost Savings
Domestic violence advocacy	\$1,004,963
Foreclosure prevention	
Cost to local government	\$209,840
Cost to neighboring homeowners	\$11,297,200
Eviction prevention	\$4,345,500
Total Cost Savings	\$16,857,503

TOTAL

Direct Economic Benefit	\$18,024,411
Indirect Economic Impact	\$13,893,362
Cost Savings	\$16,857,503
Total	\$48,775,276

¹⁰ In the absence of direct research on the economic impact of new federal revenue other than SNAP, namely SSI/SSDI, TANF, and tax-related funds, this report calculates economic impact using the multiplier proposed by the Council of Economic Advisors for the impact of income support payments under the American Recovery and Reinvestment Act of 2009, specifically a multiplier of 1.5. Executive Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009 Fifth Quarterly Report," (Nov. 18, 2010), available at http://www.whitehouse.gov/sites/default/files/cea_5th_arra_report.pdf.



\$9

For every \$5 of new SNAP benefits, community spending of \$9 is generated.

Federal Funds

Supplemental Nutritional Assistance Program (SNAP)

Assistance provided by North Carolina's legal services programs resulted in an **additional \$166,536 of Supplemental Nutritional Assistance Program (SNAP) benefits coming into the state in 2012**. Service providers closed 385 cases involving 838 individuals regarding the acquisition or maintenance of SNAP benefits. Providers calculated total SNAP benefits by adding back benefits due to the client plus the monthly benefit obtained in the case multiplied by 12 months, the expected length of the receipt of the benefit over one year.

For many low-income individuals, SNAP benefits, formerly known as food stamps, may serve as a family's only source of income. According to data collected by *The New York Times* in 2010, 18% of food stamp recipients receive no income in addition to food stamps each month. Approximately six million Americans live in a cashless society, subsisting on SNAP benefits alone.¹¹ Based on this estimate, as many as 304,025 North Carolinians have no other income besides the SNAP benefits they receive.¹²

According to the USDA, every additional dollar's worth of SNAP benefits leads to between 17 and 47 cents of additional spending on food items by families who are receiving SNAP when compared to low-income families not receiving SNAP.¹³ The average benefit received per household via SNAP participation is \$290, money which is in turn spent at local retailers that accept SNAP customers like food marts, grocery stores, farmers' markets, and convenience stores.¹⁴ The USDA estimates that for every \$5 of new SNAP benefits, community spending of \$9 is generated. Other impacts of SNAP participation for local communities include increased worker productivity and fewer missed days of work for SNAP families, as well boosting employment opportunities at local food retailers and farms.¹⁵

Using the USDA's estimate stated above, the **\$166,536 of new SNAP benefits generated by legal aid providers resulted in \$299,765 of additional community spending**.

11 Jason DeParle and Robert M. Gebeloff, "Living on Nothing but Food Stamps," *N.Y. Times*, Jan. 2, 2010, available at http://www.nytimes.com/2010/01/03/us/03foodstamps.html?pagewanted=all&_r=0.

12 Based on the average 2012 North Carolina caseload, 1,689,028. As obtained from monthly participation data provided by the Food Research and Action Center, available at <http://frac.org/reports-and-resources/snapfood-stamp-monthly-participation-data/>.

13 U.S. Department of Agriculture, Food and Nutrition Services, "The Benefits of the Supplemental Nutrition Assistance Program (SNAP)" (Aug. 2011), available at http://www.fns.usda.gov/snap/outreach/pdfs/bc_benefits.pdf.

14 *Id.*

15 *Id.*

\$9 million

More than \$9 million is the amount legal aid providers secured in additional SSDI/SSI benefits.

Federal Funds

Supplemental Security Income/ Social Security Disability Insurance (SSI/SSDI)

Advocacy by North Carolina's legal aid providers **secured more than \$9 million in additional Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) benefits in 2012.** Providers calculated total SSI/SSDI benefits by adding back benefits due to the client plus the monthly benefit obtained in the case multiplied by 120 months, the expected length of the receipt of the benefit.

16 Umar Moulta-Ali, Congressional Research Service, "Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)" (June 11, 2013), available at http://digital-commons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2152&context=key_workplace.

