

The Economic Impact of
Civil Legal Aid to the State of Montana
[Graphic Design Note: Place all footnotes at end.]

Commented [m1]: From MLSA: The entire report will have a professional layout by a Graphic Designer. This is the substance of the report without the eventual gloss.

I. Executive Summary (separate document with photos, layout done by graphic designer)

II. Acknowledgements

This study was funded by the Montana Justice Foundation. It was conducted by the Montana Legal Services Association, and was sponsored by the Montana Supreme Court's Access to Justice Commission.

This report owes a tremendous debt to economic impact studies that have been completed by other states: "The Economic Impact to the State of North Carolina of Civil Legal Services in 2012," "The Economic Impact of Iowa Legal Aid," "An Analysis of the Economic Impacts and Social Benefits of Assistance Provided by Alaska Legal Services Corporation," and "Justice Measured: An Assessment of the Economic Impact of Civil Legal Aid in Arkansas."

III. Introduction: Contribution to Society by Civil Legal Aid [Graphic Design Note: place map of where all the people are that MLSA has helped over the last 10 years near here.]

For nearly 50 years, the Montana Legal Services Association (MLSA) has contributed significantly to the Montana economy through its statewide client advocacy. MLSA is a private, non-profit law firm that provides free civil legal aid to low-income Montanans, assuring fairness for all in the justice system, regardless of how much money a person has. MLSA represents individual clients primarily in the areas of consumer, housing, domestic violence family law, and public benefits. For example, MLSA advocates help domestic violence survivors and their children live lives free of violence, help keep veterans from becoming homeless from unfair enforcement of housing laws, and help prevent disabled Montanans from unfairly losing benefits that pay for food and housing.

Legal assistance is not provided to Montanans living in poverty for the purpose of stimulating the economy, but to protect and enhance the civil legal rights of Montanans living in poverty. However, by serving low-income individuals and helping to solve their civil legal needs, MLSA obtains direct dollars for its clients. These benefits flow into Montana, strengthening state and community economies. Some client outcomes also reduce the financial burden on the State of Montana to provide services to people in need, such as veterans, survivors of domestic violence, the elderly, and the disabled.

As part of its charge to facilitate access to justice for all Montanans, the Montana Supreme Court’s Access to Justice Commission sponsored MLSA’s study of the economic impact of MLSA’s statewide free civil legal services in Montana. The Montana Justice Foundation provided funding for this report. In light of federal funding cutbacks for civil legal aid, this assessment of the return on investment from statewide civil legal aid is timely. This report attempts to bring together all of the relevant data and produce a rigorous, dollars-and-cents analysis of the contribution of MLSA’s civil legal aid to the overall Montana community.

Relying on data compiled by MLSA and in consultation with Professor Scott Rickard, Director of the Center for Applied Economic Research at MSU-Billings, this report totals the economic benefit of legal assistance provided by MLSA in 2013, including: (1) direct awards to clients; (2) impact of new dollars brought into the state; and (3) cost savings to the community based on prevention of homelessness, domestic violence prevention, and easing the burden of self-represented litigants on the court system. This report details what the impact would be on Montana if MLSA were able to meet more of the civil legal needs of Montanans living in poverty.

Legal aid provides many positive economic impacts, but only some of this benefit is easily captured and some benefits most prized by our community are not economic at all. For example, obtaining additional time prior to eviction allows that person invaluable time to secure another home so they don’t end up on the streets. MLSA’s work also enables the civil court system to operate more smoothly by providing full representation in court, offering guidance to self-represented litigants, supporting the Court Self-Help kiosks, and providing clinics for all Montanans seeking legal help. All court users benefit when litigants show up in court prepared, either with an MLSA lawyer or with assistance from a self-help resource. In addition, MLSA’s work supports a fair justice system for all, which strengthens our society’s rule of law and the cornerstone for security, safety, education, civil participation, improved public health, and overall improved quality of life. These outcomes result in a clear economic benefit to individuals and the community, but not one which can be entirely calculated based on available data.

MLSA also acts as a hub for a variety of partners, maximizing teams of community human resources groups such as domestic violence shelters, veterans’ service providers, corporations, government agencies, courts, law enforcement agencies, foundations, sovereign Indian Nations, and other non-profits. This collaborative effort allows leveraging of private, state, and federal resources. Some of MLSA’s current partners include the Office of the Court Administrator of the Montana Supreme Court, the Montana Department of Justice, the Office of Consumer Protection and Victim Services, the Montana Justice Foundation, the Montana Board of Crime Control, the Montana Coalition Against Domestic and Sexual Violence, the State Bar of Montana, the Montana State Law Library, the University of Montana School of Law, the Crow Nation, the Blackfeet Tribe, the Chippewa Cree Tribe, the Fort Peck Tribes, the Northern Cheyenne Nation, the Fort Belknap Indian

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Community, and the Montana Aging Services Bureau, to name only a few of MLSA's many current partners.

This report captures the direct economic impact to local and state economies and provides a projection of the indirect economic impact and cost savings generated by civil legal assistance. This economic perspective on the investment in free civil legal services will inform stakeholders, policymakers, foundations and the State of Montana of the economic benefit of legal services, not just for the individual clients living in poverty, but for all Montanans.

IV. Background of Civil Legal Aid in Montana [note for graphic design: place Taylor's good story #5 from below near this block.]

On May 5, 1966, MLSA was created in answer to President Lyndon Johnson's "unconditional war on poverty." Since that day, MLSA has helped people across Montana to overcome the pressing legal problems of everyday life.

While current funding provides for legal representation of many individuals who would have otherwise been unable to hire an attorney, the need for civil legal aid in Montana far outstrips the supply. Over 14% of Montanans live below the federal poverty level, including seniors, children and veterans trying to make ends meet with \$23,550 per year for a family of four.¹ Rural poverty rates across the state can be much higher: 29.1% in Glacier County, 26.8% in Big Horn County, and 27.1% in Blaine County.²

Just because people are low-income doesn't mean they don't have legal problems. A 2010 Montana Legal Needs Study reported that over 33,000 low income households in Montana had at least one civil legal need.³ Over 75% identified a need for legal assistance but reported being able to do nothing to address that need.⁴ [Graphic Design Note: Place chart here of types of cases MLSA handles.]

[Graphic Design Note: perhaps put this entire case example in a box to highlight it?] These unattended legal matters can easily cause events devastating to the family and costly to our community. Consider a family of four, two adults and two children. One parent works full-time in food service at a typical Montana hourly rate of \$8.68 an hour. The other parent takes

¹ <http://quickfacts.census.gov/qfd/states/30000.html>

² *Id.* See also, Montana Department of Public Health and Human Services, *Montana Poverty Report Card* (December 2011).

³ University of Montana Bureau of Business and Economic Research, *2010 Montana Legal Needs Survey Final Report* (2010) available at <http://www.mtjustice.org/wp-content/uploads/2012/09/2010-Legal-Needs-Executive-Summary-Revised1.pdf>.

⁴ *Id.*

care of the young children to save on child care costs, and works a part-time job at minimum wage of \$7.90 an hour. All told, they make just under \$23,550 a year. Typical monthly expenses for a family of four can run at least \$31,572, including housing, utilities, transportation, and food.⁵ They are able to make ends meet and pay bills with SNAP food benefits⁶, earned income tax credit, Medicaid healthcare for the children, and twice monthly food pantry visits. But they live in bare subsistence, with no real financial security and no cushion against any twist of fate. Now, if one child became seriously ill and Medicaid refused to pay for necessary medical care, to whom would this family turn? Or if their landlord refused to fix an unsafe living condition? Or if a billing error by a utility ends up in a court judgment against them? These are all matters a lawyer could help this hardworking Montana family with – but how can they pay an attorney? If they have to ignore the legal matter, they may end up with grave medical problems or unemployed or homeless. Any of these results are devastating to them and more costly to our community than the civil legal aid that could have helped them.

