

csaco COMMUNITY SERVICES ANALYSIS LLC



DNA-People's Legal Services
Dine' Beina' Nahiilna Ba Agha'diit'ahii
"Attorneys who work for the Revitalization of the People"



ARIZONA LEGAL AID SERVICES

SOCIAL RETURN ON INVESTMENT ANALYSIS

**STATE OF ARIZONA LEGAL AID SERVICES
SOCIAL RETURN ON INVESTMENT ANALYSIS**

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WHAT IS SOCIAL RETURN ON INVESTMENT?

In normal financial analysis, Return on Investment is the ratio of money gained or lost relative to the money invested. In social service organizations, Social Return on Investment is an attempt to measure the financial values created by the organization through delivery of services to the community.

Social Return on Investment (SROI) is an approach to measuring and understanding the future financial impact of an organization. While SROI is built on the logic of cost/benefit analysis, it is different in that it is designed to measure the comparable accountability and value of organizations whose results cannot always be easily measured in money.

In the same way that a business plan contains much more information than just the financial projections, SROI provides information about actual and planned changes, and the qualitative, quantitative, and financial information on which to base decisions about social service organizations.

There are two types of SROI analysis:

- Evaluative analysis – which is based on actual outputs and outcomes that have already taken place or are currently in process;
- Forecast analysis - which predicts how much financial social value will be created if the activities meet their intended outcomes.

An SROI analysis can take many different forms. It can encompass the social value generated by an entire organization, or focus on just one specific aspect or the organization's work.

SROI analysis has been a conceptual development since the 1960's. Many trial processes have been undertaken and many academic articles written about the process since then. The SROI process became fully developed during the last decade, primarily based on a detailed multi-year study conducted by the SROI Network, The New Economics Foundation, New Philanthropy Capital, the National Council on Voluntary Organization, and the Government of Scotland. Community Services Analysis LLC is the first organization in the United States to be a member of the SROI Network.

There are two separate phases of SROI:

Phase 1 is the measurement of the value delivered to the community by the services currently being delivered by the organization (the **“Outputs”**). The most accurate and understandable measurement basis for these outputs is the Fair Market Value of the services being delivered- what it would cost the community to acquire the same services that a social service provider delivers if that provider did not exist, plus the value of benefits received during the immediate period under study. This result is a measurement of the comparative efficiency of the provider organization in delivering the services.

Phase 2 is the measurement of the consequential long-term value of the results of these output services delivered – known as the **“Outcomes”**. These measurements may take years to realize. As a specific example, it is proven that people with disabilities who receive training on independent living skills and how to integrate with the community require significantly less financial support from the community over the course of their life.

For another example, people who are assisted in finding and retaining employment require less future financial support from their communities, plus their future demands on the law enforcement and legal systems are less, their future needs for community-based medical assistance are less, and their future tax payments to the community are greater.

An SROI analysis can fulfill a range of purposes. It can be used as a tool for strategic planning, as a basis for funding and investment decisions, for communicating impact and financial results to stakeholders, and as a methodology for comparative evaluation of organizational long-term effectivity.

While SROI results are not the only basis for funding and investment decisions in these areas, the SROI results do provide the most accurate and understandable answer to two of the important questions asked by decision makers:

- “What are the long term financial benefits from these services?”, and
- “What “Bang for the Buck” are we going to get from our money?”.

**THE STATE OF ARIZONA'S LEGAL AID SERVICES
(Community Legal Services, DNA People's Legal Services, and Southern
Arizona Legal Aid)**

SOCIAL RETURN ON INVESTMENT SUMMARY

Arizona's Legal Aid Services operates 19 offices throughout the state providing free civil legal services to qualified low-income people who would not otherwise have equal access to the justice system.

In 2011, Legal Aid operations provided services in 7 major areas of legal assistance, with 70 different categories of services and over 200 different types of legal assistance. During the year 2011, assistance in 18,037 legal matters were completed.

The Social Return on Investment analysis completed for Arizona's Legal Aid services is a measurement of the values delivered during a specific period of time – in this report for the calendar year 2011. These values are based on the quantities of clients and the mix of types of legal matters handled during this period. The Social Return on Investment value may vary in future periods based on the number of matters, the mix of types of issues, and the outcomes of these matters.

