Cities Addressing Fines and Fees Equitably (CAFFE)

With support from JPMorgan Chase and Co., the National League of Cities (NLC) Institute for Youth, Education, and Families launched an initiative that will provide grant funding and technical assistance to help cities assess the negative impacts of municipal fines and fees on residents’ financial health; and implement equitable collections strategies that help reduce debt.

Whether triggered by courts, unpaid bills for city services, or other administrative actions, municipal fines and fees can impose a crushing burden on low-income residents. Aggressive debt collection practices can further exacerbate this financial strain. Unpaid fines and fees can quickly snowball, leading to escalated fines, driver’s license suspensions or even jail time – making it nearly impossible to repay by impeding residents’ ability to maintain employment. These challenges often have a disproportionate impact on residents of color.

Cities frequently miss key opportunities to financially empower residents in their approaches to fines and fees. Residents who are unable to pay fines and fees often struggle with other debt and financial burdens and may not be aware of services available in their communities that could help them manage their finances and improve their economic circumstances.

Even as cities rely on fines and fees as revenue sources, the costs of collections practices and incarceration for nonpayment can be very high. A 2015 report by the White House Council of Economic Advisors found that state and local governments have increased their use and size of fines and fees over the last decade and that using this method to raise revenue has been largely inefficient. In many cases, the costs of collection may exceed revenues from fines and fees due to the high direct costs of collecting debt and the low rate of collection.

Some cities have made significant progress in implementing programs that assist families in generating income and building
financial security. However, the impact of such programs is limited when efforts to improve financial stability are disconnected from municipal debt collection practices. Connecting residents with outstanding fines and fees to financial empowerment services can help them pay back their debts and create a “win-win” scenario for cities and their residents.

**NLC’s Opportunity for Cities**

NLC’s CAFFE ([nlc.org/CAFFE](http://nlc.org/CAFFE)) initiative will explore innovative financial empowerment approaches to helping residents who are in debt to cities as a result of municipal fines and fees. The project will focus on a six-city cohort, which will receive grants and technical assistance to assess their use of local fines and fees and develop collections strategies that incorporate financial empowerment interventions. NLC will also draw upon lessons from its LIFT-UP program ([www.nlc.org/lift-up](http://www.nlc.org/lift-up)) which successfully assisted cities in reducing residents’ water utility debt through financial empowerment strategies.

Cities participating in the project will receive support from NLC to:

- Assess their fines and fees structures within at least one municipal collections entity;
- Learn new ways to reduce inequities in how fines and fees are imposed and where possible, remedy unfair statutes and collections practices; and
- Make program or policy changes that lead to a new collections model for the city, connecting residents in debt with services that improve their financial health.

NLC will provide intensive technical assistance and peer learning opportunities to the six cities in the project cohort. NLC will partner with the City of San Francisco’s Financial Justice Project ([https://sftreasurer.org/financialjustice](https://sftreasurer.org/financialjustice)) to share strategies and lessons learned from the city’s efforts to assess and structurally reform how fines and fees were impacting low-income residents. Cities will be selected in early 2019 and the project will run through June 2020.

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The National League of Cities (NLC) is dedicated to helping city leaders build better communities. The Institute for Youth, Educations, and Families (YEF Institute), a special entity within NLC, helps municipal leaders take action on behalf of the children, youth and families in their communities.