

Legal Aid Returns Millions of Dollars to Virginia's Economy

by Dawn Chase

Legal Aid produces results — not only for the low-income people who receive civil legal services, but also for the communities they live in.

Legal Aid returned a measurable \$139 million to Virginia communities in fiscal 2009–10. Every dollar spent on Legal Aid returned at least \$5.27.

Some of the money generated by Legal Aid helped low-income families directly. Millions fueled the economy as a whole, in the form of cost savings for taxpayers; federal dollars flowing into local economies, creating hundreds of jobs; taxes paid by the people working those jobs; fewer foreclosures; efficiencies in Virginia's courts; and economic benefits for health-care providers.

The return could be much higher if Legal Aid received enough funding to meet the vast need for its services.

These are the conclusions of a report, *Economic Impacts of Civil Legal Aid Organizations in Virginia*, commissioned by Legal Services Corporation of Virginia (LSCV), the agency that funds and oversees Virginia's Legal Aid offices. The report was prepared by Kenneth A. Smith, Ph.D., a nationally recognized evaluator of the outcomes and benefits of Legal Aid organizations.

The \$139 million that Legal Aid brings into the economy includes:

- \$72.4 million directly assisted low-income families. When Legal Aid helps a family gain child and spousal support, buy food, pay their rent or utilities, or obtain medical care, the family spends those dollars in their community.
- \$61.3 million in federal dollars that flow into local communities. This money includes grants that support Legal Aid services as well as veterans' benefits,

Social Security disability for the elderly and disabled, and Medicaid. That money would be lost to Virginia if Legal Aid had not assisted clients with their applications and appearances before review boards. The money supports jobs for 850 Virginians and provides income for businesses across the state.

- \$2.5 million in state and local taxes that are paid by the 850 persons employed through the federal draw-down money.
- \$2.8 million in cost savings for taxpayers. When Legal Aid helps a client avoid eviction, collect child support, or escape domestic violence, there is less demand for tax-funded programs.

Legal Aid brings other returns that are more difficult to measure. These include:

- Savings for banks and investors when foreclosures are prevented.
- Fewer write-offs of indigent patients by health-care providers.
- More efficiency in the courts.

“The work of our Legal Aid offices is not just about protecting the legal rights of low-income Virginians,” said Mark D. Braley, executive director of LSCV. “It’s about providing services that bring tangible benefits to all Virginians by creating jobs, increasing tax revenues, saving taxpayer dollars and making it possible for medical providers and others to get paid for their services to our clients.

“Virginia taxpayers receive a significant return on their relatively small investment in Legal Aid.”

Despite its roles as a cost-saver and income-generator for communities, the Legal Aid system has had to significantly curtail the level of help it provides people seeking legal services since the report data was compiled. The reduction is because of the economic decline that reduced support of Legal Aid from governments and charities, a steep rise in the poverty population and people seeking legal assistance, and a drop in interest rates, which are tied to Legal Aid's funding.

Since 2009, the number of persons employed by LSCV's Legal Aid programs dropped by almost 20 percent, from 318 to 257. The system has lost thirty-four attorneys and twenty-seven support staff, including case-handling paralegals, and closed one office.

Skeletal staffs remain at many of the system's thirty-five offices statewide. Intake hours have been cut back, and, increasingly, applicants with serious legal problems are turned away. Of those who get appointments, many receive advice instead of the full representation they need. Legal Aid offices have become more like emergency rooms performing triage.

“Without the funding to accept more applicants who need legal assistance, Virginia civil legal aid programs are unable to prevent thousands of the evictions, foreclosures, Medicaid denials and other costly and tragic legal emergencies that low-income Virginia families experience each year. The result is a significant loss of opportunities affecting every resident,” the report concludes.

Braley is continuing efforts to expand participation in the Interest on Lawyers' Trust Accounts (IOLTA) program that, in better times, provides a

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strong financial base for Legal Aid. IOLTA revenue dropped by \$4 million annually since interest rates fell in 2007. Once Legal Aid's second-largest source of funding, IOLTA is now one of its smallest.

LSCV, with the support of statewide bar associations, will continue efforts this year to convert the voluntary IOLTA program to a mandatory one and to increase state funding.

Braley said that LSCV commissioned the study to demonstrate that Legal Aid's work benefits not only

individual clients, but also Virginia communities, courts and government, and is a worthwhile investment that provides demonstrable returns.

To view the *Economic Impacts* report, see <http://www.vplc.org/wp-content/uploads/2012/09/VA-Report-on-Economic-Impacts.pdf>.



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