The Social Return on Investment value result for Arizona's legal Aid services are significantly higher than values for other types of social services organizations based on two primary factors:

Many types of legal services delivered can result in significant future cost savings or additional income to the community. These types of long-term values include (among many others):

- Multiple year income from Social Security and/or Disability benefits that were previously denied;
- Long-term savings on children's community medical and other support costs resulting from child support payments that were previously not achieved;
- Significant savings on community costs for emergency housing and family assistance resulting from enforcement of landlord/tenant rights issues;

- Significant increase in community property values resulting from prevention of housing evictions or foreclosures;
- Long-term financial gain to the community resulting from continued employment of lower-income workers due to enforcement of employee rights;
- plus cost savings and community benefits resulting from each of the 63 types of other legal aid services available to qualifying low-income community members.

Another significant reason for the high value of Legal Aid Services' Return on Investment is the quantity of volunteer ("Pro-Bono") hours of legal services delivered by attorneys in the community. The Volunteer Lawyers Programs, which are primarily sponsored by local Bar Associations, would not be available if not for the Legal Aid services organization. These organizations provide the necessary framework and structure for client screening and qualification, administrative services, legal matter documentation and records, and required continuity and follow-up services.

Arizona's Legal Aid organizations provide services to many segments of the population that otherwise would have no access to legal service and no protection from predatory and unscrupulous people or organizations. As an example, migrant farm workers comprise one of the most integral workforces in the United States. Without their labor, the agricultural industry could not produce all the commodities demanded by consumers. They are also among the most abused and mistreated workers in the country.

Farm workers in Arizona deal with a wide range of work-related issues, including non-payment and underpayment of wages, work-related injuries, occupational hazards (i.e. pesticides and heatstroke), sexual harassment, and discrimination.

Language and transportation problems also create additional barriers to farm workers who need to obtain legal services.

Arizona's Legal Aid organizations provide legal assistance to those whose legal issues are associated with the particular needs of Arizona's migrant farm workers.

DNA People's Services and Southern Arizona Legal Aid also provide the largest volume of legal services to the Native American population in the United States.

Native Americans comprise one of the most economically disadvantaged populations in the United States. Well over 40% of Native Americans in Arizona live in poverty, and 50% are unemployed.

These citizens have the same basic needs for legal services that help people secure and maintain their rights for safe housing, protection from violence, employment, health care, and public benefits. Arizona's Legal Aid organizations provide services and representation in both U.S. and Tribal courts to accommodate the legal requirements for tribal sovereignty, and offers community education programs to provide greater understanding of the law.

Language, cultural traditions, and transportation issues also create additional barriers to Native Americans who need to obtain legal services.

For 2011, the Social Value benefits delivered by Arizona's Legal Aid organizations to the state for each of the major areas of legal assistance are:

Loss of Home/Unsafe Housing:

Matters involving loss of home due to foreclosure, eviction from subsidized or private housing, landlord/tenant problems, sub-standard housing conditions, lockouts and utility shut-offs.

During 2011, Legal Aid services closed 3,522 legal matters resulting in \$3,167,559 in immediate direct financial community benefits and \$13,350,240 in long-term consequential financial benefits.

Domestic Relations:

Matters involving domestic violence, child abuse or child snatching, and matters involving elderly clients who face loss of housing or income. Limited services are available for other domestic matters involving divorce, paternity and custody.

During 2011, Legal Aid services closed 7,483 legal matters resulting in \$11,456,127 in immediate direct financial community benefits and \$18,105,612 in long-term consequential financial benefits.

Public Benefits:

Matters involving welfare programs such as Food Stamps, AHCCCS Medical

Assistance, TANF Cash Assistance, Unemployment and Social Security disability benefits. Public benefits issues include denials, reductions, and overpayment of benefits.

During 2011, Legal Aid services closed 2,883 legal matters resulting in \$3,789,487 in immediate direct financial community benefits and \$22,883,469 in long-term consequential financial benefits.

Employment Issues

Matters involving employment discrimination, wage claims and Fair Labor Standards issue, Earned Income Tax Credit, tax, issues, employment rights, and other employment issues.

During 2011, Legal Aid services closed 689 legal matters resulting in \$5,968,379 in immediate direct financial community benefits and \$325,506 in long-term consequential financial benefits.

Consumer Protection:

Matters involving deceptive and predatory lending practices, debt collection, auto repossessions, fraud, deficiencies, garnishments and bankruptcy.

During 2011, Legal Aid services closed 2,889 legal matters resulting in \$7,137,750 in immediate direct financial community benefits and \$748,635 in long-term consequential financial benefits.