17 Anne DeCesaro and Jeff Hemmeter, Social Security Administration, Office of Research, Evaluation and Statistics, "Characteristics of Noninstitutionalized DI and SSI Program Participants, Research and Statistics Note No. 2008-02" (Jan. 2008), available at <http://www.ssa.gov/policy/docs/rsnotes/rsn2008-02.html>.

18 *Id.*

19 Shawn Fremstad and Rebecca Vallas, Center for American Progress, "The Facts on Social Security Disability Insurance and Supplemental Security Income for Workers with Disabilities" (May 30, 2013), available at <http://www.americanprogress.org/issues/poverty/report/2013/05/30/64681/the-facts-on-social-security-disability-insurance-and-supplemental-security-income-for-workers-with-disabilities/>.

20 *Id.*

21 *Id.*

SSDI and SSI provide a monthly cash benefit to individuals who have a physical or mental disability that impairs their ability to work; in some cases, benefits are provided to their dependents as well.¹⁶ SSI is a needs-based program whose eligible recipients must have very limited income. Unlike SSI, eligible SSDI recipients are not required to meet income requirements; however, studies have found that the majority of SSDI recipients have family income below 200% of the poverty threshold.¹⁷

The average monthly SSDI payment for an individual is \$1,129.63 and the average monthly SSI payment for an individual is \$527.95.¹⁸ For many recipients, disability benefits serve as a major source of income. Seventy-one percent of SSDI beneficiaries receive more than half of their income from disability benefits; more than half of beneficiaries receive 90% of their income from such benefits.¹⁹

The lengthy process of obtaining benefits requires evidence in the form of medical records and other documentation that many poor, disabled individuals may not have on account of poor access to healthcare and other barriers.²⁰ Ultimately only about 40% of applicants receive disability benefits.²¹ Legal aid providers play a crucial role in navigating the process and assisting applicants in meeting the standard necessary to receive benefits.



293,408

293,408 North Carolinians were kept out of poverty by the Earned Income Tax Credit.

Federal Funds

22 North Carolina Department of Health and Human Services, Division of Social Services, "Temporary Assistance for Needy Families State Plan 2010-2013," available at <http://www.ncdhhs.gov/dss/workfirst/docs/NC%20TANF%20State%20Plan%202010-2013%20web%20posting.pdf>.

23 *Id.*

24 Program Statistics and Reviews, North Carolina Department of Health and Human Services, Division of Social Services, <http://www.ncdhhs.gov/dss/stats/wf.htm> (last visited Oct. 16, 2013).

25 Working Families Kept Out of Poverty by the EITC and CTC, 2009-2011, Tax Credits for Working Families, <http://www.taxcreditsfor-workingfamilies.org/working-families-poverty-eitc-ctc-state/> (last visited on Oct. 18, 2013).

26 Center on Budget and Policy Priorities, "Policy Basics: the Earned Income Tax Credit" (February 2013), available at <http://www.cbpp.org/files/policybasics-eitc.pdf>.

27 Executive Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009 Fifth Quarterly Report," (Nov. 18, 2010), available at http://www.whitehouse.gov/sites/default/files/cea_5th_arra_report.pdf.

In the absence of direct research on the economic impact of tax refunds and awards in tax controversies, this report calculates economic impact using the multiplier proposed by the Council of Economic Advisors for the impact of income support payments under the American Recovery and Reinvestment Act of 2009, specifically a multiplier of 1.5.

Temporary Assistance for Needy Families (TANF)

In 2012, providers attained **\$19,178 in Temporary Assistance to Needy Families (TANF) benefits** for low-income clients. Providers calculated total TANF benefits by adding back benefits due to the client plus the monthly benefit obtained in the case multiplied by six months, the expected length of the receipt of the benefit.

