

## Massachusetts Legal Assistance Corporation

### **Civil Legal Aid Yields Economic Benefits to Clients and to the Commonwealth:** *Some Benefits from FY10 Advocacy*

The work of MLAC-funded legal aid programs substantially boosts the Commonwealth's economy each year by bringing in tens of millions of federal dollars, improving the economic condition of low-income clients and other residents and saving the state millions in avoided benefits and social services. MLAC estimates its grantees' work in FY10 can be credited with bringing **\$30.6 million in new federal revenue** into the Commonwealth over the course of a year and with winning an additional **\$47.2 in income and savings for clients and the Commonwealth**, for a total of **\$77.7 million**.

#### **New Federal Revenue Coming into the Commonwealth**

<b>Food Stamps:</b> waivers and policy changes won	\$9,513,552
<b>Medicare:</b> federal health care coverage won	\$551,495
<b>Federal Taxes:</b> credits and refunds from controversies resolved and filing assistance	\$905,086
<b>Disability Benefits Project:</b> one year new federal SSI/SSDI benefits and back payments	\$7,825,646*
<b>Disability Benefits Project:</b> direct federal reimbursement to DTA for EAEDC payments	\$795,332
<b>Federal Unemployment Benefits:</b> federal portion of benefits won through individual UI appeals	\$9,998,600
<b>Federal Unemployment Expansion:</b> changes won to state policy	\$1,000,000
<b>Total New Federal Revenue</b>	<b>\$30,589,711</b>

#### **Other Benefits and Savings Won for Low-Income Residents**

<b>Unemployment Insurance:</b> non-federal portion of benefits won on appeal	\$5,669,950
<b>Housing Stabilization:</b> rent relief, "cash for keys" or damages won (data from three programs only)	\$854,552
<b>Low-Income Utility Discounts:</b> increased benefits and eligibility	\$10,100,000
<b>Low-Income Utility Arrearages:</b> reductions in arrearages	\$14,400,000
<b>Child Support orders:</b> (data from three programs only)	\$1,531,140
<b>Total Other</b>	<b>\$32,555,642</b>

#### **Potential Savings for the Commonwealth**

<b>Homelessness Prevention:</b> avoided costs for shelter	\$11,021,058
<b>Domestic Violence Prevention:</b> avoided health care and other costs	\$3,580,200
<b>Total Estimated Savings</b>	<b>\$14,601,258</b>

<b>Total Benefits and Savings</b> <i>(excluding unemployment extension)</i>	<b>\$77,746,611</b>
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*\*Includes back payments and only the first year of benefits. Clients whose cases were won by DBP in FY10 will receive over \$32.5 million in SSI/SSDI benefits over their lifetimes.*

## Section I: Bringing in New Federal Revenue

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### A. Supplemental Nutrition Assistance Program (SNAP/Food Stamps)

During FY10, the Massachusetts Law Reform Institute (MLRI) continued its successful multi-year, multi-forum effort to address state procedural barriers to food stamp receipt (now called Supplemental Nutritional Assistance Program or SNAP). **SNAP benefits are 100% federal dollars.**

A senior policy analyst at MLRI runs the statewide Food SNAP Improvement Coalition, comprised of community-based food pantries, health centers, social services and legal services agencies as well as USDA federal officials and state agency representatives. Through their collaborative efforts under the leadership of the Coalition, Massachusetts SNAP participation rates have increased by 286% since FY02<sup>1</sup> and monthly benefits have increased well above the annual COLAs. As a result, **federal SNAP dollars coming into Massachusetts annually are now a staggering \$696 million higher than in 2002.**<sup>2</sup>

These are 100% federal dollars coming to Massachusetts families and seniors, which are in turn spent in local grocery stores, supporting local businesses and their employees as well as farmers. According to USDA, 97% of SNAP benefits are spent within a month of their receipt.<sup>3</sup> In addition, USDA research has shown that every food stamp dollar spent creates \$1.84 in local economic activity, or \$9 for every \$5 in SNAP benefits.<sup>4</sup> Moody's Economy shows an economic stimulus of \$1.73 per dollar of food stamps.<sup>5</sup>

Over the past year, MLRI successfully advocated for several further changes that improved access to SNAP benefits:

- **Eligibility for low-income students in college-based training programs.** In 2009, MLRI provided the Department of Transitional Assistance (DTA) with a detailed analysis of the legislative and regulatory history behind a little noticed prong of the federal law that could allow more low-income college students to qualify for food stamps/SNAP benefits. They pointed out that state agencies have the discretion to broadly define the scope of what constitutes a "state and local government employment and training program" and, in doing so, exempt more

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<sup>1</sup> Department of Transitional Assistance:

<http://www.nga.org/Files/pdf/1006WEBCONFERENCEWORKSUPPORTS.PDF>

<sup>2</sup> Compiled with data from DTA/A&F, as reported to USDA on the Monthly FNS-388 and from the US Department of Agriculture. Monthly Issuance Amount: December 2002, \$19,252,816 x 12 = \$230,033,792 annually; Annual Massachusetts benefits for FY09 (from [http://www.fns.usda.gov/pd/17SNAPfyBEN\\$.htm](http://www.fns.usda.gov/pd/17SNAPfyBEN$.htm)) are \$925,603,583. Difference 2002-2009 is \$695,569,791 per year.

