



# The Economic Impact of Outcomes Obtained for Legal Aid Clients Benefits Everyone in Pennsylvania

In 2011<sup>1</sup>, \$53.6 Million Invested in Pennsylvania's Civil Legal Services Yielded \$594 Million in Income and Savings for Residents and Communities and Supported 2,643 Jobs.

The total economic impact of civil legal assistance in 2011 to Pennsylvania's low-income individuals and families was \$594 million, representing a greater than *eleven-fold* return on the investment of \$53.6 million from all funding sources.<sup>2</sup>

## The Unmet Need for Legal Aid Costs the State Money

Legal Aid lacks the funds to meet all the need. As a result, the state's economy loses tens of millions each year because unrepresented Pennsylvanians are unable to assert their right to obtain federal benefits, such as federal disability and federal Medicaid payments. The state and local governments then must step into the breach, spending funds from Pennsylvania taxpayers to combat homelessness, domestic violence, and poverty, while forgoing the eleven-fold economic return on investment that legal aid funding provides.

## The 2011 Economic Impacts Include:

### ➤ **\$546 million in direct economic benefits for Pennsylvania's local communities.**<sup>3</sup>

Each federal dollar coming into Pennsylvania as the result of Legal Aid's work circulates 1.86 times through local economies. The payoff is more sales for local businesses and more jobs for Pennsylvania workers. In 2011, the impacts were:

- **\$118 million** in Social Security benefits and Supplemental Security Income attained for low-income residents;
- **\$59 million** in the federal share of Medicaid benefits attained for low-income and disabled residents;
- **\$14 million** in federal grant funds received from the Legal Services Corporation; and
- **\$355 million** for communities via the economic multiplier effect (1.86 times \$191 million in total federal funds above).
- **2,643 jobs** for Pennsylvania workers, with every million dollars in federal funds brought in supporting 13.84 jobs.<sup>4</sup>

### ➤ **\$48 million in additional cost savings**<sup>5</sup> **for Pennsylvania taxpayers and communities.**

These savings include:

- **\$25 million** in savings in emergency shelter costs. During 2011, a total of 1,715 low-income Pennsylvania families successfully avoided the need for emergency shelter thanks to assistance by Legal Aid advocates. Studies show an average cost savings of \$14,794 per family. In the five-year period 2007-11, Legal Aid helped 7,534 families avoid the need for emergency shelter and saved \$111 million in emergency shelter costs.
- **\$23 million** in savings in costs related to domestic abuse. Legal Aid advocates protected 6,658 Pennsylvania families from domestic violence during 2011. Studies indicate an average savings of \$3,462 per family in the costs of medical care for injured victims, targeted education and counseling services for affected children, and law enforcement resources. In the five-year period 2007-11, Legal Aid protected 31,550 families and saved \$109 million.

### ➤ **Additional Benefits** (*not quantified*):

- **Savings** linked to crime prevention and reduction in law enforcement assistance.
- **Savings** realized by keeping children in school whose attendance would otherwise have been interrupted by homelessness and/or domestic abuse.
- **Revenue** for Pennsylvania hospitals and other health care providers from Medicaid reimbursements for services they would otherwise have to write off.
- **Efficiencies** in Pennsylvania courts due to Legal Aid's assistance to clients and self-represented litigants through materials and trainings on how to follow court procedures.
- **Additional tax revenue** from jobs preserved in Pennsylvania as a result of Legal Aid employment cases.

<sup>1</sup> All years refer to fiscal years ending in the stated year.

<sup>2</sup> A total of \$53.6 million from "all funding sources" included \$15.5 million in local efforts and direct IOLTA grants; \$13.8 million in federal funds; \$11 million in state Access to Justice Act (AJA) filing fee funds; \$6.1 million in state block grants (Social Services and other), disability project funds, and special allocation funding; \$3 million from the state general fund; \$2.5 million from other sources; and \$1.8 million from IOLTA.

<sup>3</sup> Based on application of U.S. Department of Commerce "Regional Economic Input-Output Modeling System," and on the assumption that clients immediately spend most of the benefits received. For further information, see this link > <http://www.bea.gov/regional/rims/>

<sup>4</sup> Ibid.

<sup>5</sup> For more information on calculations, assumptions and data sources, visit [http://www.paiolta.org/Grants/Grants\\_ReportsINDEX.htm](http://www.paiolta.org/Grants/Grants_ReportsINDEX.htm)