What does poverty in Montana look like?

Family of 4: 2 kids and 2 parents (both with a high school degree and some college)

Eligible for:

Free/Reduced lunch

Healthcare for children

SNAP benefits of \$500 / month

Food Pantry 2x/month

Earned Income Tax Credit of \$7,000 / year

Monthly Income: \$1,962

Monthly Expenses:

Housing \$639

Utilities \$150

Car Payment \$250

Car Insurance \$150

Gas \$300

Food \$100

Credit Card \$150

Internet \$80

Cell Phone (2) \$180

They are behind \$37 at the end of the month, without the cost of clothing, entertainment, gifts, health care for parents, or auto

Net Monthly Income (\$37)

⁵ Economic Policy Institute, *Family Budget Calculator* (2013), available at <http://www.epi.org/resources/budget/>

⁶ Center on Budget and Policy Priorities, *Montana Supplemental Nutrition Assistance Program* (2013) available at <http://www.cbpp.org/cms/?fa=view&id=3886> (\$125 average monthly SNAP benefit for each household member).

MLSA has one attorney available for every 14,000 people living in poverty.⁷ In contrast, Montana has one attorney for every 274 Montanans living above 125% of the federal poverty level.⁸ MLSA had over 10,984 requests for help in 2013 and provided assistance in 2,622 cases. So for every client MLSA takes, it must turn away many more.

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Given the funding cuts, increasing poverty rates across the country, and other challenges (lack of knowledge of legal aid offered or inability to access because of remote populations), it is quite likely the unmet need is even greater than cited estimates. The most recent assessment of civil legal assistance for low and moderate income Montanans found the largest barrier to access to justice by people living in poverty is the cost of services and the largest gap is not enough free legal assistance.⁹

V. Funding of Civil Legal Aid in Montana [Graphic Design Note: place chart here of MLSA's current funding]

The Legal Services Corporation (LSC) helps fund civil legal services to people with incomes at or below 125% of the federal poverty guidelines.¹⁰ Although the government funded LSC provides about 49% of MLSA's annual revenue, this funding has decreased through the years. In 2013, LSC funding of MLSA decreased by 15%. Despite MLSA's successful efforts to diversify funding, the shortage of federal funding has significantly impacted the work MLSA can do for Montana: in 2013, MLSA helped in 2,622 cases, a significant decrease from 4,771 cases closed in 2011.

MLSA also receives a percentage of interest earned on private attorney client accounts (IOLTA), but low interest rates have dropped this income by 84% from 2007. To continue services, MLSA has dipped into its already-meager reserves and has proactively diversified funding sources. At one time, MLSA operated 14 offices with 39 attorneys. Funding decreases have concentrated MLSA into three primary offices with 13 case handling lawyers, despite the increased population of eligible individuals.¹¹ Unlike legal aid organizations in many states, MLSA has never received direct general state funding.¹²

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⁷ MLSA has 13 casehandling attorneys available to provide services to the approximately 182,000 people in Montana that live at or below 125% of the poverty line according to 2010 census information.

⁸ Rebecca L. Sandefur & Aaron C. Smyth, American Bar Foundation, Access Across America: First Report of the Civil Justice Infrastructure Mapping Project (2011).

⁹ Access to Justice Commission of the Montana Supreme Court, *The Justice Gap in Montana: As Vast as Big Sky Country* (June 2014) available at <http://courts.mt.gov/supreme/boards/a2j/materials.mcp>.

¹⁰ Legal Services Corporation, Fact Sheet on the Legal Services Corporation (2014) available at <http://www.lsc.gov/about/what-is-lsc>.

¹¹ See Sanjay Talwani, *Montana Legal Services Association Cutting Staff*, Helena Independent Record, October 25, 2011, available at http://helenair.com/news/local/montana-legal-services-association-cutting-staff/article_462354d4-fed2-11e0-b042-001cc4c002e0.html.

¹² [MLSA receives limited purpose funding from a State Court filing fee and from the Montana Department of Justice.](#)

VI. Who Benefits from Civil Legal Aid? **[Graphic Design Note: place Mary's good story near this section: Good Story #3 from below]**

Families. When MLSA helps a client enforce a legal right to veteran's benefits or obtain a protective order against an abusive spouse, it not only helps that client, but the client's entire family.

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Women who are Survivors of Domestic Violence. Fully 18% of MLSA's clients are women who have been abused. Often, their children have been attacked as well. Civil legal aid helps survivors start new, violence free lives.

Veterans. Civil legal aid helps veterans enforce their rights to benefits, and also provides education about legal rights and responsibilities. MLSA helped 141 veterans in 2013.

Seniors. Montana's seniors can all too often become victims without assistance to enforce their rights. MLSA directly helped over 200 seniors in 2013. Civil legal aid protects Montanans who have worked to make Montana what it is today.

People with a Disability. Sometimes a disabled person's public benefits are the only support they have. Civil legal aid ensures that some of our society's most vulnerable are treated fairly.

Native Americans. Enrolled tribal members make up 7.3% of Montana's total population and live in areas with up to a 30.4% poverty rate -- poverty is statistically significantly associated with American Indian populations in Montana.¹³ MLSA served 646 Native Americans in 2013.

The Working Poor. Over 40% of MLSA's 2013 clients were employed. Many Montana residents are a paycheck away from homelessness. A recent study shows that 2 out of 3 American workers had to take a day off from work last year to deal with a legal matter.¹⁴ The working poor can't afford that day off, and employers suffer when employees are absent. Civil legal aid helps keep lives on track.

¹³ Montana Department of Public Health & Human Services with Montana State University Extension, *Montana Poverty Report Card* (December 2011) p 20, available at <http://www.montana.edu/wwwextec/poverty.html>. Glacier County has a 30.4% poverty rate and contains the bulk of the Blackfeet Reservation.

¹⁴ Decision Analyst and LegalShield, *The Legal Needs of American Families* (September 2012), available at <http://www.legalshield.com/about-us/pressmedia-kit/the-legal-needs-of-american-families/>.

People with Mental Illness. Men and women unable to cope with life sometimes simply cannot assert their rights. Civil legal aid is often the last possibility for the people living with a mental illness to access justice.

Local Employers. Workers' problems might quickly become their employers' problems without civil legal aid. Civil legal aid helps reduce absenteeism, turnover, and disruptive behavior in the workplace. It is an investment in a strong, stable workforce.

Everyone in Montana. Civil legal aid makes it easier to access information, including MLSA's easy-to-understand on-line forms and legal self-help, so people know their rights. MLSA's work helps improve efficiencies in the court system for all court users. Civil legal aid assures fairness for all in the justice system, not just the few who can afford it. A fair justice system for all supports things we all hold dear: security, safety, education, civic participation, improved public health, and overall improved quality of life.

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VII. Methodology **[graphic Design note: put in back]**

This report analyzes data from MLSA to calculate (1) the total direct economic benefit to clients resulting from legal services; (2) the impact of new dollars brought into the state; (3) the value of legal aid services, and (4) the cost savings to the community based on homelessness prevention, foreclosure prevention, and domestic violence prevention. Economic forecasting methods were prepared in consultation with Professor Scott Rickard, Director of the Center for Applied Economic Research at MSU-Billings.

The direct economic benefit includes the total amount of funds obtained for clients through legal advocacy. All data was compiled by MLSA through outcomes tracking using case management software. Outcomes for 2013 were input in 2014, and are now input upon closing of a case. Case data includes financial benefits obtained for clients, other benefits obtained for clients, and client demographic data. MLSA also relied upon the 2013 audit performed by Anderson Zurmuehlen & Co., P.C. The standard method for calculating a direct benefit typically includes the sum of an award to a client as well as the anticipated future benefit, if any, for that year.