Education:

Matters involving school expulsions, suspensions, bilingual and special education.

During 2011, Legal Aid services closed 25 legal matters resulting in \$6,900 in immediate direct financial community benefits and \$2,604 in long-term consequential financial benefits.

The total direct and consequential social values of services delivered during 2011 were \$44,213,233. Of this total, approximately \$1,583,255 in community benefits were unrealized due to factors such as parents not making required child support payments; bankruptcy of fraudulent mortgage providers; non-payment of wage claims; and nonpayment of housing claims and repairs.

Tribal Court:

Representation in Tribal Court: Matters involving domestic relations, juvenile dependency, delinquency, criminal, housing, public benefits, consumer matters, and education.

During 2011, Legal Aid services closed 268 legal matters resulting in \$414,000 in immediate direct financial community benefits. *Note: Many of the benefit valuations were based on the Legal Aid Service established practice of classifying services benefitting the Native American population under the appropriate type of service delivered. The services in this category refer only to those legal matters that went to Tribal Court resolution.*

The total direct and consequential social values of Legal Aid services delivered during 2011 was \$94,696,228. Of this total, approximately \$10,368,000 in community benefits were unrealized due to factors such as parents not making required child support payments; bankruptcy of fraudulent mortgage providers; non-payment of wage claims; and nonpayment of housing claims and repairs.

The net value to the community resulting from Arizona's Legal Aid services during 2011 totaled \$84,328,327. The funding investment made by the federal, state, local, and other community organizations totaled \$ 13,191,509.

The total Social Return on Funding Investment for Arizona's Legal Aid services during 2011 was 639%.

\$6.39 of actual financial value was delivered to the State of Arizona for every \$1 invested in Legal Aid services.

In addition, there are other types of services delivered that do not track the quantity of output services or the resulting outcomes. These additional non-quantifiable services include such activities as the Family Law Assistance Project (which provides staffing in local family law courts for immediate client assistance for client unfamiliar with the legal process) and the Ombudsman Project (providing advice and assistance to citizens who feel they have been treated unfairly by the legal system). Arizona's Legal Aid organizations also provide other non-quantifiable services such as legal clinics, education presentations, tax preparation assistance, and other general community services.

If these additional services could be measured and the resulting values quantified, the overall Social Return on Investment for Legal Aid services would increase.

Arizona Legal Aid Services Stakeholders (Consolidated)

AZ Community/Gannett/APS

AZ Courts

AZ Dept of Health Services

AZ Dept of Public Safety VOCA (Fed)

AZ Dept. of Housing National Foreclosure

AZ Supreme Court

City of Chandler

City of Glendale CDBG

City of Glendale Fair Housing

City of Mesa - A Better Community

City of Phoenix Fair Housing

City of Scottsdale CDBG

City of Scottsdale General Fund

City of Tempe

City of Tucson

City of Yuma

City of Yuma Fair Housing

Community Foundation of Southern Arizona

County of Yuma Fair Housing

Cy Pres Award

Fed - DES Title III-- AoA

DOJ - Americorps

DOJ-BJA Grant (Native American)

Equal Justice Works

Gila River Indian Tribe

Governors' Office STOP Grant

HUD Housing Grant

Internal Revenue Service

Kellogg Foundation

LIRS

Maricopa County Bar Foundation

Maricopa County Health Services

Mexican Consulate

National foreclosure mitigation counseling program

Native American Rights Fund (DOJ/BJA) subgrant

Navajo County Board of Supervisors

Pima County Community Development and

Pima County Superior Court

Prevention of Elderly abuse

Sears (consumer funding)

Arizona Legal Aid Services Stakeholders (Consolidated)
AZ Community/Gannett/APS
Single Stop USA inc
Skadden Fellowship
Spaulding Foundation
The Hopi Tribe
TITLE XX - Health & Human Services
Union Pacific foundation
University of Arizona
US Dept of Education - PAIR
White Mountain Apache Tribe
Arizona Department of Economic Security
Arizona Equal Justice Foundation
Arizona Bar Foundation
Arizona Community Foundation
Arizona Department of Economic Security
Arizona Department of Housing Project
Arizona Department of Justice
Arizona Department of Public Safety
Arizona Equal Justice Foundation
Arizona Equal Justice Foundation
Arizona Office of Community Partnership
City of Chandler
City of Flagstaff
City of Glendale
City of Mesa
City of Peoria
City of Scottsdale
City of Tempe
City of Tucson
City of Yuma
Consumer Protection and Education Fund
Domestic Violence Legal Assistance Project
Equal Justice Works Americorps Legal Fellowship Program
Gila River Indian Community
Gila River Indian Community
Individual lawyers & law firms
Individuals
Internal Revenue Service