<sup>3</sup> Secretary Vilsack News Release No. 0087.09.

[http://www.usda.gov/wps/portal/!ut/p/s.7\\_0\\_A/7\\_0\\_1RD?printable=true&contentidonly=true&contentid=2009/04/0087.xml](http://www.usda.gov/wps/portal/!ut/p/s.7_0_A/7_0_1RD?printable=true&contentidonly=true&contentid=2009/04/0087.xml)

<sup>4</sup> USDA FNS. *The Business Case for Increasing SNAP Participation*. Last Modified: 2/17/2009.

<http://www.fns.usda.gov/fsp/outreach/business-case.htm>

<sup>5</sup> Zandi, Mark. "The Economic Impact of the American Recovery and Reinvestment Act." 21 January 2009: [https://www.economy.com/mark-zandi/default.asp?src=economy\\_hopmepage](https://www.economy.com/mark-zandi/default.asp?src=economy_hopmepage)

post secondary students from the longstanding federal bar on food stamp/SNAP benefits for students.

MLRI then worked closely with DTA, in consultation with other state agencies, to develop SNAP policy guidance for DTA staff to enable students enrolled in career and technical education programs to qualify for SNAP. MLRI developed a simplified verification form to be used by community colleges and strategies to reach low-income students through community legal education fliers, social networking tools and college websites. The majority of these students live at home with low-income families but are not included in the SNAP benefits received by the rest of the household; others are children who have aged out of foster care but are in transitional housing programs. MLRI roughly estimates that 2,000 to 5,000 students in Massachusetts community colleges will benefit from this new policy beginning in FY11.

- **Standard medical expense deduction waiver.** In 2007 MLRI and the Food SNAP Coalition worked with DTA and our congressional delegation to pursue a USDA waiver to allow for a standard medical expense deduction for households of elders and people with disabilities and to broadly define what can count as a medical expense. The administration applied for and USDA approved the DTA waiver, which took effect in March of 2008. MLRI negotiated the policy guidance for implementation of this waiver.

During 2009, MLRI assisted the state in conceptualizing and drafting another waiver request, to eliminate interviews at the recertification stage for certain elder/disabled households who filed timely recertification forms complete with required documents. Following USDA approval of this (first-in-the-country) waiver, MLRI worked with DTA to draft policy instructions and guidelines for SNAP workers, issued in December 2009. They have continued to work with DTA to monitor implementation of this important federal waiver, which DTA estimates benefits an estimated 45,000 elder and disabled households and avoids the unnecessary "churning" of cases that can cause a caseload drop.<sup>6</sup>

One result of these two waivers has been a rise in the number of elder/disabled households overall and an even sharper rise in those with medical expense deduction claims. These claims have risen from 6,212 in January 2008 to 22,528 in September 2010, a 263% increase at a time when the general caseload rose a comparatively low 59%.<sup>7</sup> The average value of the deduction also increased from \$131 to \$188. By comparing the growth in medical expense deduction claims to the growth in the whole caseload, we can estimate that the changes increased food SNAP value to Massachusetts residents by **\$9,513,552 per year.**<sup>8</sup>

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<sup>6</sup> Note that DTA recently temporarily suspended the recertification interview waiver while it works out implementation procedures.

<sup>7</sup> DTA Data Warehouse, October 12, 2010.

<sup>8</sup> If medical deduction waiver claims had increased at the same rate as the general caseload, there would have been 9,877 elder and disabled households receiving SNAP benefits in September 2010 ( $6212 \times .59 + 6212 = 9,877$ ). Therefore, 12,651 more people received the deduction than could have been explained just

## B. Medicare

MLAC programs contribute to the state's economy by maximizing federal Medicare and Medicaid dollars.