The indirect economic impact is a standard economic estimate of what occurs when new revenue enters a state or local economy – including changes in employment, wages, or business outputs based on new spending. This report calculates indirect economic impact on total direct benefits obtained from sources outside Montana – funds which would not have come into the state absent legal representation. The method of calculating the indirect economic benefit is set forth in Section XII.

The value of legal aid services estimates the total overall value of MLSA’s attorneys’ legal services and the savings realized through MLSA’s document assembly services. This report relies upon economic forecasting methods to calculate value and cost savings.

The cost savings impact provides an estimate of costs that local communities and the state of Montana have avoided because of civil legal aid provided by MLSA. The report focuses on domestic violence, foreclosure, eviction, and help to self-represented litigants for estimating cost savings. In these areas, economic forecasting methods allow calculation of state and local expenditures.

Return on investment and opportunity cost calculations estimate the economic impact on the state of Montana per dollar invested in civil legal aid.

VIII. Limitations of this Report **Graphic Design Note: place in back**

The report utilizes a conservative approach to calculating the indirect economic impact. This may understate the actual effect of civil legal aid in Montana, but provides a reasonable basis for the estimates. As available, the report uses the same methodology used by federal government agencies. Cost savings have been calculated using conservative multipliers.

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Other organizations in Montana also provide legal assistance to specialized groups of people or in a specialized area of law. These organizations provide seven to twelve attorneys to assist disabled Montanans, seniors, survivors of domestic violence, those attempting to keep Social Security Disability benefits, and those with housing discrimination issues.¹⁵ Because these legal services are limited based on client eligibility, location, or legal matter, the impact of services provided by these organizations is outside the scope of this statewide report.

Some MLSA practice areas are not included in the report because the smaller number of cases did not provide adequate data. For example, keeping students in school with legal services economically benefits clients, but the number of cases in Montana did not provide sufficient data for an analysis of economic impact.

It is important to note that some critical contributions of legal aid have not been included because economic benefit would be difficult to capture. For example, providing legal assistance to children and seniors to access needed health care provides a tangible health benefit to the client but one that is difficult to quantify in economic terms.

Due to these data limitations and the conservative calculation approach, the full economic impact of legal aid in Montana is undoubtedly larger than reported here.

¹⁵ Access to Justice Commission of the Montana Supreme Court, *supra* note 7.

IX. Summary of Findings **[Graphic Design Note: Place after Introduction]**

This report estimates that civil legal aid provided by MLSA during 2013 resulted in more than \$1,386,673 in direct awards to low-income Montanans.

The indirect economic impact includes the economic boost to Montana and local economies through increases in employment, wages, and business outputs. The impact of new dollars brought into the state totals \$3,325,755.

MLSA attorneys and document assembly services provided \$2,947,292 in services and cost savings to low-income Montanans.

Additionally, legal aid representation of low-income clients has generated \$1,985,625 in cost savings, including domestic violence prevention, eviction prevention, foreclosure prevention, and increased Court cost-effectiveness.

The total economic impact, including direct, indirect, and cost savings, of MLSA's statewide civil legal aid services is \$9,645,345.

For every dollar MLSA spent on providing civil legal services in 2013, \$3.15 flowed into the Montana economy.¹⁶ This total economic impact means that for every dollar in-state funders and donors spent on providing legal aid, \$10.61 is put into Montana's economy.¹⁷

The return on investment in legal aid made to MLSA is 215% for all money invested in MLSA and 961% for in-state money invested in MLSA.¹⁸

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¹⁶ To calculate the return MLSA secured on all dollars invested in its programs in 2013, we divided the gain from the investment by the amount of the initial investment. ~~These calculations were based on all MLSA funding sources in 2013. [incomplete sentence, not sure what this means...]~~

¹⁷ To calculate the return MLSA secured on each local dollar invested in its programs in 2013, we divided the gain from the investment by the amount of the initial local investment. ~~These calculations were based on all MLSA funding sources in 2013.~~

¹⁸ Return on investment is calculated as follows: ROI = (gain from investment – cost of investment) / cost of investment.

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X. One Page Chart of Economic Impact

Direct Amounts Obtained by MLSA Clients in 2013	
Domestic Violence and Family Awards	\$362,069
Health Benefits Preserved	\$4,707
Housing Related Amounts (prevent eviction, reduced fees, foreclosure prevention)	\$111,547
Income Maintained (TANF, SSI, SNAP, Unemployment, SSDI, back wages)	\$97,457
Consumer Amounts	\$777,993
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Taxpayer Filing Compliance	\$32,900
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Total Direct Awards	\$1,386,673

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Indirect Impact of New Dollars Brought Into Montana in 2013¹⁹	
Supplemental Nutritional Assistance Program (SNAP), Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI), Temporary Assistance to Needy Families (TANF), Tax-related federal refunds including Earned Income Tax Credit	\$114,742
Support to MLSA from Outside Montana	\$3,211,013
Total New Dollar Indirect Impact	\$3,325,755

Value of Legal Aid Services in 2013	
Value of Free Civil Legal Representation	\$2,836,064
Value of Free Self-Help Resources and Information	\$111,228
Total New Dollar Indirect Impact	\$2,947,292

Cost Savings From 2013 Legal Aid Representation	
Domestic Violence Advocacy	\$1,422,000
Foreclosure prevention: Cost to local government	\$26,235
Foreclosure prevention: cost to neighboring homeowners	\$208,350
Eviction prevention	\$329,040
Total Cost Savings	\$1,985,625

Totals	
Direct Economic Benefit	\$1,386,673
Indirect Economic Benefit	\$3,325,755
Value of Legal Aid Services	\$2,947,292

¹⁹ SNAP indirect impact is calculated using the USDA multiplier of 1.8, which is discussed more fully below. Indirect impact for all amounts other than SNAP is calculated using the multiplier proposed by the Council of Economic Advisors for the impact of income support payments under the American Recovery and Reinvestment Act of 2009, specifically a multiplier of 1.5. Executive Office of the President, Council of Economic Advisors, *The Economic Impact of the American Recovery and Reinvestment Act Five Years Later, Final Report to Congress* (Feb. 2014) available at http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB8QFjAA&url=http%3A%2F%2Fwww.whitehouse.gov%2Fsites%2Fdefault%2Ffiles%2Fdocs%2Fcea_arra_report.pdf&ei=eDfIU_vHEsSWyAT39YC4Bg&usq=AFQjCNHOQ8zHbXerXbpi_baxcIQ0Y5f3g&bvm=bv.71198958.d.aWw.

Cost Savings	\$1,985,625
Total Economic Benefit of Civil Legal Aid in Montana	\$9,645,345

XI. Direct Amounts Obtained by MLSA Clients in 2013

In 2013, MLSA helped Montana's poorest and most vulnerable citizens obtain direct financial benefits and relief. Civil legal assistance by MLSA resulted in \$1,386,673 in direct benefits to people living in poverty.

Domestic Violence and Family Awards. With just three full-time domestic violence attorneys, representation in civil domestic violence and family law cases by MLSA resulted in \$362,069 in child support awards, support, and property division.²⁰ MLSA represented 474 clients with domestic violence and family matters, helping 758 Montanans, including 450 children. These awards provide an economic boost to local communities as custodial parents spend money on housing, food, clothing, and other necessities for their children. Child support awards can also reduce reliance on state support. An additional value to these services is the cost savings to communities based on reduced domestic violence, as detailed below.