In order to be eligible for cash assistance under North Carolina's TANF program, Work First, families must be "needy," which North Carolina defines for a family of three as income not exceeding \$544 per month.²² The monthly maximum benefit for the same family is \$272.²³ In 2012, the number of active Work First cases averaged 22,623, and the number of individuals on active Work First cases averaged 44,671.²⁴

Tax-related recovery and refunds including Earned Income Tax Credit (EITC)

Legal Services of Southern Piedmont (LSSP) is the only program that receives funding from the Internal Revenue Service to provide advocacy to low-income individuals in tax matters. Their assistance includes representation of individuals in tax controversies to reduce their tax liability as well as assistance with preparation of tax returns in order to obtain federal tax refunds, including the Earned Income Tax Credit. **In 2012, LSSP obtained \$8,552 in federal refunds for taxpayers through their Low-Income Taxpayer Clinic. They also helped reduce clients' tax liability by \$366,642.**

Reports indicate that 293,408 North Carolinians, including 145,769 children, were kept out of poverty by the Earned Income Tax Credit.²⁵ Perhaps unsurprisingly, most families spend their Earned Income Tax Credit, on average \$2,805 for families with children and \$282 for families without children, on basic necessities including clothing and home and car repairs.²⁶ Using the multiplier proposed by the Council of Economic Advisors for income support payments, **the \$8,552 obtained in refunds for clients by the legal aid providers resulted in \$12,828 of indirect economic impact.**²⁷

\$8,679,795 is the amount legal aid providers secured in housing-related awards.

Other Awards

Child support awards

Representation in family law cases by the three providers grossed **child support awards to which custodial parents were entitled totaling \$115,681.88.**²⁸

In addition to providing an economic boost to the local community of funds that custodial parents in turn spend to obtain shelter, food, clothing, and other necessities for their children, child support awards reduce the dependency of low-income families on the state for support.

Housing-related awards

The state's three legal aid providers, in large part due to Legal Aid of North Carolina's extensive housing representation, assisted in **ensuring housing benefits, rent abatements, and other awards totaling \$8,679,795.15.**²⁹

The work of legal aid providers in this area protects low-income families from losing crucial housing subsidies. In North Carolina, more than 136,700 low-income households rely on rental assistance programs, including public housing, vouchers, Section 8 project-based rental assistance, and other federal programs which make access to housing affordable.³⁰ Seventy percent of those with federal rental assistance are considered extremely low-income, meaning their income is below 30% of the Area Median Income limits set by the Department of Housing and Urban Development.³¹

In addition to the federal housing benefits secured or maintained through representation, legal services attorneys also represent low-income households in private landlord/tenant cases and obtain funds or rent abatement owed to the client. In 2011, the median, monthly housing cost for renter-occupied housing units was \$744 per month.³² In order to afford \$744 per month, an individual must make \$14.31 per hour, a figure well above the minimum wage.³³ As 287,600 low-income households in North Carolina spend more than half of their monthly net income on housing costs,³⁴ awards such as rent abatement due to inhabitability, receipt of funds owed like security deposits, and landlord charges avoided allow individuals to put their limited funds toward other basic necessities. Further, housing representation in these cases may allow individuals to stay in their homes, saving the state potential costs due to homelessness, as outlined in more detail below.

28 Providers calculated total child support awards by multiplying the monthly child support amount obtained by 12 months, the expected length of the receipt of the award over a one-year period. Where a specific monthly award was not ordered, the amount was calculated under the child support guidelines.

29 Housing awards may include the amount of rent saved by securing a public housing benefit, rent abatement obtained due to problems with the condition of the housing unit, return of a client's security deposit, or avoided charges by the landlord. Rent saved is calculated using the HUD Fair Market Rent subtracting any amount the client pays multiplied by 12 months.

30 Center on Budget and Policy Priorities, "North Carolina: Federal Rental Assistance Facts," (Dec. 19, 2012) available at <http://www.cbpp.org/files/4-13-11hous-NC.pdf>.

31 *Id.*

32 American Community Survey 2007–2011, U.S. Census Bureau, <http://www.census.gov> (last visited on Sept. 2, 2013).

33 Housing Wage Calculator, National Low Income Housing Coalition, <http://nlihc.org/library/wagecalc> (last visited Oct. 16, 2013).

34 "North Carolina: Federal Rental Assistance Facts."



122

In 2012, 122 domestic violence related homicides occurred in North Carolina.