- MLAC's Medicare Advocacy Project (MAP) represents Massachusetts elders and people with disabilities who have been wrongly denied Medicare coverage for medical services, equipment, hospitalizations, nursing home stays or prescription drugs. **In FY10 MAP advocacy resulted in Massachusetts residents being approved for \$551,495 of Medicare coverage for medical expenses.**
- In addition to direct services to clients, MAP supports Medicare policy analysis and advocacy on behalf of low-income residents, as well as significant public education and training of social service providers in Massachusetts. Given the complexity of the Medicare program and important legislative changes, such advocacy, education and training are essential to Medicare's effective operation in the state. MAP advocates are nationally recognized experts on Medicare, and their efforts help ensure that Massachusetts maximizes its federal Medicare revenue. Their expertise and opinions are frequently solicited as a unique and critical resource by state agencies such as the Attorney General's office and the Office of Medicaid, as well as by hospitals, pharmacies and other medical providers. Since the state's \$532,118 investment in MAP was more than offset by federal dollars brought into the state by direct service, this policy work, education and training was essentially cost free in FY10. **Although the additional savings and dollars brought into the state by this Medicare education, training and policy work are difficult to measure, they undoubtedly far outstrip the direct benefits recorded here.**

## C. Taxes

Some MLAC-funded programs create economic benefits for clients and the Commonwealth by providing tax assistance and/or helping eligible immigrants with securing work authorization.

- **Increased Federal Income through representation in federal income tax appeals** – Through its Low-Income Taxpayer Clinics (LITC), Greater Boston Legal Services (GBLS) won federal tax appeals for 38 low-income workers whose tax returns were challenged, **totaling \$145,086 in federal tax reductions and returns**, benefiting both the filers and the Commonwealth's economy.
- **Assisting with tax returns** – A Neighborhood Legal Services advocate managed a Lynn tax assistance site organized by Serving People in Need (SPIN). With the

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by the rising caseload (22,528 – 9,877 = 12,651). The average deduction was \$188. For every \$3 deducted from income, recipients can expect to see an increase in their benefits of \$1. Therefore, these 12,651 people received an additional \$9,513,552 in federal SNAP benefits [12,651 x (\$188 / 3) x 12 months = \$9,513,552] attributable to the waivers.

help of volunteers, the site provided tax assistance to 532 clients, **obtaining \$760,000 in federal tax refunds**, including \$313,000 in Earned Income Tax Credits (EITC).

GBLS also provided information on how to apply for the EITC to 349 other individuals whose first language is not English, undoubtedly resulting in significant additional federal revenue.

- **Increased Tax Revenue from Immigrants** – In FY10, GBLS advocacy led to 430 immigrants securing legal status. Data is not available to assess the economic impact of this assistance, but these Massachusetts residents can now live and work legally, providing support to their families and contributing to the economy through state and federal taxes.

#### **D. Disability Benefits Project<sup>9</sup>**

MLAC's Disability Benefits Project (DBP), staffed by advocates in legal services programs across the state, represents residents with disabilities in their efforts to qualify for or retain federal Social Security Disability Income (SSDI) or Supplemental Security Income (SSI) benefits. Many DBP clients are recipients of state-funded Emergency Aid to Elders, Disabled and Children (EAEDC); when they are found eligible for SSI/SSDI, they are removed from state programs and the federal government reimburses the Commonwealth for EAEDC payments made during the application process.

Services provided by DBP in FY10, with state funding of only \$1.2 million, yielded a total of **\$8.6 million in new federal revenue** for clients and the Commonwealth over the course of one year. This amount includes lump sum retroactive payments as well as ongoing monthly benefits.

- Successful DBP clients received a total of **\$4,496,707** in retroactive SSI/SSDI payments from cases closed in FY10. DBP clients also won **\$485,113 in benefit restorations** when SSA granted waivers of previously made assessments on benefits.
- An additional **\$795,332** was directly **reimbursed by the Social Security Administration to the Massachusetts Department of Transitional Assistance** as repayment for successful clients who had been receiving EAEDC during their appeals for federal benefits. This reimbursement effectively reduced the state's net cost for the program to \$383,557.<sup>10</sup>

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<sup>9</sup>Based on the report: "Assessing the Benefits of Provision of Legal Services through the Disability Benefits Project," R. Granberry and R. Albelda, University of Massachusetts Boston, August 2006; updated for FY10 by MLAC.

<sup>10</sup>MLAC funding for DBP from fiscal year 2010 state budget appropriation (line item 0321-1600) was \$1,178,889. Subtracting amount reimbursed to the state for successful DBP cases: \$1,178,889 - \$795,332 = \$383,557.

- In addition, DBP clients won ongoing monthly **federal SSI/SSDI benefits of \$2,843,826** per year.<sup>11</sup> Combining new federal benefits with federal benefit restorations and retroactive payments to clients, **the first year new federal dollars** received by clients as a result of DBP services in FY10 **total \$7,825,646**. Adding the \$795,332 reimbursed to DTA, **the combined first year total is \$8,620,978 in new federal dollars won by DBP in FY10**.
- Since these are new federal funds entering the state, they can be considered a direct economic boost to the Commonwealth. When these funds are spent on food, clothing and other items, their effect on the state's economy will be multiplied. Using an economic multiplier effect of two, **the total economic impact** of the DBP program in FY10 **would be \$17,241,956**.
- The Social Security Administration (SSA) estimated in 1996 that SSI recipients receive benefits for an average of 9.7 years, while SSDI recipients receive benefits for an average of 10.5 years. SSA also suggested that these averages would increase in future years. Using the lower 9.7 year figure, we find that DBP services provided in FY09 will result in Massachusetts residents with disabilities receiving **\$32,566,932 in additional federal benefits** over their lifetimes.<sup>12</sup>

## E. Federal Unemployment Benefits

MLAC-funded programs represented hundreds of low-income workers in Unemployment Insurance (UI) appeals and successfully advocated for regulatory changes that will result in millions of additional federal dollars coming into the state.

