



IOWA LEGAL AID

Making an Impact



ACKNOWLEDGEMENTS

This report was prepared in collaboration with David Swenson, Associate Scientist with the Department of Economics of Iowa State University. Iowa Legal Aid is profoundly grateful for Professor Swenson's insights and assistance.

The Economic Impact of Iowa Legal Aid

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I. Executive Summary

Iowa Legal Aid is a not-for-profit law firm that provides civil legal assistance to low-income and vulnerable Iowans. We assist our clients in many different ways. For example, Iowa Legal Aid:

- helps victims of domestic violence escape abusive relationships
- assists individuals and families who are facing the loss of their home to foreclosure or eviction
- works to give elderly Iowans peace of mind by preparing wills and advanced directives

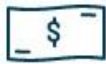
Iowa Legal Aid's work has a tremendous social impact in communities all across the state. Our advocacy also accrues benefits and avoids costs in several ways for the state of Iowa:

- **Direct benefits.** The tangible, financial benefits that enter the Iowa economy as a result of Iowa Legal Aid's work. These include federal grants and contracts in the amount of \$3,575,545.09 awarded to Iowa Legal Aid, new healthcare benefits secured in the amount of \$411,654, and new household incomes in the amount of \$1,828,932.21. **Together, these direct benefits amounted to \$5,816,131.30 in 2017.**
- **Multiplier effect.** Economists tell us that when outside dollars are spent on goods and services in Iowa, additional economic activity occurs that increases the economic output. The amount of this multiplier effect varies depending upon the type of the new funds and the manner in which they are spent. Federal funding to Iowa Legal Aid has a 78% multiplier effect, federal medical benefits to our clients has a 75% multiplier effect, and federal household income assistance has a 0.44% multiplier effect¹. **When these multiplier effects are applied to the dollars entering into Iowa's economy, an additional \$3,178,138 was brought into the Iowa economy.**
- **Indirect benefits.** The costs that are avoided as a result of Iowa Legal Aid's advocacy. Homelessness and domestic violence carry tremendous costs. By reducing the incidence of each of these problems, Iowa Legal Aid provides huge savings for Iowa taxpayers. **Indirect benefits were estimated to be \$15,168,615 in 2017, comprised of \$3,597,000 in avoided costs in housing cases and \$11,571,615 in avoided costs in family law cases.**

Civil legal aid has tremendous social and financial impacts in communities across Iowa.

For every

\$1.00



Iowa invests in Iowa Legal Aid,

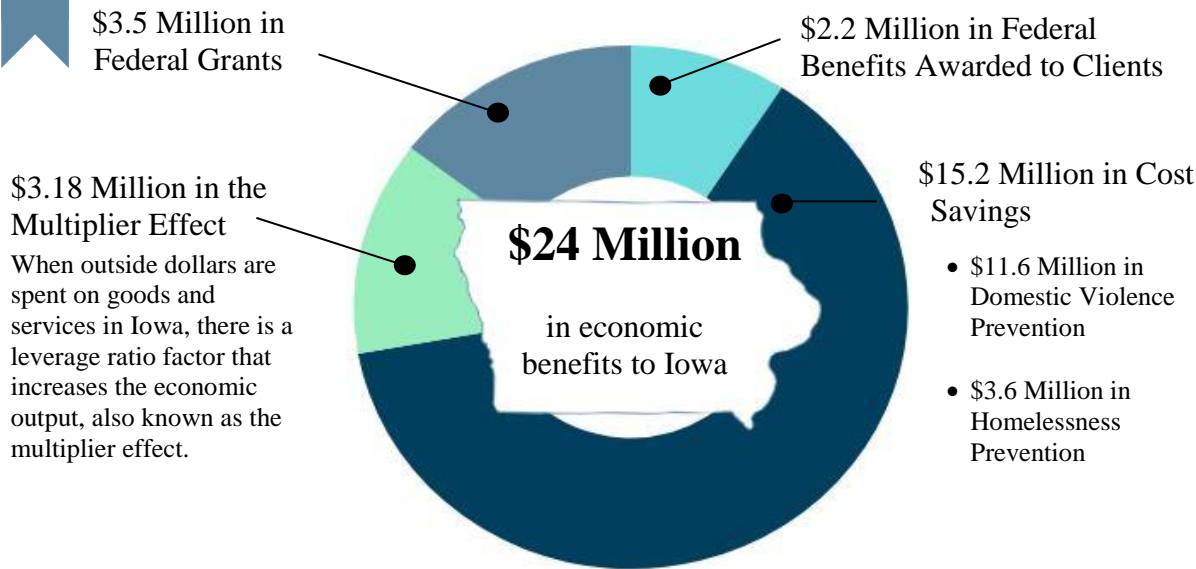
\$4.30



in economic gains are realized by Iowans.

¹ Associate Scientist Dave Swenson, Department of Economics, Iowa State University.

Economic Benefits to Iowans



All told, Iowa Legal Aid’s financial impact on the Iowa economy in 2017 totaled \$24,162,885.

<ul style="list-style-type: none"> ● New federal funds <ul style="list-style-type: none"> ○ Federal funding for Iowa Legal Aid Operations ○ Multiplier Effect additional 78% 	<p>\$3,575,545.09</p> <p>\$2,788,925.17</p> <p>▪ (\$3,575,545.09 x 78% = \$2,788,925.17)</p>
<ul style="list-style-type: none"> ● Federal Medical Benefits for Clients <ul style="list-style-type: none"> ○ Multiplier Effect additional 75% 	<p>\$411,654.19</p> <p>\$308,740.64</p> <p>▪ (\$411,654.19 x 75% = \$308,740.64)</p>
<ul style="list-style-type: none"> ● Other Federal Benefits for Clients <ul style="list-style-type: none"> ○ Multiplier Effect additional .044% 	<p>\$1,828,932.21</p> <p>\$80,473.02</p> <p>▪ (\$1,828,932.21 x .044% = \$80,473.02)</p>
<ul style="list-style-type: none"> ● Total Economic Value of Federal Funds 	<p>\$8,994,270.33</p>
<ul style="list-style-type: none"> ● Avoided Costs <ul style="list-style-type: none"> ○ Preventing domestic violence ○ Preventing homelessness 	<p>\$11,571,615.07</p> <p>\$3,597,000.00</p>
<ul style="list-style-type: none"> ● Total Economic Benefit to Iowa 	<p>\$24,162,885.40</p>

An investment in Iowa Legal Aid helps to ensure equal access to justice for all Iowans. **It also makes good economic sense.**

Iowa Legal Aid received \$5,623,135.50 in funding from local sources in 2017.² We are truly grateful for this generous support. That said, we are also proud of the **\$24,162,885.40** economic impact of our work. **This represents an impressive return of \$4.30 for every dollar in local funding invested in Iowa Legal Aid. Stated another way, an investment in Iowa Legal Aid yields a rate of return of 430%.**