Health Benefits Preserved. With less than one full-time attorney, advocacy by MLSA secured \$4,707 in health benefits for clients living in poverty.²¹ Most children covered by Medicaid or CHIP are in low-income working families.²² Affordable access to health care is associated with better health, lower mortality, and less household debt and catastrophic out-of-pocket medical expenditures.²³

Housing-Related Amounts. With just 1.25 housing attorneys and 3 foreclosure attorneys, MLSA assisted clients in attaining \$111,547 of housing benefits, rent abatements, foreclosure prevention and other housing awards.²⁴ MLSA represented 798 low-income clients with housing related matters, helping 1,801 Montanans including 673 children. Civil legal assistance protects low-income families from losing housing subsidies. MLSA attorneys also represent low-income clients to obtain security deposits, other charges, or rent abatements illegally claimed by private landlords. More than 14,700 low-income households

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²⁰ Monthly financial responsibility awards were calculated by multiplying the monthly support amount obtained by 12 months. Where a specific monthly award was not ordered, the amount was not included.

²¹ Health benefits include obtaining, preserving, or increasing Medicaid, CHIP, Medicare, or other medical coverage. Calculations are based on the total value of the health benefit or total amount of award to the client.

²² Center on Budget and Policy Priorities, Various Supports for Low-Income Families Reduce Poverty and Have Long-Term Positive Effects on Families and Children (July 2013) available at <http://www.cbpp.org/cms/?fa=view&id=3997>.

²³ *Id.*

²⁴ Housing awards include the amount of rent saved by securing a public housing benefit, rent abatement due to conditions of housing unit, return of security deposit, damages award to client, landlord charges avoided, or foreclosure prevented. Rent saved is calculated using the actual amount of monthly subsidy or abatement obtained multiplied by 12 months. Foreclosure prevention awards include reduced monthly payment, lowered interest rates, reduced principal amount, reduced costs of loan, cash for keys program participation, and reduced fees and penalties. Reduced monthly payment is calculated using the actual monthly reduction multiplied by 12 months.

in Montana rely on rental assistance programs to make housing affordable.²⁵ About 61% of households helped with rental assistance are headed by people who are elderly or have disabilities, while another 31% are families with children.²⁶ In Montana, 22,200 low-income renter households pay more than half their monthly cash income for housing costs.²⁷ The Center on Budget and Policy Priorities indicates that the median monthly income of low-income households is \$930; housing costs take up \$800 of this monthly amount, leaving only \$130 per month for other necessities like food.²⁸ When housing costs consume more than half of household income, low-income families are at greater risk of becoming homeless, and point-in-time surveys show that at least 1,700 people are homeless in Montana.²⁹ MLSA helps individuals put their limited funds toward other basic necessities and may allow families to stay in their homes. An additional value to these services is the homelessness prevention cost savings detailed below.

[Graphic Design Note: Place Ernest’s story near the above paragraph. Good Story #4 from below.]

[Graphic Design Note: Place Joe’s good story near the above paragraph, #2 good story from below]

Income Maintained. In 2013, MLSA obtained \$97,457 in public benefits for low-income clients.³⁰ MLSA represented 15 clients with public benefit matters, helping 42 Montanans, including 21 children. For many people living in poverty, SNAP benefits, formerly known as food stamps, may serve as a family’s only source of income.³¹ SSDI and SSI provide a monthly cash benefit to people with a physical or mental disability which does not allow them to work.³² SSI has strict limited income eligibility standards, and a majority of SSDI

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²⁵ Center on Budget and Policy Priorities, *Montana: Federal Rental Assistance Facts* (December 19, 2012) available at <http://www.cbpp.org/cms/?fa=view&id=3586>.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ Public benefits include Supplemental Nutritional Assistance Program (SNAP), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Temporary Assistance to Needy Families (TANF), unemployment, worker’s compensation, veteran’s benefits, back wages, and other public benefit awards. Calculations are based on the total value of the benefit or the monthly benefit multiplied times 12.

³¹ Jason DeParle & Robert M. Gebeloff, *Living on Nothing but Food Stamps*, N.Y. Times, Jan. 2 2010, available at http://www.nytimes.com/2010/01/03/us/03foodstamps.html?pagewanted=all&_r=0.

³² Umar Moulta-Ali, Congressional Research Service, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)* (June 11, 2013) available at http://www.google.com/url?sa=t&ret=j&q=&esrc=s&source=web&cd=2&ved=0CCYQFjAB&url=http%3A%2F%2Ffas.org%2Fsgp%2Fcrs%2Fmisc%2FRL32279.pdf&ei=Zf3GU-3GDZKvyAT27YDYAQ&usq=AFQjCnFmQ_FcrG_dq2B_I0oIF89QSCecYQ&bvm=bv.71126742.d.aWw.

recipients have a family income below 200% of the poverty level.³³ Many poor and disabled individuals need assistance from legal aid to help navigate the lengthy process to secure much needed SSDI and SSI income. Temporary Assistance to Needy Families (TANF) benefits provide temporary financial assistance to families meeting a strict “need” requirement of a low gross-monthly income and asset value.³⁴ Public benefits kept 167,000 Montanans, including 34,000 children above the poverty line from 2009-2011.³⁵ MLSA obtained \$4,188 in back pay owed to working Montanans living in poverty.³⁶ This was money owed to low-income Montanans from work provided, and without the assistance of civil legal aid, that money would not be in the hands of the people who worked to earn it. For a family of four living at the poverty level, these back wages represent an 18% raise. MLSA’s assistance in preserving public benefits for needy Montanans ensures immediate basic necessities, increased educational opportunities, and positive employment outcomes in the longer run.

Consumer Amounts. By representing Montana consumers living in poverty, MLSA saved low-income clients \$777,993 in consumer monetary loss.³⁷ MLSA represented 280 clients with consumer matters, helping 581 Montanans, including 208 children. These Montanans living in poverty were then able to spend the money saved in their local communities.

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Taxpayer Filing Compliance. Civil legal assistance by MLSA resulted in \$32,900 federal tax refunds, including the Earned Income Tax Credit for low-income Montanans.⁴⁸ The Earned Income Tax Credit and the Child Tax Credit lifted the largest number of children out of poverty in 2011.⁴⁹ The Brookings Institution research shows that the Earned Income Tax Credit and Child Tax Credit kept 28,304 Montanans out of poverty, including 14,674

Moved up [2]: Health Benefits Preserved. With less than one full-time attorney, advocacy by MLSA secured \$4,707 in health benefits for clients living in poverty.³⁸ Most children covered by Medicaid or CHIP are in low-income working families.³⁹ Affordable access to health care is associated with better health, lower mortality, and less household debt and catastrophic out-of-pocket medical expenditures.^{40¶}

Moved up [3]: Income Maintained. In 2013, MLSA obtained \$97,457 in public benefits for low-income clients.⁴¹ MLSA represented 15 clients with public benefit matters, helping 42 Montanans, including 21 children. For many people living in poverty, SNAP benefits, formerly known as food stamps, may serve as a family’s only source of income.⁴² SSDI and SSI provide a monthly cash benefit to people with a physical or mental disability which does not allow them to work.⁴³ SSI has strict limited income eligibility standards, and a majority of SSDI recipients have a family income below 200% of the poverty level.⁴⁴ Many poor and disabled individuals need assistance from legal aid to help navigate the lengthy process to secure much needed SSDI and SSI income. Temporary Assistance to Needy Families (TANF) benefits provide temporary financial assistance to families meeting a strict “need” requirement of a low gross-monthly income and asset value.⁴⁵ Public benefits kept 167,000 Montanans, including 34,000 children above the poverty line from 2009-2011.⁴⁶ MLSA obtained \$4,188 in back pay owed to working Montanans living in poverty.⁴⁷ This was money owed to low-income Montanans from work provided, and without the assistance of civil legal aid, that money would not be in the hands of the people who worked to earn it. For a family of four living at the poverty level, these back wages represent an 18% raise. MLSA’s assistance in preserving public benefits for needy Montanans ensures immediate basic necessities, increased educational opportunities, and positive employment outcomes in the longer run.¶

³³ Anne DeCesaro & Jeff Hemmeter, *Social Security Administration Office of Policy, Characteristics of Noninstitutionalized DI and SSI Program Participants* (January 2008) available at <http://www.socialsecurity.gov/policy/docs/rsnotes/rsn2008-02.html>.