Cost Savings

Domestic violence advocacy

In 2012, Legal Aid of North Carolina, Legal Services of Southern Piedmont, and Pisgah Legal Services **obtained 1,974 protective orders on behalf of clients**. Further, in 2012, the agencies closed 4,709 domestic violence cases with household members totaling 12,036 people. Services include assisting victims in obtaining and enforcing protective orders in court, renewing an order entered previously, counseling victims about safety and other concerns, and providing information and/or assistance on a range of other issues including child support, child custody, divorce, division of marital property, and housing and consumer issues.

Nationally, nearly one in three women and one in four men have experienced some form of violence (including rape, physical violence, and stalking) by an intimate partner.³⁵ The impacts of such violence are harmful and vast: being fearful or concerned for safety; sustaining injuries (including severe injuries necessitating medical attention); symptoms of post-traumatic stress disorder; needing housing, advocacy, or legal services; and missing work or school, resulting in lost income.³⁶

There is no reason to believe that North Carolina is any exception to national statistics. In 2012, 122 domestic violence related homicides occurred in North Carolina.³⁷ A yearly average of 114 domestic violence related homicides have been committed over the past five years.³⁸ Further, in 2010–2011, the more than 100 domestic violence programs funded by the North Carolina Council for Women served a total of 61,283 clients by providing emergency or transitional housing assistance; offering information, referrals, advocacy, transportation, and counseling; supporting the children of victims; and offering other services.³⁹

While most clients who were provided legal services in a domestic violence case do not receive a direct economic benefit, with the exception of those who are granted child support for their children within the order, indirect economic benefits flow to the state on account of costs saved by preventing violence.

35 Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, "National Intimate Partner and Sexual Violence Survey, 2010 Summary Report" 39 (Nov. 2011), available at http://www.cdc.gov/violenceprevention/pdf/nisvs_report2010-a.pdf.

36 *Id.* at 54.

37 North Carolina Department of Justice, "Report on Domestic Violence Related Homicides Occurring in 2012" 2 (Apr. 9, 2013), available at <http://www.ncdoj.gov/getdoc/4105e22f-f094-4903-89d1-c1354ebc5958/2013DVRReport.aspx>.

38 *Id.*

39 Cynthia Hess, Institute for Women's Policy Research, "The Status of Women in North Carolina" 55 (Jan. 2013), available at <http://www.iwpr.org/publications/pubs/the-status-of-women-in-north-carolina>.

\$1 million

More than \$1 million is the annual savings from the prevention of domestic violence in avoided medical costs alone.

Cost Savings

By preventing violence, legal providers can mitigate the high cost of medical and mental health care expenses for victims and families. A study from the Centers for Disease Control and Prevention found that women who were the victims of physical assault in the past 12 months experienced an average of 3.4 separate assaults.⁴⁰ Victims were injured in 41.5% of assaults⁴¹, and 28.1% of those received some form of medical care.⁴² **On average, the cost of medical and mental health services per physical assault was \$816 when the study was authored in 2003, a cost of more than \$1,000 dollars today.**⁴³ In addition to the productivity loss of victims, other potential costs include the cost of sheltering victims and families and the use of police and law enforcement resources in response to continued violence.

If legal representation prevents one assault in half of the cases where domestic violence protective orders were obtained, **the annual savings from the prevention of domestic violence by calculating the avoided medical costs alone is \$1,004,963.**⁴⁴

Homelessness prevention

Each year, the legal aid providers in this study generate cost savings for the state of North Carolina and local government units by preventing homelessness of individuals through their advocacy in foreclosure and eviction proceedings.

In 2012, Legal Aid of North Carolina, Legal Services of Southern Piedmont, and Pisgah Legal Services **prevented 488 foreclosures across North Carolina, impacting 1,264 household members.**

North Carolina has not been spared in the foreclosure crisis which has plagued the country. In 2012, 54,735 foreclosures were filed across the state, down from the peak of 66,279 filings in 2010.⁴⁵ Families, the surrounding community, and local governments all suffer when foreclosures persist. For families experiencing foreclosure, displacement from their home and lost equity and personal savings

40 Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, "Costs of Intimate Partner Violence Against Women in the United States" 14 (Mar. 2003), available at www.cdc.gov/ncipc/pub-res/ipv_cost/ipvbook-final-feb18.pdf.