Support for Iowa Legal Aid is support for Iowa's poorest and most vulnerable populations. Providing legal assistance ensures that all Iowans have equal access to justice. In the words of Supreme Court Justice Hugo Black, "There can be no equal justice where the kind of trial a man gets depends on the amount of money he has."³ **But support for Iowa Legal Aid also makes good economic sense. This study quantifies the positive economic impact of the critical services we provide to Iowans.**



II. Introduction

Despite continued improvements in the national economy, Iowa families often struggle to meet their most basic needs: a steady income, a safe, stable home, and access to health care. People who have worked their entire lives find themselves jobless and struggling to get by on unemployment benefits and/or food assistance. Families lose their homes because they cannot afford their mortgage payments or rent due to lost jobs or domestic violence. These problems can lead to catastrophic consequences.

a. Profile of Iowa Legal Aid

For more than forty years, Iowa Legal Aid has helped Iowans address and overcome civil legal matters. We are a statewide organization that provides civil legal assistance to low-income Iowans on a broad range of issues, including foreclosures, landlord/tenant disputes, and family law matters prioritizing victims of domestic violence. We operate numerous specialized projects, such as:

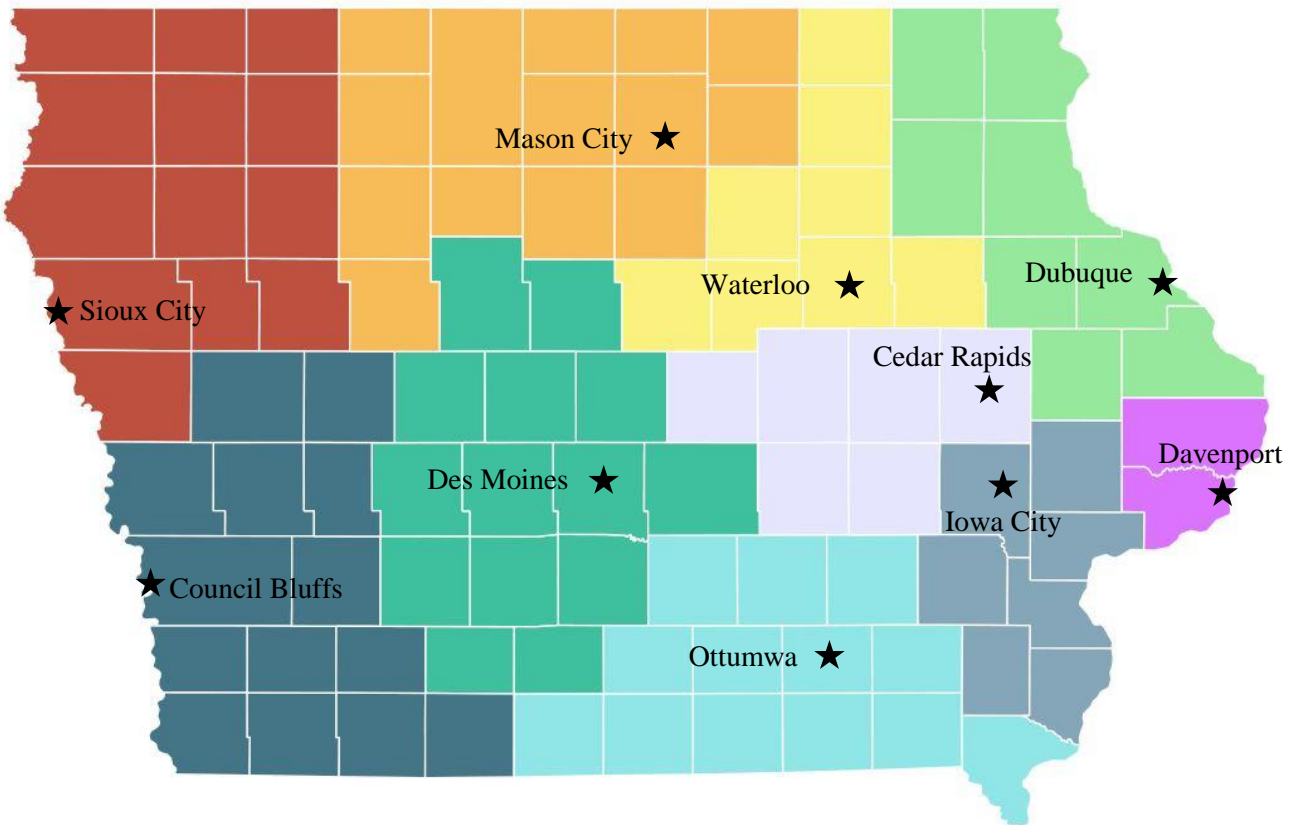
- The Health and Law Project, which facilitates cooperation and collaboration between the medical and legal systems
- The Community Economic Development Project, which assists small-business owners and self-employed people to achieve the highest possible chance to succeed and grow the economy of low-income neighborhoods
- The Parent Representation Project, which helps keep families together through early intervention in juvenile court actions
- The Racial Equity Project, which helps individuals who have been involved with the justice system overcome barriers to housing, employment and educational opportunities
- The Low-Income Taxpayer Clinic, which assists Iowans in resolving tax controversies
- The Legal Hotline for Older Iowans, which provides advice and service to Iowans 60 years of age and older

² Local sources for these purposes includes allocations from United Way agencies across the state, state government, local governments, Interest on Lawyer Trust Account Commission, bar associations, private donations, the Iowa Legal Aid Foundation, fee awards, etc.

³ Griffin v. Illinois, 351 U.S. 12 at 19, Supreme Court of the United States (1956).

10 Regional Offices

Iowa Legal Aid serves every county in Iowa through a network of ten regional offices located in Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Mason City, Ottumwa, Sioux City, and Waterloo.



Who We Are



Our staff includes 62.5 attorneys, 17 non-attorney professionals, and 18 support staff members. In addition, in 2017 Iowa Legal Aid hosted 31 AmeriCorps members.⁴

⁴ The economic impact of these public service volunteers is itself substantial. It is estimated that on a national basis, youth service volunteers generate \$3.95 for every dollar spent to fund programs such as AmeriCorps. Clive Belfield, *The Economic Value of National Service*, The Aspen Institute, September 2013.

Volunteer Lawyers Project



3,314
volunteer attorneys

donated over

11,800
hours of time.



Iowa Legal Aid's work is augmented by a broad network of volunteer attorneys, who provide free legal assistance to low-income Iowans through participation in Iowa Legal Aid's Volunteer Lawyers Project and the Polk County Bar Association Volunteer Lawyers Project. In 2017, 3,314 attorneys were registered with these projects. These attorneys donated 11,807.60 hours of work and closed 934 cases. All told, the value of the work performed by volunteer attorneys totaled \$2,243,443 in 2017.⁵

Cases

Iowa Legal Aid closed 15,698 cases in 2017, helping 36,135 people including 15,271 children. In approximately 72% of the cases the primary clients were women. Additionally, 31.7% of the new cases opened in 2017 were opened for persons with a disability.