³⁴ Montana Department of Public Health and Human Services, *Temporary Assistance for Needy Families: Basic Eligibility for TANF Cash Assistance* (2014) available at <http://www.dphhs.mt.gov/hcsd/tanf.aspx>.

³⁵ Center on Budget and Policy Priorities, *supra* note 28.

³⁶ Employment claims include actual awards for back pay owed.

³⁷ Direct consumer awards include recovery of money owed to client, reduced debt, favorable payment schedule, federal bankruptcy protection, restoring or obtaining utilities, and other awards to clients. Monthly savings are calculated using the actual monthly reduction multiplied by 12 months.

⁴⁸ Tax related federal matters include the Low Income Taxpayer Clinics that receive funding from the Internal Revenue Service to provide advocacy to low-income individuals in tax matters. The value is calculated using the total value of decreased tax liabilities or value of total refund.

⁴⁹ Center on Budget and Policy Priorities, *supra* note 28.

children.⁵⁰ Most families spend their Earned Income Tax Credit on basic necessities such as car repairs and clothing.⁵¹

XII. Indirect Impact of New Dollars Brought Into Montana in 2013

When MLSA brings money into Montana, either through direct payment to clients or out-of-state funding to MLSA, that money circulates in the local and state economy. Clients spend awards to pay for additional goods and services in their local communities. MLSA spends out-of-state funding on staff salaries and state taxes, office leases, equipment and supplies, and other goods and services. In this manner, new money brought into Montana due to MLSA's work stimulates the local and state economy, increasing demand for goods and services and positively impacting the industries that produce those goods and services. This economic theory is called the multiplier effect: as each new dollar injected into an economy passes from person to person, the value of its impact grows.⁵³

This report includes six primary sources of outside dollars coming into Montana due to the civil legal services of MLSA. Each one is described below, along with the method used to calculate the indirect impact on Montana's economy.

USDA: Supplemental Nutritional Assistance Program (SNAP). Every dollar's worth of SNAP benefits leads to approximately 17 to 47 cents of additional food item spending by families receiving SNAP benefits when compared to families living in poverty who do not receive SNAP.⁵⁴ The average monthly benefit is approximately \$290 per household, which families spend at local grocery stores, farmers' markets, and convenience stores.⁵⁵ The USDA estimates that each \$5 SNAP benefit creates \$9 in total community spending.⁵⁶ SNAP food benefits also lead to other benefits for local communities: higher worker productivity, fewer employee sick days, and generation of 3,000 farm jobs.⁵⁷

⁵⁰ Brookings Institution analysis of Supplemental Poverty Measure Public Use Data, *Working Families Kept out of Poverty by the EITC and CTC 2009-2011* (2011) available at <http://www.taxcreditsforworkingfamilies.org/working-families-poverty-eitc-ctc-state/>.

⁵¹ *Id.*

⁵³ Laura Abel & Susan Vignola, *Economic and Other Benefits Associated with the Provision of Civil Legal Aid*, 9 Seattle J. for Soc. Justice 139 (2011) 3-4, available at http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CCCYOFjAB&url=http%3A%2F%2Fwww.law.seattleu.edu%2FDocuments%2Fsj%2F2010fall%2Fabel.pdf&ei=aSvIU_HfDYyWyAST4YCWc&usg=AFQjCNGLG3nJBdGvtTWrkMC2BEwkM4vH7A&bvm=bv.71198958.d.aWw.

⁵⁴ U.S. Department of Agriculture, Food and Nutrition Services, *The Benefits of the Supplemental Nutrition Assistance Program* (Aug. 2011) available at <http://www.fns.usda.gov/benefits-supplemental-nutrition-assistance-program-snap>.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

Moved up [1]: Domestic Violence and Family Awards. With just three full-time domestic violence attorneys, representation in civil domestic violence and family law cases by MLSA resulted in \$362,069 in child support awards, support, and property division.⁵² MLSA represented 474 clients with domestic violence and family matters, helping 758 Montanans, including 450 children. These awards provide an economic boost to local communities as custodial parents spend money on housing, food, clothing, and other necessities for their children. Child support awards can also reduce reliance on state support. An additional value to these services is the cost savings to communities based on reduced domestic violence, as detailed below.¶

Using the USDA's calculation of the impact of SNAP benefits, the \$13,356 of new SNAP benefits generated by MLSA in Montana resulted in \$24,041 of new community spending.

Council of Economic Advisors: SSI, SSDI, TANF, Federal Tax Refunds, and Out-of-State Support to MLSA. The President's Council of Economic Advisors set forth a method for calculating the ripple effects of an increase in spending as it passes through the economy.⁵⁸ This standard theory of fiscal policy suggests that in a recession, fiscal multipliers can be much larger than 1.0 because consumers spend the benefits rather than saving them.⁵⁹ The President's Council of Economic Advisors suggested a different fiscal multiplier for each component in the economy, and utilized a multiplier of 1.5 for income and support payments such as that which MLSA has helped generate in Montana.⁶⁰

Using the multiplier presented by the Council of Economic Advisors for income support payments:

- The \$21,567 of new SSI/SSDI benefits generated by MLSA in Montana resulted in \$32,351 of new community spending;
- The \$6,000 of new TANF assistance obtained for needy families by MLSA produced \$9,000 of indirect economic impact.
- The \$32,900 of new federal tax refunds generated by legal aid resulted in \$49,350 of new community spending.
- The \$2,140,676 in legal aid funding brought in from out-of-state produced \$3,211,013 of indirect economic impact in Montana.

XIII. Value of Legal Aid Services.

In 2013, MLSA attorneys and document assembly services provided a value of \$2,947,292 to Montana's most vulnerable citizens.

Value of Free Civil Legal Representation. In 2013, MLSA staff attorneys provided 11,345 hours' worth of services to legal aid clients, while pro bono volunteers contributed a total of 7,071 hours of service.⁶¹ This resulted in legal aid clients receiving a combined total of about 18,416 hours of free legal services in 2013. The Montana State Bar published a survey of

⁵⁸ Executive Office of the President, Council of Economic Advisors, *supra* note 18.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ This report calculates the value for pro bono services provided to low-income Montanans through MLSA only, although the actual amount of pro bono services provided by Montana attorneys is undoubtedly much higher. Based on attorney self-reports submitted on a voluntary basis each year to the Office of the Supreme Court Administrator, state attorneys reported 157,463 total hours of pro bono work, including that provided through MLSA.

private attorney rates in 2011, and the average private attorney rate is \$154 per hour.⁶² The National Consumer Law Center report on average prices charged by consumer law firms in Montana – \$175 per hour – supports the Montana State Bar survey average.⁶³

Applying the average Montana attorney billable rate of \$154 per hour, the dollar value of legal services performed by and through MLSA is \$2,836,064. The value of legal services provided to Montana exceeds the actual cost of delivering the services by \$300,104.⁶⁴

Value of Free Self-Help Resources and Information. In 2013, MLSA provided free self-help resources and information through MontanaLawHelp.org, reducing the cost for necessary civil legal documents. MLSA helped 4,965 self-represented litigants with brief services, legal forms, and legal information. MLSA attorneys provided one-on-one advice to 69 self-represented litigants, helping guide them to stand up for their own legal needs. There were nearly 69,000 visits to MontanaLawHelp.org in 2013. MLSA also partners with the Montana Supreme Court Help Program to offer legal kiosks across the state to help any person in Montana to find legal answers: people logged 2,675 sessions at these centers in 2013.

