

BRIEF SERIES 5 OF 7

# Equitable Approaches to Municipal Fines and Fees

Debt assessed by local governments (court fees, traffic violations, administrative fees, and fees for services) can unintentionally undermine the financial stability of families. When levied on residents for offenses such as parking tickets and moving violations, fines and fees can have wide-ranging harmful consequences when systems to assess and collect the debt are discriminatory or do not consider an individual's ability to pay.

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Unexpected setbacks, such as a leaking water pipe, can significantly raise a water utility bill and create a cascading sequence of unintended consequences for residents who cannot pay on time or at all. When municipal fines and fees are unpaid, it can result in numerous court appearances leading to loss of employment, tarnished credit, suspension or loss of a driver's license and even jail.

All cities rely on fines and fees to some extent for revenue - some more than others to meet tight budgets. However, cities' reliance on fines

and fees has greater consequences for Black and Latino households. A 2017 U.S. Commission on Civil Rights report reviewed census data from 20,000 cities and found a positive correlation between cities' Black and Latino populations and their reliance on fines and fees.<sup>1</sup>

Additionally, residents who are Black, Indigenous, and People of Color (BIPOC) are more likely to be targeted by the criminal justice system and have hefty court fines and fees imposed upon them that they cannot pay.<sup>2</sup>

# Cities Taking Action

Some city leaders understand the negative consequences of their fines and fees structures and are partnering with community organizations and criminal justice reform advocates to reduce harmful fine and fee practices. At the same time, cities are expanding access to financial empowerment services to enable residents to address their financial challenges and plan for their futures. By closely examining how they assess and collect fines and fees, cities can identify racial disparities and enact policy and procedural reforms that can reduce generational debt for low-income BIPOC families. They can also create accountability measures to ensure that racial equity and economic mobility outcomes are achieved.



## Mitigating the Harmful Impacts of Fines and Fees

Local officials can conduct assessments to examine the impacts that fines and fees across various city departments have on residents. If the consequences are causing significant harm or impeding economic mobility, city officials may decide to suspend or eliminate the debt owed. This approach was especially critical during the COVID-19 pandemic when residents struggled to pay bills due to lost wages.

**The City of Durham, N.C., through its Durham Expunction & Restoration Program (DEAR) program, resolves residents' old traffic charges that are causing long-term driver's license suspensions. The program runs through a partnership between the city and local non-profit organizations. Since its inception in 2019, the program has assisted 35,600 residents in successfully dismissing 51,116 traffic charges causing long-term driver license suspensions.<sup>3</sup>**

**In response to the COVID-19 pandemic, the City of St. Paul, Minn., suspended debt collection actions in 2020 to aid St. Paul residents struggling to pay outstanding fines and fees. Mayor Melvin Carter issued an executive order to provide financial relief to businesses and residents by reducing business license fees, waiving vehicle towing charges, and delaying street assessments.<sup>4</sup>**



## **Incorporating Financial Empowerment Services Into Collection Strategies**

Municipalities have a unique – and often missed – opportunity to reach struggling residents by examining payment patterns of those in debt from city fines and fees and considering equitable collection strategies that financially empower families rather than impose harsh penalties for nonpayment. The National League of Cities has helped numerous cities implement such approaches to reduce debt and support financial health. Utilizing water utility debt as an onramp for residents to access financial empowerment services allows cities to expand and integrate financial coaching into city departments resulting in a decline in overall municipal debt for both cities and their residents.<sup>5</sup>

**The City of Aurora, Colo., in partnership with the Denver Office of Financial Empowerment & Protection, provides one-on-one financial coaching to residents in debt to the city. The resident, financial coach, and the city agency agree on a debt repayment plan through the counseling session.**

**The City of St. Petersburg, Fla., is one of several cities that partnered with NLC on a pilot project to reduce resident debt due to unpaid water and sewer bills. Local elected officials and city staff identified financially insecure families and provided them with access to public benefits and financial counseling to support restructured payment options for city approval.**



*St. Petersburg, Florida*



## Engaging State and County Government

Residents are often impacted by fines and fees imposed by state and county governments that cities do not have jurisdiction to change. However, cities can work closely with county and state officials to implement sustainable fine and fee policy reform. City leaders can advocate to change unfair or harmful state and county fines and fees policies. States also can offer guidance and remove barriers for localities to implement city-level fines and fees reforms that eliminate racial inequities and improve the financial well-being of residents in debt. In Washington, state representatives are collaborating with cities to reform unfair policies to eliminate or reduce state driver's license reinstatement fees.<sup>6</sup> State courts are considering legal financial obligation rules that enforce the ability to pay guidelines.<sup>7</sup> Cities are beginning to apply this model to other forms of municipal debt while also providing discounts or waiving fines and fees entirely.