Closures by Case Type



Seniors



Disabled



Women



- Total Persons Helped 36,135
- Children in Household 15,271
- Average Household Size 2.3

⁵ The work of the volunteer attorneys was valued conservatively at a rate of \$190 per hour.

Impact of Work

On average,

1 attorney



handled

350 cases



impacting

800 Iowans



Despite perennial funding challenges, Iowa Legal Aid is an extremely productive program, providing high-quality legal services to a large number of eligible clients.

- Iowa Legal Aid routinely exceeds the national median for legal services providers for closed cases relative to the size of the low-income population served. For example, in 2014 Iowa Legal Aid closed 425 cases per 10,000 poor persons, compared to the national median of 172.⁶
- On average, Iowa Legal Aid handles approximately 350 cases per year for each litigator on its payroll, an accomplishment which would not be possible without the assistance of staff, interns and volunteer lawyers from the private bar. These 350 cases impact the lives of nearly 800 Iowans, many of whom are children and senior citizens.

b. About this Study

In reviewing this study, the reader should keep in mind:

- Attempts to measure and quantify the impact of services are ongoing.
- Iowa Legal Aid data reported in this study is current as of December 31, 2017, unless otherwise noted.
- This study strives to be conservative in its analysis. When more than the amount could be used in a calculation, we utilize the more conservative amount.

III. Impact on the Iowa Economy

When Iowa Legal Aid helps an elderly woman obtain Social Security benefits, or a young man who recently lost his job through no fault of his own obtain unemployment benefits, it is relatively easy to calculate the financial impact of our work. However, much of the work performed by Iowa Legal Aid involves helping vulnerable clients avoid negative outcomes. Studies have found that civil legal services can be instrumental in avoiding these significant societal and economic costs.

Organizations such as Iowa Legal Aid help to achieve:

- **Direct benefits and savings for low-income families**, including income to pay for necessities, access to medical care and relief from debt that threatens to drag families further into poverty.

⁶ Report of the Office of Program Performance, Legal Services Corporation, December 28, 2015.

- **Cost savings for taxpayers** by reducing costly problems such as homelessness and domestic violence.
- **Economic impacts on local economies**, including an economic multiplier effect resulting from federal dollars coming into the state each year.
- **Economic benefits for health care providers**, including Medicaid reimbursements for costs of providing emergency care to uninsured low-income people.⁷

Iowa Legal Aid is a prime example of these types of outcomes.

In analyzing the impact of Iowa Legal Aid’s services on the Iowa economy, this study will consider three types of benefits that result from Iowa Legal Aid’s work: direct benefits, the multiplier effect and indirect benefits.

a. Direct Benefits

i. Direct Benefit #1: Bringing Revenue Into Iowa

Some of our funding comes from state and local sources in amounts as large as the \$2,737,395.57 funding appropriated to Iowa Legal Aid in 2017 by the Iowa Legislature. But much of the program’s funding originates from sources outside of Iowa. In 2017, Iowa Legal Aid brought in a total of **\$3,575,545.09** in grants and contracts from federal revenue sources.⁸ These are dollars that likely would not have entered the state in the absence of Iowa Legal Aid. Generally, federal grants and contracts account for a total of 39% of Iowa Legal Aid’s budget. Over 87% of these funds go toward personnel costs and find their way into the Iowa economy as staff purchase local goods and services with their earnings. The program also makes significant local purchases for rent, supplies and utilities.

⁷ Kenneth A. Smith, PhD, Andrea J. Brewer, M.A., PhD (Cand.) and Kathy Garwold, MBA, “Economic Impacts of Civil Legal Aid Organizations in Georgia, *Atlanta Legal Aid Society, Georgia Legal Services Program and Atlanta Volunteer Lawyers Foundation* (2013). Similarly, a study of the impact of civil legal services in Maryland found that legal aid programs there generate \$190 approximately million per year in economic activity, cost savings, and increased productivity as a result of their advocacy including:

- \$9.9 million in federal dollars to benefit Maryland residents. These dollars generate at least \$12.6 million in economic stimulus.
- \$10.7 million in other direct financial benefits for Marylanders.
- \$161 million as a result of systemic advocacy on behalf of tenants at risk, vulnerable homeowners and low-income persons in need of emergency assistance.
- \$3.7 million saved in state expenditures on shelter costs alone by preventing homelessness.
- \$1.3 million saved in health costs and productivity by preventing domestic violence for 2,825 clients.
- By addressing workplace issues and helping with expungements, providers kept 376 Marylanders in the workforce, yielding approximately \$882,096 in state and local tax revenue.
- Over 2,000 individuals benefited from cases that kept families in their housing, for a savings of \$3.6 million in shelter costs alone.

Economic Impact of Civil Legal Services in Maryland, January 1, 2013,

<https://www.mdcourts.gov/sites/default/files/import/mdatjc/pdfs/summaryeconomicimpactofcivillegalservicesinmd20121217.pdf>.

⁸ The largest federal grants include \$2,679,545.20 from the Legal Services Corporation, \$270,656 from the Department of Justice for Violence Against Women Act, \$230,035.35 from the Area Agencies on Aging, \$100,000 from the Internal Revenue Services for Low Income Taxpayer Clinic, \$195,848.54 for Iowa Legal Aid’s AmeriCorps project, and \$99,460 from other sources.

ii. Direct Benefit #2: Benefit Payments to Clients

Iowa Legal Aid’s services often result in clients being awarded money from federal sources, such as Social Security, Medicare and Medicaid, and tax benefits.

In 2017, Iowa Legal Aid obtained **\$2,240,586.40** in federal benefits for clients, comprised of:

• Taxes	\$725,747.02
• SSDI/SSI	\$1,077,398.57
• Medicaid/Medicare	\$411,654.19
• Veterans	\$25,786.62

All together, we caused **\$5,816,131.59** in direct financial benefits to the state of Iowa, comprised of **\$3,575,545.09** in federal grants and contracts and **\$2,240,586.50** in federal benefits for our clients.

The actual amount is likely higher. Case handlers do not know the outcomes of all of their cases, and it is not feasible to follow-up with every client.

These figures also do not reflect the savings realized by state and local agencies in Iowa on account of the federal benefits. Federal benefits often replace other forms of assistance funded by the state of Iowa or counties, such as temporary cash assistance through Iowa’s Family Investment Program (FIP) or general relief. Accordingly, the impact of federal benefit payments to our clients is likely substantially greater than the amount above.

b. The Multiplier Effect – Assessing the True Impact of Iowa Legal Aid’s Advocacy

When Iowa Legal Aid is awarded a federal grant, that money does not simply sit in our bank account. To the contrary, the money is spent on staff salaries, office leases, equipment, supplies and other goods and services. The recipients of those payments use the money they receive to pay for additional goods and services in their local communities. In this manner, new money brought into Iowa as a result of Iowa Legal Aid’s work “increases the demand for goods and services in the state, which results in changes in production in industries that produce these goods and services.”⁹ As each new dollar injected into Iowa’s economy is passed from person to person, and from business to business, its value grows. In economics, this is called the multiplier effect.¹⁰

Iowa State Associate Scientist of Economics Dave Swenson assessed the economic contribution to Iowa Legal Aid. The full report is attached in Appendix B. When outside dollars are spent on goods and services in Iowa, there is additional economic activity that increases the economic output, also known as the multiplier effect. The amount of this multiplier effect varies depending upon the type of the new dollars received and how they are spent in the Iowa economy.