41 *Id.*

42 *Id.* at 15.

43 CPI Inflation Calculator, Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/data/inflation_calculator.htm. According to the calculator, \$816 in 2003 has the same buying power as \$1,018.20 in 2012 (the time period on which this study focuses).

44 Cost savings was calculated by multiplying the 2012 cost of medical services following a domestic violence assault, \$1,018.20, by one-half of the total number of domestic violence protective orders obtained, 987.

45 Statistics, The North Carolina Court System, Civil Case with a Home or Business Foreclosure (Fore) Filing by Filing Date, compiled Aug. 12, 2013, <http://www.nccourts.org/Citizens/SR-Planning/Statistics/Default.asp>.



488

488 is the number of foreclosures prevented across North Carolina in 2012.

Cost Savings

46 Debbie Gruenstein Bocian, Peter Smith, and Wei Li, Center for Responsible Lending, "Collateral Damage: The Spillover Costs of Foreclosure" 3 (Oct. 24, 2012), available at <http://www.responsiblelending.org/mortgage-lending/research-analysis/collateral-damage.pdf>.

47 *Id.*

48 Michael Bess, "Assessing the Impact of Home Foreclosures in Charlotte Neighborhoods," *Geography & Public Safety*, Volume 1, Issue 3, Oct. 2008, available at <http://www.nij.gov/pubs-sum/gps-bulletin-v1i3.htm>.

49 G. Thomas Kingsley, Robin Smith, and David Price, The Urban Institute, "The Impacts of Foreclosures on Families and Communities" 15–19 (May 2009), available at <http://www.urban.org/publications/411909.html>.

50 Center for Responsible Lending, "2013 Update: The Spillover Effects of Foreclosures" (Aug. 19, 2013), available at <http://www.responsiblelending.org/mortgage-lending/research-analysis/2013-crl-research-update-foreclosure-spillover-effects-final-aug-19-docx.pdf>.

51 Cost savings due to foreclosure prevention in the form of nearby home value which was not impacted by the foreclosure was calculated by multiplying the average loss per homeowner by the number of foreclosures prevented. This estimate conservatively accounts for only one neighboring homeowner that would have been impacted per threatened foreclosure.

52 Kingsley at 19–20.

53 *Id.*

54 Cost savings due to foreclosure prevention was calculated by multiplying the number of foreclosures prevented by the most conservative estimate of the cost of each foreclosure to the local government.

55 State Home Foreclosure Prevention Project, North Carolina Prevention Fund, <http://ncforeclosureprevention.gov/shfpp.aspx> (last visited Oct. 18, 2013).

take a huge toll on their present stability.⁴⁶ Long term, families struggle with the damage to their credit and inability to access home equity for education or business investment.⁴⁷

Reports estimate the broader economic impact of foreclosure on communities. A study conducted by the Charlotte Police Department found that the rate of violent crime rose consistently in high foreclosure neighborhoods⁴⁸ and was significantly higher than the violent crime rate in low foreclosure neighborhoods. Another economic impact on the community is lost value of other area properties and reduction in tax funding to local governments.⁴⁹ According to the Center for Responsible Lending, homeowners impacted by nearby foreclosures in their community on average experience a loss of \$23,150 as a result of their close proximity to foreclosures in their community.⁵⁰ Even if only one such neighboring home had been impacted by each threatened foreclosure, **prevention of 488 foreclosures resulted in \$11,297,200 of saved home value.**⁵¹ In addition to the lost tax funds due to home value decreases, other local government costs may include court costs, unpaid property taxes, unpaid utility taxes and other fees, and cost of fire and police involvement.⁵² Costs to the community range from \$430 for a vacant and secured foreclosure to \$5,358 if the municipality needs to secure the property to more than \$34,000 for an abandoned foreclosure where a fire occurs.⁵³ **With the prevention of 488 foreclosures across North Carolina in 2012, under the most conservative estimate, legal providers saved local governments at least \$209,840.**⁵⁴