- In FY10 at least 729 low-income workers whose UI applications had initially been denied won their appeals for benefits with assistance from MLAC-funded programs. Recipients are currently eligible for up to 26 weeks of state benefits after which federal extended benefits kick in (for up to a maximum of 99 weeks of total benefits). On average (as of October, 2010) recipients receive 21.1 weeks of state benefits, 14.1 weeks of federal Extended Benefits and 23.6 weeks of federal Emergency Unemployment Compensation.<sup>13</sup> This amounts to an average of 37.7 weeks of federal benefits.

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<sup>11</sup> Federal share only, does not include state supplement of \$620,712 per year. State outlay is largely balanced by \$418,140 per year in reduced costs for successful DBP clients who formerly relied on EAEDC for their support and a \$48,960 per year reduction in the demand on Massachusetts' TANF block grant from successful DBP clients who were previously receiving TANF.

<sup>12</sup> Retroactive benefits to clients: \$5,292,039 - \$795,332 (amount deducted to reimburse Commonwealth for EAEDC payments) = \$4,496,707. Benefit reductions waived = \$485,113. Ongoing annual new federal benefits (\$2,843,826) \* 9.7 (average number of years benefits received) = \$27,585,112. Combining all three: \$4,496,707 + \$485,113 + \$27,585,112 = \$32,566,932 in lifetime benefits.

<sup>13</sup> Calculated from US Department of Labor EB Monthly Program Activity: <http://www.ows.doleta.gov/unemploy/euc.asp>, using formula Average Duration = Weeks Paid divided by number of First Payments. Week of 9/30/2010 for Massachusetts: for federal Extended Benefits, 4,070,268 weeks paid / 289,188 first payments = 14.07 average duration; for federal Emergency Unemployment

In Massachusetts, benefits averaged \$409 per week over the past year.<sup>14</sup> However Greater Boston Legal Services estimates that average clients receive somewhat less, approximately \$350 per week. Using that figure we estimate that legal aid clients won \$9,614,052 in federal benefits over the past year.<sup>15</sup> In addition, \$25 per week of the state UI benefit was in the form of Federal Additional Compensation (FAC), amounting to \$384,548. Combining these two amounts, we see that **UI application and appeals assistance by MLAC-funded programs resulted in \$9,998,600 in new federal dollars coming into the Commonwealth.**

- Massachusetts was interpreting federal law in such a way that it was disqualifying certain workers (who had been receiving partial benefits after leaving part time jobs, a practice known as constructive deductions) from any federal extended benefits. After contacting state administrators and requesting that they change the practice, an attorney at South Coastal Counties Legal Services (SCCLS) turned to the federal Department of Labor (DOL). DOL responded by clarifying to the Commonwealth that these recipients were in fact eligible for continuing federal benefits and could not be disqualified from them. They also ordered payments to recipients who had been wrongly disqualified in the past.

SCCLS estimates that hundreds of individuals could be impacted by this development with each person potentially receiving \$1,000-\$2,000 or more in federal extended benefits, **for a total economic benefit approaching \$1 million per year.**

- The GBLs employment law unit spearheaded a successful move to change federal law on extended benefit levels. UI recipients are reevaluated after 52 weeks and if they have earned sufficient income, a new claim is opened. The recipient is then put back on state benefits at an amount based on their new income level, often a small amount from part time work. The result is a new state benefit at a level significantly lower than the federal benefits they had been receiving.

The effect is to punish recipients who work: If not for the earned income, the individual would continue receiving the higher federal benefits. By winning Congressional support for a change to the law that allows recipients to continue on federal benefits rather than collect the lower state UI benefits (if they would lose either 25% of the benefit or \$100 per week by returning to state benefits), advocates increased the total amount of federal extended benefits to Massachusetts UI recipients. Unfortunately, there is no data yet available on how many people are benefiting. The change is a triple win for Massachusetts, coming

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Compensation, 9,937,076 weeks paid / 420,968 initial claims = 23.61 average duration. 14.07 weeks EB + 23.61 weeks EUC = 37.68 weeks average duration of federal benefits. Note that some people leave the UI rolls before 26 weeks, which reduces the state benefit average to 21.1 weeks, while others stay on the rolls beyond the 26 week state limit and receive extended federal benefits well beyond the average of 37.68 weeks.