⁹ Phillip Granberry and Randy Albelda, “Assessing the Benefits of Provision of Legal Services through the Disability Benefits Project,” *Massachusetts Legal Assistance Corporation* (2006) 9.

¹⁰ Abel and Vignola, 3-4.

Iowa Legal Aid received \$3,575,545.09 in federal funding to pay for services and its operations. Federal funding has a 78% multiplier effect. This means for that every \$1 of expenditure by Iowa Legal Aid, another \$.78 in output is supported in the rest of Iowa's economy. This multiplier adds an additional \$2,788,925.17 in value added to Iowa's economy.

Similarly, new federal medical benefits have a 75% multiplier effect. Iowa Legal Aid secured \$411,654.19 in Medicare and Medicaid benefits for clients. The assumption is that those benefits would not have found their way to the state but for the efforts of Iowa Legal Aid. The economic impacts for securing federally funded medical services adds an additional \$308,740.64 to Iowa's economy.

Finally, securing and increasing clients' income is crucial for their financial stability. When Social Security benefits, tax benefits, and veteran's benefits are spent in Iowa, the multiplier effect is .44%. This multiplier ratio is smaller than the others because household income is often spent on goods and services originating from outside the state. In other words, a portion of the dollars spent in Iowa goes to businesses outside of Iowa. When the multiplier effect is applied to the clients' income dollars entering into Iowa's economy, an additional \$80,473.02 is brought into the Iowa economy.

The additional economic impact of Iowa Legal Aid's new federal dollars brought a total of \$3,178,138.83 into Iowa's economy.

<u>Direct Benefit</u>	<u>Multiplier Effect</u>	<u>Additional Value</u>
• Federal Funding - \$3,575,545.00	78%	\$2,788,925.00
• Medical Benefits - \$411,654.19	75%	\$308,740.64
• Income Assistance Benefits - \$1,828,932.21	.44%	\$80,473.02
TOTAL ADDITIONAL VALUE		\$3,178,138.83

This figure does not factor in another important multiplier effect of our work. Iowa Legal Aid dramatically increases the impact of its funding through volunteer assistance from private lawyers. In 2017 3,314 volunteer lawyers closed more than 934 cases, donating more than \$2.2 million worth of legal services to the clients of Iowa Legal Aid.

c. Indirect Benefits

Iowa Legal Aid's advocacy impacts the Iowa economy in other important ways. In particular, our representation of low-income individuals in family law and housing cases creates tremendous indirect benefits for the Iowa economy.

i. Impact of Iowa Legal Aid’s Representation in Family Law Cases.

1. The Costs of Intimate Partner Violence

Domestic violence represents a tremendous public health problem in the United States.¹¹ Data compiled by the Center for Disease Control (CDC) indicate that nearly one in four women (23%) and one in seven men (14%) have experienced severe physical violence from an intimate partner¹². Additionally, 16% of women and 7% of men have experienced contact sexual violence from an intimate partner, while 10% of women and 2% of men report having been stalked by an intimate partner, and nearly half of all women and men (47% each) have experienced psychological aggression.¹³ Approximately 41% of female and 14% of male survivors experience some form of related physical injury, and intimate partner violence (IPV) can also result in death, with one in five murder victims being killed by an intimate partner¹⁴

The CDC estimates \$5.8 billion annually on medical and mental health services and lost productivity alone.”¹⁵ This figure does not include the costs to the criminal justice system in holding perpetrators accountable.¹⁶ These costs are substantial. For example, in 2016, 14 Iowa victims of IPV died as a result of their abuse¹⁷, and over 8,600 Iowans reported sexual and/or domestic violence to law enforcement.¹⁸ Many of these cases result in criminal prosecutions costing tax payers for the work of the offices of the county attorney, public defender, and courts; those that result in jail or prison sentences require even more tax payer support.

The CDC’s \$5.8 billion estimated figure also does not include the costs of victims staying at state- or federally-funded crisis shelters to escape abusive homes; shelter and support provided by the friends and family members of victims; medical and mental health costs of treating children who witness intimate partner violence; and intervention by the Department of Human Services or foster care for children that is necessitated by the occurrence of intimate partner violence.¹⁹

Furthermore, the CDC’s analysis does include a) the cost of the nearly 8 million days of paid work that victims of intimate partner violence miss each year as a result of their victimization, b) the additional expenditures businesses make in an effort to maintain a safe work environment, or c) the liability and litigation expenses businesses face when they fail to do so. The Workplace Violence Institute has reported that workplace violence (including, but not limited to intimate partner violence) costs employers \$36 billion per year.²⁰

¹¹ *Id.*

¹² National Center for Injury Prevention and Control, Centers for Disease Control and Prevention, *Preventing Intimate Partner Violence Across the Lifespan: A Technical Package of Programs, Policies, and Practices* (Atlanta, GA: 2017).

¹³ *Id.*, pp. 7 – 8.

¹⁴ *Id.*, p. 9.

¹⁵ *Id.*, p. 10.

¹⁶ National Center for Injury Prevention and Control, Centers for Disease Control and Prevention, *Costs of Intimate Partner Violence Against Women in the United States* (Atlanta, GA: 2003), 2.

¹⁷ Iowa Department of Justice, *Chronicle of Women, Men, and Bystanders Killed in Domestic Violence Crimes* (September, 2017).

¹⁸ http://www.dps.state.ia.us/commis/ucr/2016/iacrime_2016.shtml

¹⁹ *Id.*

²⁰ Steve Kaufer and Jurg W. Mattman, “The Cost of Workplace Violence to American Businesses,” Workplace Violence Research Institute, www.noworkviolence.com/articles/cost_of_workplace_violence.pdf (June 20, 2012); Tennessee Economic Council on Women, “The Impact of Domestic Violence on the Tennessee Economy,” (2006), 3.

2. Iowa Legal Aid Reduces the Incidence of Domestic Violence

Approximately 27.8% of the cases closed by Iowa Legal Aid in 2017 were family law cases.²¹ Three types of family law cases, namely protective order, divorce, and custody cases, accounted for more than 83% of the family law cases closed in 2017. In virtually all of these cases, either the client or a child in the client's household was a victim of domestic violence or sexual assault.²²

In Iowa, victims of domestic violence have the option of filing a petition for a civil protective order pursuant to Iowa Code Chapter 236. In 2017, Iowa Legal Aid obtained 316 protective orders for victims of domestic violence or sexual assault.

