**EVALUATION OF ECONOMIC LOSS DUE TO**

**PERSONAL INJURY TO**

***M. ----***

Prepared for:

National Crime Victims Bar Association

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 Prepared by:

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**I. Background Information**

M. ---- is an xx year-old woman who resides in xx where she graduated from high school in 20dd. She currently attends college in xx. On January dd, 20dd, M. ---- was sexually assaulted at work by her supervisor. Among other injuries related to the attack, M. ---- suffers from PTSD, anxiety, and Major Depressive Disorder stemming from the assault. These injuries constitute a non-severe disability and will lead to economic losses to M. ---- over the course of her lifetime.

Individuals suffering from non-severe disabilities can expect to experience reduced earnings over their work life because such disabled individuals are typically last-hired and first-fired in the workplace. They receive lower pay raises, are promoted more slowly, and have longer periods out of the workforce between jobs. As a result, Federal data from the Census Bureau documents earnings at about 88 percent of the earnings of non-disabled workers. In addition, the clinical illnesses suffered by M. ---- will require treatment for some period of time into the future. In this report I present an analysis of the economic losses that M. ---- has suffered since the time of her attack and that she can be expect to suffer into the future. My report reduces these losses to present value based upon reasonable economic probabilities.

**I Basis of Economic Evaluation**

The following documents were reviewed in this case while preparing an evaluation of M. ----‘s probable economic losses:

* The Amended Complaint in this matter;
* An Evaluation prepared by Dr. XX, Licensed Clinical Psychologist, dated May dd, 20dd; and
* A Treatment Summary and Assessment prepared by Dr. YY, Licensed Professional Counselor, dated March dd, 20dd.

In addition to the above specific information relating to this case, I also relied on general economic data including current and historical relationships between interest rates, inflation, and wage growth in order to establish a net discount rate. This data is available from the Federal Reserve of St. Louis at FRED: <https://research.stlouisfed.org/fred2/>

Census Bureau data on the life-time earnings pattern for women with at least a Bachelors Degree is found at <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-people.html> and reproduced at the end of this report. Finally, I relied on Americans with Disabilities: 2000, a report of the Census Bureau, for income loss impacts.

**I Evaluation of Economic Loss**

Probable economic losses of earnings are reported for future time periods alone beginning with the date of the expected post-baccalaureate entry into the labor force for M. ---- in 2023. The loss period continues throughout M. ----’s expected work life.

In this report, future economic contributions are set forth in today's dollars, and the stream of future contributions is discounted to net present value. The discounting process involves a simultaneous consideration of inflation of wages and prices over time, as well as the probable interest returns on a lump-sum current period valuation. The appropriate "net" discount rate of 0.9 percent is based on current, continuous maturity interest rates on Treasury Inflation Protected Securities (TIPS) as recorded on FRED, the economic data site of the Federal Reserve Bank of St. Louis.

Based on the information reviewed in this matter, the following assumptions have been made in order to reach my opinions as to M. ----’s probable future economic contributions:

* Because of her psychological assessment of PTSD, anxiety, and Major Depressive Disorder, M. ---- qualifies as a person with a non-severe disability, that is, one who will face difficulty is performing certain activities, specifically those of the work place.
* Based on the findings of Dr. XX, it is my opinion that M. ---- will face delayed entry into the job market of about one year. This will leave her with no earnings in 2023 while she attempts to finish her degree and copes with job entry. I assume that but for her injuries she would have earned a bachelors degree and entered the workforce in 2023.
* Census data relating to persons with non-severe disabilities show a 12 percent earnings gap with respect to those with no disability.
* I assume that these conditions that define M. ---- as a person with a non-severe disability will persist over her work life, assumed to extend through age 66.
* Because of the earnings gap that she will experience as a person with non-severe disabilities, M. ---- will also suffer a loss of benefits including lower contributions to retirement accounts and the absence of insurance during more extended periods between jobs. I assume a 10 percent benefits cost.

**Future Losses of Earnings and Benefits**

In order to calculate future earnings losses, I have constructed a life-time expect earnings trajectory for M. ---- which is shown at the end of this report. The “Expected Income” column shows 2017 average annual earnings for a woman with at least a bachelors degree based on the Census data for 30 million women in this category who worked in that year. Data is presented in 10-year intervals, e.g. 25-34, 35-44, etc., so there is no variation within those spans. The “Reduced Earnings” column applies the 12 percent reduction expected for individuals with Non-Severe Disabilities, and “Loss” shows the difference.

Losses are reduced to present value as explained above. The net present value of M. ----’s future lost earnings stemming from her injuries amounts to $294,705. Adding 10 percent for benefits losses, M. ----’s total loss from her injuries amounts to $324,176. Future loss amounts have been reduced to present value by the use of a net discount rate of 0.9 percent.

**Future Losses for Treatment**

M. ---- will also require treatment for PTSD and Major Depressive Disorder. Dr. XX opines that M. ---- will require three types of treatment into the future, evidence-based PTSD treatment, critical-period psychotherapy, and psychiatrist consultations for medication treatment. In his opinion, future costs for these treatments amount to $20,000 to $40,000 for the PTSD treatment, $100,000 to $200,000 for critical period psychotherapy and $30,000 to $60,000 for psychiatrist consultations. This amounts to a total future cost for treatment of $150,000 to $300,000. In addition, Dr. XX notes future medications costs of $550 per month for 12 years, or $79,200. Travel costs to treatment will range from $414 to $759 per year over the next ten years at a minimum.

**IV. Summary**

Based on this analysis and reasonable economic probabilities, an aggregate fund of **$$$$,$$$** will serve as a substitute for probable economic damages over the remainder of M. ----’s expected work-life when drawn upon each year.

In calculating the value of future economic losses, probable growth in wages and price inflation has been incorporated so that the compensation in future years does not fall below the real economic loss suffered. The probable interest returns on funds available today are also considered, in that this interest can be used to help finance future payments. Thus, the calculations represented here are designed so that at the end of the probable future loss period, the fund balance has been drawn down to zero.

Table P-28. Educational Attainment—Workers 18 Years Old and Over by Mean Earnings, Age and Sex

  [Educational Attainment—Workers 18 Years Old and Over by Mean Earnings, Age and Sex](https://www2.census.gov/programs-surveys/cps/tables/time-series/historical-income-people/p28.xls)   [<1.0 MB]

|  |
| --- |
| **Bachelor's Degree or More** |
| **2017** |
| **Educational attainment and year** | **Male** | **Female** |
| **Numberwithearnings(thous.)** | **Mean earnings** | **Numberwithearnings(thous.)** | **Mean earnings** |
| **Currentdollars** | **2017dollars** | **Currentdollars** | **2017dollars** |
| .Total | 30,530 | 95,133 | 95,133 | 30,902 | 62,787 | 62,787 |
| 18 to 24 years | 1,170 | 40,545 | 40,545 | 1,625 | 31,607 | 31,607 |
| 25 to 34 years | 7,383 | 74,713 | 74,713 | 8,125 | 53,766 | 53,766 |
| 35 to 44 years | 7,176 | 100,368 | 100,368 | 7,408 | 70,522 | 70,522 |
| 45 to 54 years | 6,473 | 112,020 | 112,020 | 6,701 | 70,911 | 70,911 |
| 55 to 64 years | 5,338 | 112,049 | 112,049 | 5,048 | 70,343 | 70,343 |
| 65 years and over | 2,990 | 87,592 | 87,592 | 1,995 | 49,793 | 49,793 |