<sup>14</sup> [http://www.workforcesecurity.doleta.gov/unemploy/content/data\\_stats/datasum10/DataSum\\_2010\\_2.pdf](http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum10/DataSum_2010_2.pdf)

<sup>15</sup> 37.68 weeks federal benefits x \$350 x 729 clients = \$9,614,052.

at no additional cost to the Commonwealth and at a savings to employers who pay for state but not federal benefits, while increasing the purchasing power of unemployed workers in their communities.

## **Section II: Other Benefits Won**

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### **A. Massachusetts Unemployment Benefits**

In addition to bringing federal dollars into the Commonwealth, legal assistance with UI claims provides low-income workers with an average of 21.1 weeks of state-based UI benefits, income that keeps families afloat as they weather difficult times. UI is quickly spent on goods and services in the state, contributing to the economy. Beneficiaries also receive health insurance and extended unemployment benefits to pursue job training.

As discussed above, 729 clients of MLAC-funded programs won UI benefits in FY10 and the average recipient received state benefits for 21.1 weeks at an amount averaging \$350 per week. Thus, with the assistance of MLAC-funded programs, low-income workers benefited from **\$5,383,665 in state-based UI**.

### **B. Financial Judgments for Tenants**

In cases won by four legal services programs in FY10, judges ordered landlords to pay damages totaling \$347,250 to compensate tenants for harm done. Neighborhood Legal Services also reports back rent waived for tenants in the amount of \$327,302. South Coastal Counties Legal Services reports that it won “cash for keys” payments totaling \$180,000 to help pay moving costs for tenants who had to leave their apartments after their landlords’ properties were foreclosed on. Combining these amounts, low-income households received **\$854,552 in rent relief, moving expenses or damages** from just four programs. These funds will allow families to preserve their housing or find new housing, helping prevent homelessness.

### **C. Utilities**

With MLAC funding, the National Consumer Law Center (NCLC) has for years conducted vigorous advocacy to prevent utility shutoffs and improve access to utility discounts for low-income Massachusetts customers.

- In 2008, NCLC’s efforts resulted in a return to the higher utility discount levels of 1998 and to an increase in the income-eligibility level, which increased from 200% of federal poverty to 60% of the state median income (approximately 250% of federal poverty). In FY10, NCLC continued to ensure implementation of these changes, training hundreds of advocates and service providers across the state. Trained advocates understand the eligibility requirements for electric utility discounts, know how to prevent service from being shut off, and know how to restore service if it has been terminated. They are also better equipped to help homeless families address their utility arrearages as they move back to regular



housing. NCLC also distributes educational brochures on the discount and works with administration officials to support implementation.

As a result of these efforts, the total value of the utility discount to low-income Massachusetts residents expanded from \$58.3 million per year in 2007<sup>16</sup> to \$68.4 million per year in 2009,<sup>17</sup> **an increase of \$10.1 million per year.**

- At the end of 2009, Massachusetts' utility Arrearage Management Programs (AMPs), which allow low-income customers to get out from under past debt by paying monthly bills as they come due, saw their first full implementation. NCLC drafted the original provision of the 2005 legislation requiring utility companies to offer AMPs. The Center continues to be actively involved in a working group with the gas and electric companies to oversee implementation. There are now 20,000 households enrolled on the AMPs. NCLC reports that at a December 2, 2010 meeting of the working group, utilities reported writing off (forgiving) approximately \$12 million of arrearages in the first 10 months of 2010. (Data from two small companies was not available, so the actual total is somewhat higher.) Annualizing the \$12 million from the first ten months of the year, we can estimate that **low-income Massachusetts utility customers will have their back utility bills reduced by at least \$14.4 million in calendar year 2010.**
- In FY10, NCLC also played an active role on the state's Energy Efficiency Advisory Council, which is overseeing the expenditure of hundreds of millions of dollars by electric and gas utilities on energy efficiency. The utilities are now doing a much better job of reducing energy consumption in low-income, multi-family properties, making these units more affordable for the families who live there.

#### **D. Child Support**

All of the local legal aid programs funded by MLAC represent clients in child support cases.

- Data on the number and amount of child support orders won from by three programs, South Coastal Counties Legal Services, Community Legal Services and Counseling Center and the Legal Assistance Corporation of Central Massachusetts (LACCM) shows a total of 195 child support orders won in FY10. LACCM reports an average order of \$151 per week. Assuming this average holds for all three programs (the others did not have this data available), this amounts to child support of **\$1,531,140 per year** for low-income custodial parents and their children as a result of the advocacy of only three of the seven MLAC-funded local programs. The child support orders also save the state money as they reduce dependence of TANF.