**The City of Lansing, Mich., determined that a state-imposed 45-dollar license restoration fee created significant financial stress for residents, including the potential loss of a driver's license. In response, the city partnered with the District 54-A court and the Lansing Office of Financial Empowerment to identify and offer residents who cannot pay court-related debt access to financial empowerment services and opportunities to restructure outstanding arrears.<sup>8</sup>**

**After eliminating many local criminal justice fees in 2018, the City of San Francisco successfully advocated for the California Families Over Fees Act in partnership with a statewide coalition of advocates and organizations. The act repealed 23 state-controlled criminal administrative fees, freeing many vulnerable San Francisco (and California) residents from debt they were unable to pay.<sup>9</sup>**



## Data Considerations

Municipalities seeking an equitable approach to imposing and collecting government fines and fees should conduct a cross-agency data assessment to better understand their fines and fees ecosystem and ensure accountability. Both qualitative and quantitative data examined across all city agencies that collect payments from residents can help city leaders identify inequities in their policies and practices. Fines and fees data should be aggregated by race, gender, and age, if possible, to better understand which populations or communities within the city are most impacted. An assessment of city fines and fees structures should measure:

- ◆ City revenue generated by the fine or fee.
- ◆ The total amount collected by the city.
- ◆ How much of the fine/fee debt is outstanding.
- ◆ Demographic characteristics of residents making payments.
- ◆ Demographic characteristics of those with outstanding debt.

Assessment findings should be vetted with local community-based organizations that serve residents impacted by fines and fees to test their validity, back up findings with qualitative data, and gather input on policy reforms.

Regularly reviewing data and analytics and sharing findings with residents and across multiple departments can help cities measure the success of fines and fees reform and inform continuous improvement.

# Action Steps

As city leaders identify new approaches to equitably address the negative impacts of fines and fees on residents, a few key actions steps can be considered:

- 1 Conduct** an in-depth assessment of all city agencies and departments imposing and collecting fines or fees to identify inequities and impacts on residents' financial security.
- 2 Identify** and engage residents and community groups working on fines and fees reform to create partnerships and obtain buy-in from the community.
- 3 Identify** and partner with local financial empowerment service providers to connect residents in debt to holistic supports that address the debt and any other financial challenges.
- 4 Eliminate** outstanding debt that is unlikely to be repaid to the city and, if feasible, enforce ability to pay policies that right-size payments for low-income residents.

Municipalities have many options to reform fines and fees policies to ensure they are equitable and do not inhibit residents' economic security. Reforms such as elimination of certain fines or fees, ability to pay rules, incorporating financial empowerment services into collections strategies, or allowing alternative methods of payment, such as partial or online payments, have the potential to both improve economic mobility for residents and allow cities to recoup lost revenue from unpaid fines and fees.

# Key Resources

National League of Cities' [Cities Addressing Fines and Fees](#) Initiative

National League of Cities' [Local Interventions for Financial Empowerment through Utility Payments](#) Initiative

[Why Cities Should Find Equitable Ways to Impose and Collect Fines and Fees](#),  
National League of Cities

Fines & Fees Justice Center's [Cities & Counties for Fine and Fee Justice network](#)

Center for Justice & Safety Finance's [Fine & Fee](#) Initiative

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Learn more about taking action to expand economic mobility for your residents and visit <https://www.nlc.org/initiative/equitable-economic-mobility-initiative/>

## Endnotes

- <sup>1</sup> U.S Commission on Civil Rights. (2017). Targeted Fines and Fees Against Communities Of Color Civil Rights & Constitutional Implications. Retrieved from [https://www.usccr.gov/pubs/2017/Statutory\\_Enforcement\\_Report2017.pdf](https://www.usccr.gov/pubs/2017/Statutory_Enforcement_Report2017.pdf)
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- <sup>3</sup> City of Durham. (n.d.). Durham Expunction & Restoration Program. DEAR. Retrieved from <https://www.deardurham.org/>
- <sup>4</sup> Nelson, E. (2020, April 28). St. Paul cuts fines and fees in response to COVID-19. Star Tribune. Retrieved from <https://www.startribune.com/st-paul-cuts-fines-and-fees-in-response-to-covid-19/570011572/>
- <sup>5</sup> National League of Cities. (2016). LIFT-UP Innovative City Strategy Reduces Utility Debt and Financial Insecurity for Residents. Retrieved from [https://www.nlc.org/wp-content/uploads/2020/12/YEF\\_LIFTUPBrief-FINAL.pdf](https://www.nlc.org/wp-content/uploads/2020/12/YEF_LIFTUPBrief-FINAL.pdf)
- <sup>6</sup> Baruchman, M. (2021, June 7). Washington state to Halt driver's license suspension for Unpaid tickets, failure to appear in court. The Seattle Times. Retrieved from <https://www.seattletimes.com/seattle-news/transportation/washington-state-to-halt-drivers-license-suspension-for-unpaid-tickets-failure-to-appear-in-court/>
- <sup>7</sup> Fines and Fees Justice Center. (2018, June 3). LFO (Legal Financial Obligations) Calculator (state of Washington). Retrieved from <https://finesandfeesjusticecenter.org/articles/washington-lfo-calculator-legal-financial-obligations-fines-fees/>
- <sup>8</sup> City of Lansing. (n.d.). Office of Financial Empowerment. Retrieved from <https://www.lansingmi.gov/165/Office-of-Financial-Empowerment>
- <sup>9</sup> City and County of San Francisco The Financial Justice Project. (n.d.). Financial Justice Project Accomplishments. Retrieved from <https://sfgov.org/financialjustice/financial-justice-project-accomplishments>