As part of its self-help services, MLSA provided 497 finalized interactive forms to self-represented litigants.⁶⁵ Low-income Montanans could have purchased these documents through private market outfits, the cheapest located out-of-state, that offer consumers personalized legal documents for a fee. For example, LegalZoom is an online legal resource offering civil legal documents such as a divorce for \$299.⁶⁶ Based on the fees LegalZoom charges, MLSA's free document assembly saved self-represented litigants at least \$111,228 for dissolution and parenting plan forms. The actual amount saved would be far more, because this calculation does not include 125 other free document assemblies MLSA performed in other areas, such as Orders of Protection. These payments would have likely gone to pay LegalZoom or other out-of-state fee-based document services.

⁶² Report, *Results of the 2011 Bar Member Survey*, The Montana Lawyer (June/July 2011) 5 available at http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB8QFjAA&url=http%3A%2F%2Fwww.montanabar.org%2Fresource%2Fcollection%2FEAA30F23-4767-49DA-BBE7-152CF93C8535%2FJuneJuly2011MTLawyer.pdf&ei=JhrpU-eBBs_9yOSbvoKYDg&usq=AFOjCNHpUrSmlzqw0CIAeBnXISaGOA_9Cg&bvm=bv.72676100.d.aWw&cad=rja.

⁶³ Ronald L. Burdge, *United States Consumer Law Attorney Fee Survey Report 2010-2011* (2011), <https://www.nclc.org/images/pdf/litigation/fee-survey-report-2010-2011.pdf>.

⁶⁴ Value of services in excess of cost of delivering services calculated by subtracting the total MLSA resources used for client work in 2013 from the value of legal aid services.

⁶⁵ Forms data on MontanaLawHelp.org show both access to forms and completed forms. Completely assembled forms include 372 Dissolution and Parenting Plan Forms, 65 Order of Protection Petitions and others.

⁶⁶ See www.legalzoom.com, Divorce Pricing (2014).

XIV. Cost Savings from 2013 Legal Aid Representation

Domestic Violence Advocacy. In 2013, MLSA obtained 320 protective orders for survivors of domestic violence. Civil legal services at MLSA assisted 474 domestic violence clients, helping a total of 758 Montanans including 450 children. MLSA attorneys represent survivors to obtain parenting plans, child support orders, orders of protection, and other family law court orders distributing property and ensuring family security and stability. MLSA also connects survivors with legal aid specialists in housing, consumer protection, and public benefits law. MLSA domestic violence attorneys provide training and legal resources to domestic violence shelters and community partners throughout the state, including on American Indian reservations.

Nationally, nearly one in three women and one in four men have encountered violence by an intimate partner, including rape, physical violence, and stalking.⁶⁷ Survivors of this violence experience being fearful or concerned for safety, physical injuries, severe physical injuries, and post-traumatic stress disorder symptoms.⁶⁸ In addition, survivors find themselves in need of housing, advocacy, or legal services, and can miss work or school, resulting in lost income.⁶⁹

Montana saw a 9.6% increase in partner or family member assaults reported to non-tribal law enforcement agencies in 2012 compared with 2011.⁷⁰ Of course, these statistics do not include unreported offenses. The ultimate outcomes of these offenses can be dire. In fiscal year 2012, the Montana Office of the Public Defender opened 3,061 new abuse and neglect cases in which parental rights are at issue, some of which involve one parent allegedly abusing both the other parent and the children.⁷¹ Since 2000, Montana has recorded 112 fatalities due to intimate partner homicide, including 73 primary victims and children.⁷² A landmark study concluded that the single most important factor in determining whether a woman escapes domestic abuse is her access to legal services needed to protect herself and her children.⁷³

⁶⁷ Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, *National Intimate Partner and Sexual Violence Survey, 2010 Summary Report* (Nov. 2011) 39.

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ Montana Board of Crime Control Statistical Analysis Center, *Crime in Montana: 2011-2012 Report* (June 2013) 71 available at <http://mbcc.mt.gov/Data/Publications/CIM/CIM2011-12.pdf>.

⁷¹ See Montana Public Defender Commission, *Report to the Governor, Supreme Court and Legislature* (2012) Case Counts I available at <http://publicdefender.mt.gov/2012GovReport/CaseCounts.pdf>. The Montana Office of the Public Defender is responsible, under Montana statutes, for providing representation to indigent parents and children in abuse and neglect cases. See Mont. Code Ann. §§ 47-1-104(b)(i), 41-3-425 (2011).

⁷² See Montana Domestic Violence Fatality Review Commission, *Report to the Legislature* (January 2013) 14 available at <https://doj.mt.gov/wp-content/uploads/MDVFR2013.pdf>.

⁷³ See Amy Farmer & Jill Tiefenthaler, *Explaining the Recent Decline in Domestic Violence*, Contemp. Econ. Pol'y (2003) available at

Over 2,300 domestic violence offenses were also reported to tribal agencies across Montana in 2008 and 2009.⁷⁴ A 2009 conference of Montana leaders noted Native women are often physically isolated and reluctant to report abuse, particularly because it can take hours for an officer to respond. In rural and frontier areas there may be little hope of confidentiality or accountability. Taken together, these factors dramatically reduce the chance that a woman will report her victimization.⁷⁵

With the exception of child support, many survivors of domestic violence do not receive a direct economic benefit from civil legal aid services. Even so, preventing intimate partner violence economically benefits local communities and the state. One of the many benefits of reduced violence is mitigation of high medical and mental health care expenses for victims and families. One study relied upon by multiple legal aid impact studies found that the prevention of a violent attack avoids \$3,201 in avoided medical care, mental healthcare, lost productivity, and property damage costs.⁷⁶ The Centers for Disease Control and Prevention study showed that survivors of physical assault in the past 12 months experienced an average of 3.4 separate assaults.⁷⁷ Therefore, legal aid services which obtain a protective order or a divorce may help a domestic violence survivor and family avoid dozens of violent attacks over the course of the survivor's lifetime. This report conservatively estimates that MLSA assistance prevented one assault in each protective order, divorce, or custody case – an estimate supported by the CDC study showing an average of 3.4 assaults per year.

If MLSA legal representation prevented one assault in every case where domestic violence protective orders, divorce, or custody cases were obtained in 2013, the annual savings from avoided medical costs alone is \$1,422,000.⁷⁸

[Graphic Design Note: Place Karen's story near the above section, #1 good story from below]

<http://www.nlada.org/DMS/Documents/1042657644.87/Explaining%20the%20Decline%20in%20Domestic%20Violence%20-%20CEP%20Version.pdf>

⁷⁴ Gary R. Leonardson, Native American Crime in the Northwest: 2004-2010—BIA Information from Alaska, Montana, Wyoming, Idaho, Oregon, and Washington (September 2011) Section 2—State Summaries 8 available at <http://mbcc.mt.gov/Data/SAC/Tribal/NativeCrimeInNorthwest04-10.pdf>. The report states that 2008 and 2009 are the most recent years for which this specific data is available.

⁷⁵ Sherri Downing, *The Empty Shawl: Honoring Native Women By Stopping the Violence Against Them* (Jan. 2010) 6 available at tribalnations.mt.gov/Portals/34/docs/HonoringNativeWomenReport.pdf.

⁷⁶ Liz Elwart, et al., State Bar Association of Wisconsin, *Increasing Access to Restraining Orders for Low-Income Victims of Domestic Violence: A Cost-Benefit Analysis of the Proposed Domestic Abuse Grant Program* (2006) 12-13.