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<sup>16</sup> LIHEAP Clearinghouse: <http://liheap.ncat.org/Supplements/2007/supplement07.htm>

<sup>17</sup> LIHEAP Clearinghouse: <http://liheap.ncat.org/Supplements/2009/supplement09.htm>

## Section III: Potential Cost Savings

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### A. Housing

The economic decline and foreclosure crisis continue to increase homelessness in the Commonwealth. Despite federal funding to move homeless families into housing, there were 2,866 Massachusetts families in shelter in June 2010, including 841 in hotels.<sup>18</sup> According to the Massachusetts Housing and Shelter Alliance, a one-night survey in 2009 found another 3,320 individuals in adult homeless shelters in 2009. The work of legal services advocates to preserve and protect housing for low-income families and individuals is more important than ever, preventing human misery and at the same time saving the state millions of dollars in shelter expenses.

- In FY10, representation by MLAC-funded program advocates prevented or delayed eviction for 2,517 households, allowing low-income families to stay in their homes or giving them the time to find alternative housing. Without this assistance many of these individuals and families would have had to enter the costly emergency shelter system. Also in FY10, Greater Boston Legal Services preserved 90 units of affordable housing that otherwise would have been converted to market rate. MLAC estimates that one-quarter of all the low-income families and individuals whose evictions were prevented or delayed or whose low-income apartments were preserved would have become homeless but for legal aid's help. Using this estimate, we find that **legal aid eviction defense and preservation of affordable housing saved the Commonwealth an estimated \$11,021,058 in shelter costs in FY10.**<sup>19</sup>

Preventing homelessness saves not only shelter costs, but also the costs of individual and mental health care, public health problems, including addiction, and public safety. It also avoids the long term costs of disrupting children's lives

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<sup>18</sup> Department of Housing and Community Development June 2010 EA Quarterly Report to Legislature.

<sup>19</sup> In their June 2010 quarterly report to the legislature on shelter, DCHD reports that the 2017 families in family shelters will cost the state an average of \$29,601 apiece, or \$59,705,217 total; the 675 in hotels/motels will cost an average of \$9680, or \$6,534,000 total; the 116 in transitional housing or housing authority placements will cost an average \$16,422, or \$1,904,952 total; and the 55 in substance abuse placements will cost an average of \$37,837, or \$2,081,035 total. Combining these we get a grand total of \$70,225,204. Dividing this total expense by the 2863 families in any of these shelter types results in a weighted average cost per family of \$24,529. For individuals in adult shelters, the costs are lower, approximately \$1,000 per month or \$1,500 for the average stay of one and a half months. Report of the Special Commission Relative to Ending Homelessness in the Commonwealth, December 2007, page 5. Preventing Homelessness and Promoting Housing Stability: A Comparative Analysis, D. Friedman, Center for Social Policy, McCormack Graduate School of Policy Studies, University of Massachusetts, Boston, June 2007, page 5. Approximately one-third of those for whom our programs prevented eviction were individuals and two-thirds were families with children.  $2517$  (total evictions delayed or prevented) +  $90$  (units of affordable housing preserved) =  $2607$  (tenancies preserved or extended);  $2607 \times .25$  (estimated percentage of tenants who would have become homeless) =  $651$  (families and individuals avoiding homelessness);  $651 \times .67$  (percent involving families)  $\times$   $\$24,529 = \$10,698,813$ ;  $651 \times .33$  (involving individuals)  $\times$   $\$1,500 = \$322,245$ ;  $\$10,698,813 + \$322,245 = \$11,021,058$  (estimated total savings).

and education. According to the National Center on Family Homelessness, homeless children are twice as likely as others to repeat a grade.<sup>20</sup>

- The foreclosure crisis continued to ravage low-income communities across Massachusetts in FY10. The number of foreclosure deeds – the last step in the foreclosure process – hit 1,243 in July 2010, up from 692 in July 2009, a rise of 79 percent. In addition, there were 2,307 foreclosure petitions (the first step in the process) in July 2010 alone. Some of the hardest-hit communities included Boston, Worcester, Springfield, Lawrence, Brockton, New Bedford, and Fall River.

MLAC-funded programs have intervened strongly on behalf of low-income homeowners and tenants facing foreclosure, providing advice and representation to individual families and addressing larger systemic issues. For example, the National Consumer Law Center's Foreclosure Prevention Project offered advice, assistance, and information to state policymakers and the housing and financial counselors who represent homeowners. NCLC's expertise on the issue is nationally recognized.

The Massachusetts Law Reform Institute and Greater Boston Legal Services, working with the Harvard Legal Aid Bureau and the Massachusetts Alliance against Predatory Lending, were successful in ensuring that powerful new tenant protection measures were included in mortgage foreclosure legislation enacted in the Commonwealth in August 2010.