Iowa Legal Aid handled thousands of divorce cases in 2017. Again, virtually all of the divorce cases handled by Iowa Legal Aid involve an allegation of domestic violence or sexual assault against a spouse or a child. In some cases, Iowa Legal Aid attorneys were able to obtain a permanent protective order as part of a final divorce decree, which helped protect victims from further violence by intimate partners.

Even in divorce cases where formal protective orders are not entered, Iowa Legal Aid attorneys are helping victims break the cycle of violence and avoid future victimization by assisting them with their divorces. In fact, an oft-cited academic study found that the availability of free legal assistance in a victim's county of residence was the *only* service that impacted the likelihood of future abuse.²³

A two-year study entitled "The Longer -Term Influence of Civil Legal Services on Battered Women" prepared by the University of Iowa School of Social Work in collaboration with Iowa Legal Aid demonstrates that the legal services we provide dramatically improve the safety, psychological well-being, and economic self-sufficiency outcomes for women who experience intimate partner violence. The study found that intimate partner violence in general, and economic abuse more specifically, impact women's economic self-sufficiency in several ways:

- They have difficulty obtaining and maintaining housing.
- They have difficulty getting an education, finding a job or keeping a job (they are often forced to be late or miss work).
- They have difficulty paying bills and providing food and other necessities for their families because the abuser controls their access to income and resources.

The study concluded that civil legal services restore significant and lasting economic self-sufficiency for survivors, finding that their:

²¹ Unfortunately, due to limited staff and resources, Iowa Legal Aid is not able to assist everyone who is eligible for services. As a result, the Iowa Legal Aid Board of Directors formulates priorities and case acceptance criteria that are utilized statewide. In divorce, custody, and protective order cases Iowa Legal Aid's priority is to reduce the occurrence and mitigate the effects of domestic violence. This is in keeping with Iowa Legal Aid's focus on addressing legal needs related to basic necessities, fundamental rights, or safety.

²² The one exception to this rule is that divorce cases referred to the Polk County Volunteer Lawyers Project did not necessarily involve domestic violence. To ensure accuracy, all divorce cases referred to the Polk County VLP have been removed from the numbers utilized for this section's calculations.

²³ Amy Farmer and Jill Tiefenthaler, "Explaining the Recent Decline in Domestic Violence," *Contemporary Economic Policy* 21:2 (April 2003), 10-11.

- Total monthly income increased by an average of \$253/month over one year.
- Program assistance utilization decreased over one year from 1.09 programs used to 0.87.
- Ability to live off their current income significantly increased.
- Resources to meet their family's needs increased substantially.²⁴

For all of these reasons, the assistance Iowa Legal Aid provided to victims in protective order cases is among the most important services Iowa Legal Aid provided in 2017.

3. *Calculating the Avoided Costs*

In calculating the costs avoided by Iowa Legal Aid's representation of victims of domestic violence, it is assumed that our assistance resulted in the prevention of one violent attack per protective order, divorce, or custody case. This number is conservative because the typical victim of domestic violence averages between 2.5 and 3.1 assaults per year at the hands of the abuser.²⁵ Indeed, some abuse victims may be subject to dozens of violent attacks over the course of their lifetime.

Iowa Legal Aid closed 3,615 cases that involved victims of domestic violence in 2017.²⁶ It is estimated that each violent attack prevented results in \$3,201 of avoided medical care, mental healthcare, lost productivity, and property damage costs.²⁷ This amount is based on a Wisconsin study in which a research team conducted an extensive survey of available academic literature on the costs associated with domestic violence and sexual assault.²⁸ While this amount is not specific to Iowa, it is the best national estimate that is currently available. Studies of the economic impact of free legal service provision conducted in other states almost all rely upon this same estimate of approximately \$3,000 in avoided costs per prevented assault.²⁹

²⁴ Carolyn Copps Hartley, PhD & Lynette Renner PhD, *The Longer-Term Influence of Civil Legal Services on Battered Women*, University of Iowa School of Social Work & University of Minnesota School of Social Work (2016).

²⁵ Patricia Tjaden and Nancy Thoennes, *Full Report of the Prevalence, Incidence, and Consequences of Violence Against Women: Findings from the National Violence Against Women Survey*, U.S. Department of Justice, Office of Justice Programs (Washington, DC: 2000) 17. The difference is the gender of the victim; male victims of domestic violence are victimized 2.5 times per year on average, while female victims of domestic violence suffer an average of 3.1 assaults per year.

²⁶ As noted, the actual number of these cases is likely greater, because divorce cases referred to the Polk County Bar Association Volunteer Lawyers Project have been removed to ensure accuracy.

²⁷ Elwart, 13.

²⁸ Elwart, 12.

²⁹ See, for example: "Results of the Pennsylvania Access to Justice Act: A Report on the Filing-Fee Surcharge Law, FY 2004-2008," (2009) 8; Lonnie Powers, "Memorandum: Cost Savings to the Commonwealth Resulting from Legal Assistance Provided to Low Income Clients," *Massachusetts Legal Assistance Corporation* (2007) 3; and "Investing in Justice, Strengthening Communities: How Everyone in Missouri Benefits from Funding for Legal Aid," *Missouri Legal Aid Network* (2009) 6.

Impact of Domestic Violence Work

We closed over

3,600 cases

involving victims of domestic violence

resulting in an estimated

\$11.57 Million

of avoided costs.



On the basis of these assumptions, we estimate that Iowa Legal Aid's assistance and advocacy in family law cases resulted in **\$11,571,615.07** of avoided costs in 2017.³⁰

ii. Effects of Iowa Legal Aid's Representation in Housing Cases

In 2017, Iowa Legal Aid closed 4,520 housing cases.³¹ These cases account for approximately 28.9% of the cases handled by Iowa Legal Aid and include issues with federally subsidized housing, public housing, private landlord/tenant disputes, and foreclosure, among others. In many cases, the assistance of an Iowa Legal Aid attorney kept an Iowa family from becoming homeless.

Studies of programs aimed at homelessness prevention have found that tenants who are unrepresented in eviction proceedings stand little chance of prevailing in their case.³² As one study in New York noted, "unrepresented tenants have little chance of avoiding eviction because they lack the expertise needed to argue before a judge, negotiate the process by which trial dates are set, gather evidence that will be admissible, understand the intricacies of the legal arguments they must make, or file papers to stay an eviction while they develop their case."³³

Being evicted has enormous consequences in the short term, as between 25% and 30% of all requests for emergency shelter emanate from a landlord eviction.³⁴ Evictions also have long-term consequences, including disqualification from certain types of housing or housing assistance programs. Tenants may be forced to pay more than 30% of their limited income in housing costs, even when they were illegally evicted by a landlord.

By helping Iowans avoid losing their housing, Iowa Legal Aid is helping state and local governments save on emergency shelter costs.³⁵ A study in Massachusetts found that the cost of emergency shelter was approximately \$3,000 per month for a family or \$1,000 per month for an individual; the same study noted that the average shelter stay for both families and individuals was

³⁰ 3,615 (avoided assaults) * \$3201 (savings per avoided assault) = \$11,571,615.