⁷⁷ Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, *Costs of Intimate Partner Violence Against Women in the United States* (Mar. 2003) 14.

⁷⁸ 474 domestic violence cases in 2013 multiplied times \$3,000 in prevented medical costs.

Homelessness Prevention

Advocacy in foreclosure and eviction proceedings by legal aid attorneys saves local and state government money by preventing homelessness of people living in poverty. In 2013, MLSA prevented 56 foreclosures and evictions. People with representation are able to stay in their homes at a much greater rate than those lacking representation.⁷⁹

Foreclosure Prevention. In the first quarter of 2011, 736 foreclosures were filed in Montana.⁸⁰ Foreclosures negatively impact families, the surrounding community and local governments. When a family home is foreclosed on, the family is displaced from their home and loses equity and personal savings, reducing the families' overall stability.⁸¹ These families struggle in the long term with credit damage and inability to utilize home equity for education or business investment.⁸²

Foreclosures negatively impact surrounding communities as well: the Center for Responsible Lending states that neighbor homeowners experience a loss of \$23,150 to their home value based on their proximity to a foreclosed home.⁸³ Although most Montanans have more than one neighbor whose home value would be negatively impacted by a nearby foreclosure, this report conservatively estimates that one neighbor would have been impacted per threatened foreclosure. Based on these calculations, MLSA's prevention of 9 foreclosures in 2013 resulted in \$208,350 of saved Montana home values.⁸⁴

State and local governments also lose tax funds from decreases in home value, court costs, unpaid property taxes, unpaid utility taxes, and cost of fire and police involvement with vacant homes.⁸⁵ Community costs start at \$430 for a vacant and secured foreclosure and run up to \$34,000 for an abandoned foreclosure with a fire.⁸⁶ Using a conservative estimate of the median between \$430 for a vacant and owner-secured foreclosure and \$5,400 for a vacant

⁷⁹ Boston Bar Association Task Force of the Civil Right to Counsel, *The Importance of Representation in Eviction Cases and Homelessness Prevention* (March 2012) available at <http://www.bostonbar.org/docs/default-document-library/bba-crtc-final-3-1-12.pdf>.

⁸⁰ *Montana Foreclosure Activity Down in First Quarter* (April 30, 2011) available at <http://www.realtytrac.com/content/news-and-opinion/montana-foreclosure-activity-down-in-first-quarter-6555>

⁸¹ Devvie Gruenstein Bocian, Peter Smith, & Wei Li, Center for Responsible Lending, *Collateral Damage: The Spillover Costs of Foreclosure* (Oct. 2012) 3.

⁸² *Id.*

⁸³ Center for Responsible Lending, *2013 Update: The Spillover Costs of Foreclosures* (Aug. 2013) available at <http://www.responsiblelending.org/mortgage-lending/research-analysis/2013-spillover-costs-of-foreclosure.html>.

⁸⁴ Cost savings of foreclosure prevention to neighboring home values was calculated by multiplying the average loss per homeowner by the number of foreclosures prevented and loan modifications secured.

⁸⁵ G. Thomas Kingsley, Robin Smith, & David Price, The Urban Institute, *The Impacts of Foreclosures on Families and Communities* (May 2009) 15-19 available at <http://www.urban.org/publications/411909.html>.

⁸⁶ *Id.* at 19-20.

and unsecured foreclosure, MLSA's prevention of 9 foreclosures in 2013 saved state and local governments at least \$26,235.⁸⁷

MLSA receives special funding from the Montana Department of Justice, Office of the Attorney General, for the Keep My Montana Home Program, which was established to reduce the number of foreclosures by providing resources and assistance to homeowners facing foreclosure.⁸⁸

Eviction Prevention. Civil legal aid also helps families avoid homelessness by preventing or delaying eviction. Attorneys help clients living in poverty to mount a vigorous defense against unlawful evictions, to protect renters with disabilities, and to combat unlawful rental fees. Sometimes, an attorney can help a family stay in their home until new housing can be found. Without legal help, some clients living in poverty will become homeless, seeking temporary housing at a shelter or living on the streets. After an eviction, chronic homelessness is a larger risk because it can be harder to find new housing with a recorded eviction.

The Department of Housing and Urban Development published findings that the average costs of shelter for first-time homeless individuals and families (not chronic) fall within a range of \$1,634 to \$2,308 for individuals and between \$3,184 to \$20,301 for families – a median per individual cost of \$10,968.⁸⁹ Without reliable estimates of how many people would become homeless following an eviction, this report conservatively estimates that only 50% of MLSA's low-income clients would have become homeless if evicted. The 59 evictions prevented by MLSA in 2013 saved state and local governments \$329,040 in shelter costs.⁹⁰

XV. Client Stories

1. "Karen" took beatings over the course of her entire relationship with "Rick". His several convictions of partner family member assault did not slow his violence. After a particularly brutal attack on Karen, he was convicted of a felony and served several years

⁸⁷ Cost savings of foreclosure prevention to state and local governments was calculated by multiplying \$2,915, which is the mean of the most conservative estimates of cost savings to government from foreclosure prevention, by the number of foreclosures MLSA prevented and loan modifications secured.

⁸⁸ Montana Department of Justice, Office of the Attorney General, *Keep My Montana Home* (2014) available at <https://doj.mt.gov/consumer/for-consumers/foreclosure/>.

⁸⁹ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Costs Associated with First-Time Homelessness for Families and Individuals* (March 2010) ES7-8 available at http://www.huduser.org/publications/pdf/Costs_Homeless.pdf.

⁹⁰ Cost savings from eviction prevention was calculated by multiplying the median per person cost of homeless persons of \$10,968 by 30, which is 50% of MLSA's eviction prevention cases in 2013. MLSA's 59 Eviction prevention cases include cases where MLSA prevented eviction from private housing, prevented eviction from public or subsidized housing, secured time to move out, prevented a foreclosure, prevented loss of home, and obtained participation in subsidized housing.

in prison. When Rick was sent to a pre-release center, he began calling Karen's phone and leaving messages for her. Afraid, Karen applied for an order of protection prohibiting Rick from having contact with her or her children. The court would not enter an order of protection for Karen's children because she had no parenting plan. Afraid and frustrated, Karen needed help to quickly draft a parenting plan but she had no money to pay for an attorney.

Karen called MLSA for help. An MLSA attorney drafted a petition and proposed parenting plan, and ultimately succeeded in helping Karen obtain a parenting plan that protected her and her children from an extremely dangerous situation. Having a life free from fear will take some time. Meanwhile Karen and her children have the full support of our legal system.

2. "Joe" had a dilemma: he needed surgery but could not afford both the surgery and his house payment. Because his wife had a permanent illness, he knew he could not move, so he contacted his bank to make sure he would not lose his house if he skipped a few months of mortgage payments. After a bank representative told him it was okay to skip payments, Joe went ahead with the surgery and missed three months of mortgage payments. Later, the bank told Joe it would pursue foreclosure on his house. Joe knew the bank's treatment of him was unfair, and he wanted desperately to keep his disabled wife in their home, but no attorney would take his case because he had no funds to pay the hourly rate.

Joe heard about MLSA's foreclosure assistance program and called MLSA intake staff before the foreclosure could go through. An MLSA foreclosure attorney worked to help Joe and his wife avoid foreclosure. In addition, the MLSA lawyer negotiated a permanent mortgage modification, including that the bank would ignore the thousand-plus dollar lien it had initially demanded. Joe can hold his head up, taking pride in our fair legal system. He knows that he and his wife can continue to live in their home and work for the future.