Overall, the number of foreclosure "distressed" units in Massachusetts (units in some stage of the foreclosure process) increased six percent from 32,664 in October 2009 to 34,632 in October 2010.<sup>21</sup> It is generally estimated that at least 25% of the distressed units are rentals. This means that more than 8,000 rental units are in danger of foreclosure or have been foreclosed and are now owned by banks. Thus, thousands of renter families are in danger of displacement or have already been put out of their homes.

The new mortgage foreclosure law prevents banks from evicting tenants in foreclosed properties unless there is just cause (where the tenant has violated standard tenancy rules), or when the bank has a signed contract to sell the property. Thanks to immediate and intensive work by MLRI to implement the new law, legal services advocates report that the number of tenant foreclosure evictions has already decreased dramatically. Keeping families in their homes as long as possible saves the Commonwealth millions in shelter and other costs.

- In FY10 GBLs secured passage of legislation that will provide a critical new tool for the preservation of affordable housing units at "expiring use" developments. After years of effort by GBLs and others, legislation was enacted that provides

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<sup>20</sup> National Center on Family Homelessness, 2000.

<sup>21</sup> Mass Housing Partnership Foreclosure Monitor

[http://www.mhp.net/vision/resources.php?page\\_function=detail&resource\\_id=411](http://www.mhp.net/vision/resources.php?page_function=detail&resource_id=411)

significant protection against loss of subsidized low-income housing due to prepayment of the mortgage, owner non-renewal of the Section 8 contract, or the expiration of the mortgage. The legislation gives rights of first refusal to government agencies if the owner wants to sell property and also extends notice and rent protections for tenants, which gives tenants and communities more time to develop plans to preserve the units as affordable housing. Thousands of units of affordable housing for low-income tenants are at risk of being converted to market rate housing as use restrictions expire or subsidy contracts are not renewed. This legislation will enable thousands of low-income tenants to keep or find affordable housing, again saving the state the high cost of shelter and other costs associated with homelessness.

## B. Domestic Violence and Family Law

- In FY10, the Battered Women's Legal Assistance Project (BWLAP), established by the Legislature and funded through MLAC, provided legal help to 2,909 victims of domestic violence, including 918 with complex cases involving multiple court visits. By helping families live free of violence, BWLAP saves the Commonwealth the high cost of domestic abuse, including medical care for injured victims, special education and counseling for affected children and police and court resources. The Center for Disease Control and Prevention reported in 2003 that 22% of women in the United States are victims of at least one physical assault by an intimate partner at some point in their lives and that the annual cost of domestic violence exceeds \$5.8 billion.<sup>22</sup>

Domestic abuse is responsible for a range of health care and mental health care needs: The US Department of Justice reported that 37% of all women who sought care in hospital emergency rooms for violence-related injuries were injured by a current or former spouse, boyfriend or girlfriend.<sup>23</sup> A Wisconsin cost benefit analysis of a proposed domestic abuse grant program estimated that the average domestic violence victim is attacked 3.4 times per year and that **preventing one assault would avoid \$3,900 in medical and other costs**, not including the lost quality of life for the victim and the victim's children.<sup>24</sup> This is in addition to the costs of incarceration for the abuser.

A 2003 study by economists at Colgate University and the University of Arkansas reported that legal aid is the only service that consistently brings down the level of domestic violence in the communities it serves.<sup>25</sup> If MLAC-funded programs prevent even one assault per complex case, **the total direct avoided costs would**

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<sup>22</sup> Center for Disease Control and Prevention, 2003.

[http://www.cdc.gov/violenceprevention/pub/IPV\\_cost.html](http://www.cdc.gov/violenceprevention/pub/IPV_cost.html)

<sup>23</sup> <http://www.janedoe.org/know.htm>

<sup>24</sup> Increasing Access to Restraining Orders for Low-Income Victims of Domestic Violence: A Cost-Benefit Analysis of the Proposed Domestic Abuse Grant Program, L. Elwart, et al (December 2006).

<sup>25</sup> Explaining the Recent Decline in Domestic Violence, Farmer and Tiefenthaler, Contemporary Economic Policy, April 2003, Vol. 21, Issue 2, pp. 158-172.

<http://www3.interscience.wiley.com/journal/120832460/abstract>

be **\$3,580,200.**<sup>26</sup> (Note that on average these cases last 16 months and involve 3.1 court appearances.) In addition, legal aid in domestic violence cases often results in the collection of child support and health insurance, saving further state dollars.

## Section IV: Investing in the Commonwealth's Future

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### Education

The MLAC-funded Children's Law Center of Massachusetts provided advice or assistance to more than 1,200 students and their families in education matters in FY10, including winning appropriate special education services, school placements or reinstatements for 125 students. Among their clients are youth excluded from school or segregated in inadequate alternative school settings, homeless children and foster children. Another MLAC grantee, Massachusetts Advocates for Children, provided assistance with special education and school exclusion matters to 830 children. A third grantee, the Center for Law and Education, combines high-quality advocacy with collaborative policy work to identify the systemic patterns underlying student exclusion and to press for changes in school conditions to improve student outcomes.