³¹ Due to limitations in staff and resources Iowa Legal Aid is not able to assist everyone who is eligible for free legal services. This requires the program to set priorities and follow specific case acceptance criteria. In general, the program's case acceptance criteria seek to assist Iowans who are facing threats to their basic necessities, fundamental rights, and safety. One of the most important basic necessities Iowa Legal Aid is called upon to help clients with is to maintain their housing.

³² New York State Department of Social Services, "The Homelessness Prevention Program: Outcomes and Effectiveness," (1990) 19.

³³ "The Homelessness Prevention Program," 19.

³⁴ "The Homelessness Prevention Program," 14.

³⁵ Laura K. Abel and Susan Vignola, "Working Paper: Economic and Other Benefits Associated with the Provision of Civil Legal Aid," *Brennan Center for Justice at NYU School of Law* (2009) 9: "When civil legal aid programs prevent the eviction of their clients, they prevent at least some of those clients from entering the shelter system, with the result that the state or local government saves on shelter costs."

three months, bringing the total cost of a typical emergency shelter stay to \$9,000 per family or \$3,000 per individual.³⁶ Similarly, a study of the economic impact of legal services in Pennsylvania noted that preventing the eviction of a family saved an average of \$11,550 in emergency shelter costs.³⁷

Impact of Homelessness Prevention



Our advocacy resulted in

\$3.59 Million

in avoided shelter costs

Of the 533 housing cases in which Iowa Legal Aid’s advocacy prevented a spell of homelessness, 200 involved individuals and 333 involved households with more than one member.³⁸ Thus, assuming costs of \$9,000 per family and \$3,000 per individual for emergency shelter, it is estimated that the costs avoided by Iowa Legal Aid’s advocacy in housing cases was **\$3,597,000**.³⁹

There are many other costs beyond those associated with supplying emergency shelter. These include the court and law enforcement costs associated with forcible eviction and the social service costs associated with caring for and rehabilitating a family after they have become homeless.⁴⁰ Also excluded from this estimate are the costs of reestablishing a household by acquiring items such as furniture, dishes, and clothing that may have been lost through an eviction.

This estimate does not take into account instances of homelessness prevented by Iowa Legal Aid’s work in mortgage foreclosure cases. Although Iowa Legal Aid’s advocacy in foreclosure cases undoubtedly prevented homelessness for a number of Iowa families, foreclosure cases typically proceed at a slower pace than standard eviction cases, thus giving families more time to make arrangements to avoid becoming homeless.

³⁶ D. Friedman, “Preventing Homelessness and Promoting Housing Stability: A Comparative Analysis,” as quoted in Powers, “Memorandum: Cost Savings to the Commonwealth Resulting from Legal Assistance Provided to Low Income Clients,” 2.

³⁷ “Results of the Pennsylvania Access to Justice Act,” 8.

³⁸ This calculation was arrived at by examining the primary benefit codes entered in Iowa Legal Aid’s case management system for housing cases closed in 2017. It is assumed that the following benefit codes represented the avoidance of a spell of homelessness: prevented termination of private landlord/tenant rental agreement/eviction; delayed termination of private landlord/tenant rental agreement/eviction; prevented loss of home; delayed loss of home; obtained home; federally subsidized housing assistance obtained/continued.

³⁹ Of the 533 total cases in which homelessness was prevented, 200 involved individuals and 333 involved multi-person households. $333 * \$9000$ (the average cost of emergency shelter for a family during a period of homelessness) = \$2,997,000. $200 * \$3,000$ (the average cost of emergency shelter for an individual during a period of homelessness) = \$600,000.00. $\$2,997,000 + \$600,000 = \$3,597,000$ in avoided emergency shelter costs in 2017.

⁴⁰ “Savings and Increased Income to the City of Lynchburg,” *Virginia Legal Aid Society* (2005) 1: “homeless families often require intensive time and significant resources from city departments including Social Services, Health, Schools, and Police, as well as from other nonprofit human service providers; a 1996 study in New York found that the average cost of rehabilitating a family of four after they have become homeless is \$30,000.”

IV. The Total Economic Impact

All told, it is conservatively estimated that Iowa Legal Aid’s work brought \$24,162,885.40 into the Iowa economy in 2017.

• New federal funds	
○ Federal funding for Iowa Legal Aid Operations	\$3,575,545.09
○ Multiplier Effect additional 78%	\$2,788,925.17
▪ ($\$3,575,545.09 \times 78\% = \$2,788,925.17$)	
• Federal Medical Benefits for Clients	\$411,654.19
○ Multiplier Effect additional 75%	\$308,740.64
▪ ($\$411,654.19 \times 75\% = \$308,740.64$)	
• Other Federal Benefits for Clients	\$1,828,932.21
○ Multiplier Effect additional .044%	\$80,473.02
▪ ($\$1,828,932.21 \times .044\% = \$80,473.02$)	
• Total Economic Value of Federal Funds	\$8,994,270.33
• Avoided Costs	
○ Preventing domestic violence	\$11,571,615.07
○ Preventing homelessness	\$3,597,000.00
• Total Economic Benefit to Iowa	\$24,162,885.40
• Return on Investment	
○ State and Local Funding	\$5,623,135.50
○ Total Economic Impact	\$24,162,885.40
○ Return on Investment	430%

In 2017 Iowa Legal Aid received \$5,623,135.50 in funding from local sources.

This means that every dollar invested in Iowa Legal Aid by funding sources within the state yielded a return of \$4.30 dollars. This represents astounding 430% return on investment.⁴¹

⁴¹ Studies in other states have recognized similar benefits. For example, a study concerning Colorado Legal Services determined that for every \$1 in invested in that organization, the State of Colorado realizes \$6.35 of direct and indirect financial benefits. Community Services Analysis LLC, Social Return of Investment Analysis, June 28, 2013. See also, Donna Southwell et al., “Civil Legal Aid Yields Economic Benefits to Clients and to the Commonwealth”, Massachusetts Legal Assistance Corporation 2016 (economic benefits include \$15.9 million in federal revenue, \$21.2 million in additional financial support, and \$12.1 million in potential cost savings.); “Investing in Justice”, The Statewide Task Force to Expand Civil Legal Aid in Massachusetts by the Analysis Group, Alvarez & Marsal, and NERA, October 2014 (for every dollar spent on civil legal aid in eviction and foreclosure cases, Commonwealth stands to save \$2.69 on costs of state emergency service; for every dollar spent in civil legal aid to assist residents recover federal benefits, the return is close to five dollars); John Byrnes, Community Services Analysis LLC, Analyzes potential economic impact and social return on investment (SROI) of Utah Legal Services, November 5, 2013 (long-term return of \$9.23 for every dollar invested in civil legal services); Kenneth A. Smith, PhD., Kelly Thayer, MA, “Economic Impact of Civil Legal Aid Organizations in Tennessee,” Tennessee Bar Association’s Access to Justice Committee and

V. Conclusion

Iowa Legal Aid is clearly a good investment, yielding tremendous social benefits and a rate of return of 430%. And demand for Iowa Legal Aid's services continues to be high; much higher, in fact, than Iowa Legal Aid is capable of handling with its current operating budget. We were forced to turn away more than 10,000 Iowa families in 2017 because of our lack of funding. This number does not include the unmet legal needs of low-income individuals who never even make it through the doors of Iowa Legal Aid. A Legal Services Corporation study indicates that low-income Americans seek legal help for only 20% of their unmet legal needs.