3. "Mary" arrived in Montana as mail-order bride from China who had survived Mao Zedong's Cultural Revolution by working in the fields while later attending engineering school. Years after settling in Montana with her husband, she was in the last stages of abdominal cancer. A survivor of domestic violence by her husband, who was incarcerated for the violence he inflicted upon his family, Mary wanted to make sure she transferred her portion of her home to her daughter. She was adamant that her daughter have enough resources to attend college. Mary wanted to write a will to give her child a future away from the man who had brutalized them, but she did not have any money to pay an attorney.

The attorney who prosecuted Mary's husband sent her to MLSA. An MLSA volunteer attorney drafted and executed her will less than two weeks before she died. They transferred Mary's portion of the house to her daughter, setting the strong mother's mind at ease about her daughter's future. Our MLSA volunteer continued advising Mary's family on how to close the estate. Mary's daughter now attends college with some financial assurance thanks to her mother's humility and strength. [Note for Graphic Design: Remove this one if not enough room for all.]

4. "Ernest" received a letter early in the winter informing him that his monthly rent amount would double, effective the next month. As a 74 year old disabled Veteran living in federally subsidized low-income housing, the doubled rent would take up over 70% of Ernest's social security income, leaving him very little for his other basic necessities. Ernest knew he couldn't afford the doubled rent, and was afraid he would be evicted and homeless in the middle of Montana's harsh winter.

Ernest contacted MLSA to ask for help to keep a roof over his head. An MLSA attorney requested a reasonable accommodation for Ernest at the housing authority. With MLSA's help, Ernest now pays an affordable rent of 30% of his income. Grateful for his attorney's assistance, Ernest wrote a thank you: "The Case settled in my favor and I don't have to worry about being homeless. I am a 74 year old Veteran and I could not move if had wanted to. Your service was terrific."

5. "Taylor" is an 8 year old with a severe form of epilepsy which places her at risk for brain damage and death. Unfortunately, the best medicine to treat Taylor's symptoms is not labeled for her syndrome, so Medicaid would not pay for the expensive medication. Taylor's grandfather dipped into his retirement funds to pay for the medication, but these payments were not sustainable for the family.

Taylor's mom called up MLSA, and our attorney contacted experts all over the country to find evidence to support use of the medication for Taylor's syndrome. Taylor's treating physicians confirmed that Taylor's seizures were greatly reduced in number and severity since she began taking the off-label medication. Using the information compiled, Taylor's MLSA attorney was able to convince Medicaid that the denial of coverage should be reversed. Taylor's family can now afford her treatment and she has better future ahead of her. Taylor and her mom brought their attorney a batch of homemade chocolate chip cookies in gratitude -- he says they were the best cookies he had ever tasted.

XVI. Quotes

General Quote: MLSA civil legal aid increases safety, stability and self sufficiency, reducing societal costs.

Governor Steve Bullock: “Civil legal aid is valuable to all Montanans because it helps strengthen the legal foundation of our society, ensuring equal justice for all. Through direct benefits to clients and indirect benefits to the Montana economy, civil legal aid saves the State money by reducing the need for social services.”

Attorney General Tim Fox: “Montana Legal Services Association makes sure that low-income people are not denied justice simply because they don't have the money to access our judicial system.”

Montana Supreme Court Chief Justice Mike McGrath: “Our economy is bottomed on the rule of law – the opportunity for everyone, rich or poor, to have their disputes resolved by an independent, impartial arbiter. The rule of law “presumes the equality of all.” For many years Montana Legal Services has represented those in our society unable to afford an attorney. It is this opportunity to access the courts that makes our system thrive. The people accept a system of dispute resolution as long as it is fair and impartial. If equal access to the system is denied to large portions of our citizens, the society will begin to crumble.”

Kelsen Young, Executive Director Montana Coalition Against Domestic and Sexual Violence: “MLSA helps survivors of domestic violence face the complexities of the legal system so they can start new lives free from violence.”

John McCrea, Aging Services Bureau, Montana Public Health and Human Services: “Montana Legal Services Association is an invaluable partner, as it supports the independence of older Montanans by fighting to protect seniors both legally and financially.”

Client Quotes:

Jon Jay Mont, Fort Belknap Indian Community: “MLSA started working up here on the Fort Belknap Reservation this past summer. Before that there was nobody here to help with anything legal. We only have a couple of advocates available to practice in the Tribal Court and they charge fees that most of us can't afford. I was stuck in a horrible situation and luckily MLSA showed up and represented me when I had no one else to turn to.”

Anonymous: “I would of [sic] eventually lost my trailer and what life I have left if not for MLSA.”

Anonymous: “Precise information and follow up excellent. Your advice helped me get my water back on only after I sent your letter stating issues.”

Anonymous: “I was not aware prior to speaking with attorney Mike that being disabled and unemployed gave me certain rights – like fearing that my social security would be seized for my debts. Was greatly reassured when leaving Montana Legal Services Office.”

XVII. Charts

MLSA Cases Handled by Major Problem Area (graph rather than pie, see Alaska Report) – data ready for designer-

Chart of MLSA current revenue –data ready for designer-

Map of Services in Montana (10 year, with locations and kiosks too) – data ready for designer-

XVIII. Conclusion: Civil Legal Aid is a Sound Investment

This report shows that civil legal services provided by the Montana Legal Services Association improves societal and economic conditions for thousands of Montanans living in poverty across the state, while also reducing costs to the state and local budgets. The economic benefit of MLSA’s legal aid has provided a \$10 return on investment for every \$1 of in-state money spent.⁹¹ MLSA’s total \$3,061,531 budget produces \$9,645,345 in total economic impact to the people and communities of Montana.

More importantly, civil legal aid at MLSA helps stabilize families, stop unfair evictions, save people’s homes from foreclosure, and secure benefits for vulnerable populations such as veterans and people with disabilities. These efforts help support the rule of law, where everyone can obtain justice, which creates a more safe society for everyone.

With more resources, MLSA could reach more low-income people who have critical legal needs. For every \$100,000 invested in MLSA’s civil legal aid, MLSA can reach 103 more Montana households and generate \$1,061,000 additional dollars of economic benefits.⁹² Additional support will compound the positive social and economic impact of civil legal aid on the residents and communities of Montana.

⁹¹ Ratio of economic benefit to in-state funding calculated using MLSA’s in-state funding and the total economic impact of MLSA’s civil legal aid, see footnote 15 *supra*.

⁹² Additional economic impact per investment is calculated using the return on investment calculation (\$10.61 generated per in-state investment) set forth in footnote 14. Additional clients reached per investment calculated by dividing the total resources used for client work in 2013, excluding resources not used for client work, by the total number of clients in 2013 to calculate the average cost per case.

XIX. Title Page Contents

A. About the Montana Supreme Court's Access to Justice Commission

Commission Members:

Matthew Dale

Representative Chuck Hunter

Senator Nels Swandal

Justice Beth Baker

Honorable Kurt Krueger

Honorable David M. Ortley

Honorable Michele L. Snowberger

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Jon Bennion

Aimee Grmoljez

Melanie Reynolds

Andy Huff

The Montana Access to Justice Commission was established in May 2012 by order of the Montana Supreme Court and is chaired by Justice Beth Baker. The Commission is charged with assessing, planning, coordinating, and making recommendations concerning the provision of access to justice for all Montanans.

B. About Montana Legal Services Association:

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For more information, including contact information for all of Montana Legal Services Association's offices, go to www.mtlsa.org.

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About the Authors: This report was prepared by Montana Legal Services Association with consultation from Professor Scott Rickard, Director of the Center for Applied Economic Research at MSU-Billings. The Center for Applied Economic Research at MSU-Billings generously donated Professor Scott Rickard's consultation at no cost.

This report is available at www.mt.gov/supreme/boards/a2j.

Logos: MLSA, Montana Justice Foundation, Legal Services Corporation