- In 2005, the average Massachusetts dropout earned \$456,000 less over a lifetime than the average high school graduate and \$1.5 million less than the average bachelor's degree holder. This translates into lower income and payroll taxes and higher Medicaid, Medicare, and public assistance costs for the Commonwealth.<sup>27</sup>
- Students who leave high school without a diploma are more likely to be unemployed<sup>28</sup> and are approximately three times as likely to be dependent on welfare.<sup>29</sup> In addition, students who drop out have higher rates of incarceration<sup>30</sup>

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<sup>26</sup> 918 cases x \$3,900 = \$3,580,200.

<sup>27</sup> Andrew Sum et al, *An assessment of the Labor Market, Income, Health, Social, Civic and Fiscal Consequences of Dropping Out of High School: Findings for Massachusetts Adults in the 21<sup>st</sup> Century*, Northeastern University Center for Labor Market Studies, 31, 92, May 2007.

<sup>28</sup> Center for Labor Market Studies, Northeastern University, *An Assessment of the Labor Market, Income, Health, Social, and Fiscal Consequences of Dropping Out of High School: Findings for Illinois Adults in the 21<sup>st</sup> Century*, (Oct. 2007)

<[http://www.clms.neu.edu/publication/documents/An\\_Assessment\\_of\\_the\\_Consequences\\_of\\_Dropping\\_Out\\_of\\_High\\_School\\_in\\_Illinois.pdf](http://www.clms.neu.edu/publication/documents/An_Assessment_of_the_Consequences_of_Dropping_Out_of_High_School_in_Illinois.pdf)> (last visited Apr. 9, 2009).

<sup>29</sup> U.S. GENERAL ACCOUNTING OFFICE, SCHOOL DROPOUTS: EDUCATION COULD PLAY A STRONGER ROLE IN IDENTIFYING AND DISSEMINATING PROMISING PREVENTION STRATEGIES (GAO-02-240), 2002, at 4 <<http://www.gao.gov/new.items/d02240.pdf>> (last visited Apr. 9, 2009) [hereinafter GAO, SCHOOL DROPOUTS].

<sup>30</sup> CAROLINE WOLF HARLOW, EDUCATION AND CORRECTIONAL POPULATIONS: BUREAU OF JUSTICE STATISTICS SPECIAL REPORT 3, at.2 (Jan. 2003) <[http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content\\_storage\\_01/0000019b/80/1b/20/5a.pdf](http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/1b/20/5a.pdf)> (last visited Apr. 9, 2009).

and tend to have a greater number of health problems,<sup>31</sup> creating significant health costs to the state.

- Research documents that school exclusions lead to increased school dropout rates, lower test scores, poor academic achievement, social isolation and delinquency.<sup>32</sup> It also results in a lifetime of lower earnings and increased public assistance costs. The majority of children subject to punitive exclusionary proceedings are poor, minority and suffering from educational disabilities. Whereas children of color represent 24% of statewide student enrollment, they represent 60% of student exclusions.

## Summary

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A range of legal services provided by MLAC-funded programs in FY10 is responsible for bringing **an estimated \$77.7 million in new revenue and cost savings** to the Commonwealth and its low-income residents over the course of a year, of which **\$30.6 million represents new federal revenue**.

*The Massachusetts Legal Assistance Corporation has prepared this analysis with the help of its grantees. For more information contact Donna Southwell, Director of Policy Analysis, dsouthwell@mlac.org.*

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<sup>31</sup> U.S. DEPT. OF EDUC., NAT'L CTR. FOR EDUC. STATISTICS, DROPOUT AND COMPLETION RATES IN THE UNITED STATES: 2006, at 1 (2008), <[http://www.dropoutprevention.org/stats/docs/Dropout\\_Rates-2006.pdf](http://www.dropoutprevention.org/stats/docs/Dropout_Rates-2006.pdf)> (last visited Apr. 9, 2009).

<sup>32</sup> THE CIVIL RIGHTS PROJECT, *Opportunities Suspended: The Devastating Consequences of Zero Tolerance and School Discipline Policies*, 13-19 (2000). Indeed, for high-risk youth a lack of education is a virtual guarantee of failure. 90% of the employed individuals in the U.S. have completed high school, while, conversely, more than 80% of adult prisoners in the United States are high school dropouts. Newburger, E.C. & Curry, A.E., Current Populations Report, U.S. Census Bureau Publication No. P20-528, Washington D.C., U.S. Department of Commerce (August, 2000). Coalition for Juvenile Justice Annual Report 2001, Abandoned in the Back Row: New Lessons in Education and Delinquency Prevention (December 2001).