Arizona Legal Aid Services Stakeholders (Consolidated)

AZ Community/Gannett/APS

Internal Revenue Service Low Income Taxpayer Clinic

Jicarilla Apache Nation

Legal Service Corporation

Maricopa County

Maricopa County Human Services

Mexican Consulate

Mexican Consulate

National Foreclosure Mitigation Counseling

Native American Rights Fund

Navajo County

Navajo Nation

Neighborhood Conservation Dept.-CDBG & Gen.

Pima Council on Aging

Pima County

Pima County Superior Court

Salvation Army

San Tan Justice Court

Southeastern Arizona Government Organization

State Bar of Arizona

State of Arizona

Sturges Family Youth

The Forest Highlands Foundation

The Hopi Tribe

United Way of Mesa

United Way of Northern Arizona

United Way of River Cities

United Way of Yuma

United Way River Cities: Bullhead City, Lake Havasu City, and Parker

Valley of the Sun United Way

W.K. Kellogg Foundation

West Tennessee Legal Services / US Dept. of Housing and Urban Development

White Mountain Apache Tribe

Arizona Legal Aid Services Intended Changes

The community of stakeholders has a common mission and common intended changes: to provide direct legal aid services to meet the fundamental civil legal needs of qualifying residents of Arizona.

The intended changes include:

- The safety and protection of children and women who are victimized by domestic violence;
- Preservation of shelter for those wrongfully evicted from their homes or facing foreclosure;
- Access to food stamps for people who are hungry and unable to obtain services from the Department of Economic Security;
- Access to long-term health care for those denied services;
- A means to survive for disabled persons who are unable to obtain benefits from the Social Security Administration;
 - Protection of children with educational issues;
 - Protection of people facing employment discrimination;
 - Access to assistance for family issues including divorce, separation, adoption, paternity, support, guardianship, custody, and visitation;
 - Protection from predatory lending practices;
 - Protection from housing discrimination and landlord/tenant abuses.
 - Protection from health care and insurance abuses.

The Social Return on Investment to Arizona from the services provided by Arizona’s Legal Aid Services.

Overview

The State of Arizona and many other governmental funding sources nationwide are reviewing their “Performance Measurement” processes, including metrics such as Return on Investment, Output Measures, and Efficiency Measures, in an effort to improve efficiency and the delivered value of their multiple different types of community service funding requirements and options. This report provides a basis for delivering these measurement results to the funding sources, stakeholders, and members of the community.

This analysis follows the basic structure, definitions, and procedures encompassed in the SROI Network’s internationally defined methodology. Additional input was taken from the New Economics Foundation study “*Measuring Real Value: a DIY Guide to Social Return on Investment*”, the Nonprofit Good Practice Guide, and various financial analysis tools and methods used in the private sector.

Scope of the Project

The process of developing this analysis included the identification of measurable benefits provided to the community by Arizona’s Legal Aid providers as a result of their operations.

Many of the transaction statistics for these areas have historically been tracked by the staff and management of the Legal Aid organization, but several areas were not. The personnel at Community Legal Services, DNA– People’s Legal Services, Southern Arizona Legal Aid, and the Arizona Foundation for Legal Services and Education are to be commended for researching these areas and providing realistic transaction numbers on a priority basis.

The definitions of value to community are based on a variety of published sources where available, surveys of local cost when appropriate, surveys of State residents, and realistic formula calculations.

Conclusion

Based on a review of the Legal Aid organization's transaction records, internal reports, financial statements, reports submitted to various state and federal stakeholders, and the detailed analysis of values delivered to the community of the individual services provided by Community Legal Services, DNA-People's Legal Services, and Southern Arizona Legal Aid, this analysis presents fairly the Social Return on Funding Investment for Legal Aid services in the State of Arizona for the year ended December 31, 2011.

January 28, 2013A handwritten signature in dark ink, appearing to read "John Byrnes". The signature is fluid and cursive, with the first name "John" and last name "Byrnes" clearly distinguishable.

John Byrnes
Principal
Community Service Analysis, LLC