Additional investment in Iowa Legal Aid will allow for the hiring of new staff members and the expansion of services to Iowa's poorest and most vulnerable residents. This, in turn, will increase the impact Iowa Legal Aid has on Iowa's economy. Investing in Iowa Legal Aid makes good economic sense, but investing in Iowa Legal Aid also shows support for the idea that equal justice under the law should be a reality for all of Iowa's citizens. In the words of Supreme Court Justice Lewis Powell, Jr.: "Equal justice under law is not merely a caption on the façade of the Supreme Court building. It is perhaps the most inspiring ideal of our society...it is fundamental that justice should be the same, in substance and availability, without regard to economic status."⁴²



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the Corporate Counsel Pro Bono Initiative (2015) (\$11.21 economic impact for every dollar spent on civil legal services).

⁴² Justice Lewis Powell, Jr., as quoted in "Documenting the Justice Gap in America," 1.

VI. Appendix A - Non-Federal Direct Benefits for Clients

This study has attempted to provide a comprehensive analysis of the impact of Iowa Legal Aid's services on the Iowa economy. However, these amounts are conservative for a number of reasons that have been described throughout this work. It is worth noting that Iowa Legal Aid obtained more than \$11 million in financial benefits for low-income Iowans in 2017. Even though many of these dollars were not new federal dollars that entered the state, Iowa Legal Aid's advocacy in such cases had a very real impact on the lives of Iowa's most vulnerable populations, as well as on the Iowa economy. For example, Iowa Legal Aid's work to secure spousal support and child support for victims of domestic violence has not been included in this analysis because generally the spouse or parent from whom support is obtained is also a resident of the state of Iowa. This means that the financial benefit secured for Iowa Legal Aid's client does not result in new dollars entering the state. But obtaining such financial benefits for a victim of domestic violence undoubtedly impacts the victim's life and the lives of the children residing in the household in myriad ways. It is hard to imagine that these benefits do not have a ripple effect on the Iowa economy in turn.

Iowa Legal Aid also helps clients obtain financial benefits in a variety of ways, including child support and state benefits. While obtaining state benefits does not result in new dollars being brought into Iowa, ensuring that Iowa's poorest citizens have some way of providing food and shelter for their children does impact the Iowa economy. Many clients who contact Iowa Legal Aid for assistance in obtaining state benefits have no source of income when they call Iowa Legal Aid. Without income, these families may not be able to make rent payments and thus risk eviction; they may also be at a higher risk for incidents of domestic violence as a result of stress as they try to make ends meet. Homelessness and domestic violence carry high costs for Iowa taxpayers. Avoiding these outcomes by helping low-income Iowans access state assistance programs is beneficial for the Iowa economy and Iowa taxpayers.

One of the most important state benefits which Iowa Legal Aid regularly helps clients obtain is unemployment insurance benefits. In 2017, Iowa Legal Aid helped clients obtain \$186,400 in unemployment benefits.

Other important financial benefits Iowa Legal Aid helps clients obtain include: spousal support and child support for victims of domestic violence; discharge of debts through bankruptcy actions; and relief in mortgage foreclosure cases. The latter of these is the single largest category of financial benefits achieved for clients by Iowa Legal Aid. In 2017, Iowa Legal Aid obtained \$1,272,525 in financial benefits for clients in mortgage foreclosure cases. In general, these benefits resulted from Iowa Legal Aid assisting families who are facing foreclosure successfully file an application for a six-month delay of sale. Under Iowa law, individuals facing foreclosure are entitled to such a delay, during which time they retain possession of their home while they negotiate with the mortgage lender to keep their home or find a way to pay the balance of the judgment entered against them. A successful application for a six-month delay of sale slows down the foreclosure process and allows families either to resolve their problems with the mortgage lender or to make alternate housing arrangements. In the absence of an application for a six-month delay of sale, a family may have a default judgment entered against them, be foreclosed on, and evicted in a matter of weeks.

All told, in 2017 Iowa Legal Aid helped Iowa's poorest and most vulnerable citizens receive close to \$11 million in financial benefits and relief.

Direct Financial Benefits or Relief Obtained for Clients By Case Types (2017)

	FEDERAL	OTHER
BANKRUPTCY		\$1,656,518.20
CONSUMER, OTHER		\$472,548.26
CUSTODY/DIVORCE		\$4,220,893.73
PROTECTIVE ORDERS		\$79,428.98
CHILD SUPPORT, OTHER		\$251,942.35
OTHER FAMILY		\$30,273.20
TAXES	\$725,747.02	
FED SUBSIDIZED HOUSING		\$38,264.00
OTHER LL/T		\$164,664.85
FORECLOSURE		\$1,272,525.53
OTHER HOMEOWNERSHIP		\$32,083.48
OTHER HOUSING		\$86,059.39
SSDI/SSI	\$1,077,398.57	
UNEMPLOYMENT		\$186,400.50
MEDICAID / MEDICARE	\$411,654.19	
VETERANS	\$25,786.62	
OTHER PUB BENEFITS		\$74,881.39
OTHER		\$35,740.82
TOTAL	\$2,240,586.40	\$8,566,483.86

VII. Appendix B - The Economic Contribution of Iowa Legal Aid Services

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March 2018

Introduction

This is an assessment of the economic contribution of Iowa Legal Aid. Their operational worth to the state's economy is measured using a contemporary input-output (I-O) model of the Iowa economy that has been maintained continuously at Iowa State University since the mid-1980s. The assessment measures two dimensions of value to the state's economy: 1) the worth of the organization as a service-providing enterprise, and 2) the value to the state's economy associated with income or service recoveries to clients that amounted to transfers of federally-sourced funds to households that would not have occurred but for the efforts of Iowa Legal Aid. This assessment is based on information for 2017.

Understanding Economic Impact Terminology

I-O models produce an array of information for analysts. For our purposes, however, there are four types of data and four levels of data comprising a typical I-O results table.