The three North Carolina service providers in this report, among others, receive funding through the State Home Foreclosure Prevention Project, a program of the North Carolina Housing Finance Agency that was established by the General Assembly in 2008 to reduce the number of foreclosures by providing resources and assistance to homeowners facing foreclosure.⁵⁵

The three providers studied in this report also **halted 895 evictions in 2012, impacting 2,506 household members.**

Representation in eviction proceedings which prevent or delay eviction help low-income families avoid homelessness by allowing families to stay in their home and search for new housing if necessary. Advocates assist clients to oppose

\$11,297,200

\$11,297,200 is the amount of home value saved as a result of prevented foreclosures.

Cost Savings

eviction where landlords have not followed the proper process for lawfully evicting tenants or where they do not have grounds to evict the tenant.

In the absence of advocacy, some clients would undoubtedly become homeless, seeking temporary or extended housing at a homeless shelter or living unsheltered. Further, once individuals have been evicted, finding new housing in the future may be more difficult, leading to a greater chance of becoming or remaining homeless following an initial eviction.

Estimates of the cost of homelessness vary. Research in Los Angeles indicates the average monthly per person cost of homeless persons is \$2,897 or \$34,764 per year, including the costs of public health, mental health, emergency medical treatment, police, social services, and other public services, compared to the \$605 average per month cost for similarly situated persons who are in supportive housing.⁵⁶ The monthly per person cost ranged from \$405 to \$5,038 based on attributes like disability, age, criminal history, and substance abuse or mental health background.⁵⁷ A more recent study of six locations conducted by the Department of Housing and Urban Development found average costs of sheltering the first-time homeless to be between \$1,634 to \$2,308 for individuals and between \$3,184 to \$20,301 for families.⁵⁸

In the absence of good estimates of the percentage of people that would likely become homeless following eviction, this cost savings calculation conservatively assumes that only 5% would have become homeless if evicted and calculates the cost for one year of homelessness. Even if only 5% of those who might have been evicted from their housing without legal representation eventually became homeless, **the yearly cost savings to the state and local government totals \$4,345,500.**⁵⁹

Some of the renters experiencing eviction may be impacted due to foreclosure of the property they are renting. According to a report produced by the National Low Income Housing Coalition, 20% of home foreclosures involve rental properties.⁶⁰

56 Daniel Flaming, Patrick Burns, and Michael Matsunaga, Economic Roundtable, "Where We Sleep: Costs When Homeless and Housed in Los Angeles" 25 (2009), available at http://www.economicrt.org/summaries/Where_We_Sleep.html.

57 *Id.* at 1.

58 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "Costs Associated with First-Time Homelessness for Families and Individuals" ES-7-ES-8 (March 2010), available at http://www.huduser.org/publications/pdf/Costs_Homeless.pdf.

59 Cost savings due to eviction prevention was calculated by multiplying the average monthly per person cost of homeless persons of \$2,897 by 12 months by 125 people, or 5% of those who might have been evicted without legal aid representation.

60 Shambhavi Manglik, National Low Income Housing Coalition, "Renters in Foreclosure: A Fresh Look at an Ongoing Problem" 1 (September 2012), available at http://nlihc.org/sites/default/files/Renters_in_Foreclosure_2012.pdf.



Conclusion

In 2012, representation by the three legal aid providers in North Carolina resulted in:

\$18,024,411 of direct benefit;

\$13,893,362 of indirect estimated economic impact;

\$16,857,503 in cost savings; and

A total economic impact of \$48,775,276 in our state.

\$48,775,276

About The NC Equal Access to Justice Commission

The NC Equal Access to Justice Commission was established in November 2005 by order of the North Carolina Supreme Court and is chaired by Chief Justice Sarah Parker. The Commission was established in recognition of the need to expand civil legal representation for people of low income and modest means in North Carolina. Among the purposes of the commission are unmet legal needs assessment, statewide strategic planning, coordination of efforts between the legal aid organizations and other legal and non-legal organizations, resource development, and expanding civil access to justice.

NC Equal Access to Justice
COMMISSION

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