The types of economic impact data are

- ▶ **Output.** This is the value an industry's productivity over the course of a year. It represents the worth of what was produced whether it was sold or not. For many industries, total income represents output. For many public or quasi-public operations, their annual expenditures are their output.
- ▶ **Labor income.** These are wage and salary payments to workers, including employer-provided benefits. Payments by proprietors to themselves for managing their businesses are also counted as labor income payments.
- ▶ **Value added.** Value added includes all labor income (mentioned above) plus payments to investors (dividends, interests, and rents), and indirect tax payments to governments. Value added is the equivalent of Gross Domestic Product (GDP), which is the standard measure of economic activity across the states and for the nation.
- ▶ **Jobs.** There are many kinds of jobs. I-O models measure the annualized job value in different industries. Many industries have mostly full-time jobs, but many others have part-time and seasonal jobs. I-O models do not convert jobs into full-time equivalencies, but they do express them as annualized equivalencies. As many people have more than one job, there are always more jobs in an economy than there are employed persons.

The levels of economic impact data are

- ▶ **Direct values.** These are the just-mentioned data types for the industry we are evaluating. In this study, the direct data refer solely to Iowa Legal Aid.
- ▶ **Indirect values.** All direct firms industrial groups require intermediate inputs into production. They may buy supplies, utilities, wholesale goods, transportation, and services, just to name a few.
- ▶ **Induced values.** When the workers in the direct activity (Iowa Legal Aid) along with those in all of the indirect industries (the supplying sectors) convert their labor incomes into household spending they induce a third round of economic activity. Induced values are also called the household values.
- ▶ **Total values.** The sum of direct, indirect, and induced activity constitutes the total economic effect that is being measured. In short, it gives us the economic sums of the studied industries, their suppliers, and all affected households within the study region.

The total values for jobs, labor income, value added, and jobs represent the total, multiplied-through economic contribution an industry makes to a regional economy.

The Results

Table 1 displays the economic contribution of Iowa Legal Aid operations in 2017. It had annual expenditures (its output) of \$9.34 million and employed 114 persons making \$8.04 million in labor income. They required \$1.09 million in goods and services inputs, which in turn employed 8 jobholders making \$332,374 in labor income. When the direct workers and the indirect workers converted their labor incomes into household spending, they induced \$6.19 million in additional output statewide which required 48 jobholders earning \$1.87 million in labor income. Summed, Iowa Legal Aid operations contributed \$16.62 million to the state's economy and \$12.18 million in value added, of which \$10.24 million was labor income to 170 jobholders.

TABLE 1**Iowa Legal Aid Economic Contribution in 2017**

	Jobs	Labor Income	Value Added	Output
Direct	114	\$8,043,886	\$8,043,886	\$9,342,496
Indirect	8	\$332,374	\$648,678	\$1,090,283
Induced	48	\$1,868,021	\$3,488,889	\$6,188,003
Total	170	\$10,244,281	\$12,181,453	\$16,620,782
<i>Multiplier</i>	<i>1.49</i>	<i>1.27</i>	<i>1.51</i>	<i>1.78</i>

Readers will notice there is a multiplier row. The multiplier for each column is simply the total value divided by the direct value. The output multiplier of 1.78 means that for every \$1 of expenditure (or direct output) by Iowa Legal Aid, another \$.78 in output is supported in the rest of the Iowa economy. The value added multiplier of 1.51 means that for every \$1 of value added in the organization, \$.51 in value added is supported elsewhere in Iowa. The labor income multiplier of 1.27 means that for every \$1 in labor income paid to the organization's employees, another \$.27 in labor income is supported in Iowa. Finally, the jobs multiplier of 1.49 means that for every job at Iowa Legal Aid, 49/100th of a job is supported elsewhere in the state because of Iowa Legal Aid operations.

Further, Iowa Legal Aid secure a range of financial benefits for its clients. The benefits that are federally, therefore externally, funded count as an economic impact for the state. The assumption is that those benefits would not have found their way to the state but for the efforts of Iowa Legal Aid. Accordingly, those financial benefits have multiplier effects of their own. Counted in this component of the assessment are benefits that enhance household incomes (e.g., disability or other supplemental income from Social Security, tax refunds, or veterans' benefits) and those that underwrite services such as Medicaid or Medicare. For 2017, Iowa Legal Aid secured \$1.83 million in financial benefits that would be counted as boosts to household incomes and \$411,654 in Medicaid or Medicare benefits.

Table 2 compiles the economic impacts of securing federally funded medical services for clients. The initial \$411,654 in benefits after taking into consideration all multiplied-through transactions involving suppliers as well as household spending by all of the supported jobholders results in a total boost to the state's economy of \$720,817 in output and \$435,331 of value added, of which \$330,714 was labor income to 5 Iowa jobholders. Readers will also notice that the multipliers associated with medical services provision are comparatively robust.

TABLE 2**Iowa Legal Aid Medicaid/Medicare Benefits Economic Impacts in 2017**

	Jobs	Labor Income	Value Added	Output
Direct	2.7	\$234,491	\$259,207	\$411,654
Indirect	0.8	\$35,954	\$63,548	\$109,508
Induced	1.5	\$60,270	\$112,576	\$199,654
Total	5.0	\$330,714	\$435,332	\$720,817
<i>Multiplier</i>	<i>1.85</i>	<i>1.41</i>	<i>1.68</i>	<i>1.75</i>

Next, Table 3 shows the multiplied-through worth of securing \$1.83 million in benefits that boost their clients' household incomes. When those financial benefits are spent in the Iowa economy they multiply through ultimately supporting \$1.91 million of total output and \$1.08 million in value added, of which \$605,094 would be labor income to 15.4 total jobholders.

TABLE 3

Iowa Legal Aid Household Income Boosting Benefits Economic Impacts in 2017

	Jobs	Labor Income	Value Added	Output
Total	15.4	\$605,094	\$1,077,814	\$1,908,651

Finally, by summing Table 1 through Table 3 we arrive at the total value of Iowa Legal Aid operations plus the benefits that they secure for clients that are federally sourced. In all, for 2017, the organization supported or stimulated \$19.25 million in statewide total economic output and \$13.69 million in value added, of which \$11.18 million was labor income payments to 190.4 jobholders.

TABLE 4

Total Economic Value of Iowa Legal Aid Operations and Financial Benefits to the State of Iowa in 2017

	Jobs	Labor Income	Value Added	Output
Direct	116.7	\$8,278,377	\$8,303,093	\$9,754,150
Indirect	8.8	\$368,328	\$712,226	\$1,199,791
Induced	64.9	\$2,533,385	\$4,679,279	\$8,296,308
Total	190.4	\$11,180,089	\$13,694,599	\$19,250,250

Conclusions

Iowa Legal Aid accounts for substantial contributions to the state's economy by virtue of the services it provides and the financial benefits that it secures for their clients. Of particular incremental value to the state's economy are the client benefits that the organization generates that are sourced from governments or other entities outside of Iowa. These inflows have an economy-boosting multiplier effect as they represent dollars that would not have found their way to the state but for the efforts of Iowa Legal Aid.

This analysis represents a good fraction of the tangible outcomes of Iowa Legal Aid from the perspective of economic analysis. Reviewers also should be mindful that both the securing of financial benefits and the successful resolution of financial or legal difficulties for indigent households produce myriad social benefits that cannot be measured well with conventional economy models.