



## THE FINANCIAL JUSTICE PROJECT S A N F R A N C I S C O

### OVERVIEW OF THE FINANCIAL JUSTICE PROJECT

#### Background

A growing number of government programs levy fines and fees from their residents to discourage behaviors or recoup costs. There is often an insidious, unintended impact of this practice - fines and fees can push people into a financial hole they cannot climb out of. Poor people and people of color are usually hit the hardest. These financial penalties can make government a driver of inequality, not the equalizer that it should be.

In 2016, San Francisco launched [The Financial Justice Project](#). The Financial Justice Project is the nation's first effort embedded in government to assess and reform fines, fees, and financial penalties that disproportionately impact struggling residents. Housed in the Office of the Treasurer, the Financial Justice Project has two main goals: First, to listen to community members to identify fine and fee pain points. Second, to identify and implement doable solutions for government and the courts.

The Financial Justice Project formed after a broad coalition of community groups sounded the alarm about how fines and fees inordinately harm the people they serve: low-income citizens, communities of color, people struggling with homelessness, and people exiting the criminal justice system. [Millions of Californians](#) had their driver's licenses suspended because they could not pay traffic fines and fees. Losing a license [made it difficult to get a job](#), as employers increasingly required a license as a precondition to employment. People struggling with homelessness were given \$200 tickets for sleeping on a sidewalk, which grew to \$500 when left unpaid. People exiting the criminal justice system were often handed a bill for thousands of dollars in administrative fees. People struggled to pay parking tickets and to get their car back when it was towed. Left unpaid, these fines and fees could have dramatic impacts: fines snowballed with late fees, driver's licenses were suspended, jobs were lost, and lives ruined.

San Francisco officials concluded that charging people fines and fees that exceed people's ability to pay them was a "lose-lose" for people and for government. As a city, we can find a way to balance the books in ways that are not on the backs of the poor. And that these reforms can work better for government, too. There are some fees that cost more to collect than they actually bring in. The Financial Justice Project began working with community groups and government partners to search for better ways to hold people accountable and recoup costs without putting people in financial distress.

#### Results to Date

San Francisco formed a [Fines and Fees Task Force](#) with community members, ten government departments and the courts. The Financial Justice Project coordinated the Task Force, which examined best practices and heard expert and community testimony. After six months, the Task Force recommended 40 reforms across six policy areas, that are described in this [report](#). The Financial Justice Project also worked with the Mayor's Budget Office to conduct an audit of San Francisco's fines and fees through the city's budget process.

The Project developed a range of solutions, depending on the goals of the fine or fee and the people it most impacted. Sometimes the solution is to base a fine on ability to pay—so the consequence is proportional to the offense and the person ([national research](#) has shown that when fines and fees are based on ability to pay, both collection rates and revenue can increase). Other times, if a fee's goal was to recoup costs, but it was assessed

on low-income people who could not pay, elimination was the best option. The Project also recommended different pathways to accountability that did not require a money payment. Through the work of the Financial Justice Project, San Francisco has successfully implemented numerous reforms (a full list is [here](#)), including:

- **Elimination of administrative fees charged to people exiting jail and the criminal justice system.** In July 2018, San Francisco became the first county in the nation to eliminate all locally-controlled fees assessed from people the criminal justice system. These fees, like \$50 a month probation fees or \$35 dollar a day ankle monitor fees, can pile thousands of dollars of debt onto people who cannot afford to pay, create barriers to people's successful re-entry, and are a counterproductive, anemic source of government revenue. The collection rate on the largest fee, the monthly probation fee, was just nine percent. San Francisco unanimously passed [an ordinance](#) abolishing these fees and worked with the San Francisco Superior Court to cancel \$32.7 million in debt from 21,000 people. For more information, see The Financial Justice Project's Report, [Criminal Justice Administrative Fees: High Pain for People, Low Gain for Government](#).
- **San Francisco cut fees to allow low-income people to pay off parking tickets and other citations.** Previously, the San Francisco Municipal Transit Agency (SFMTA) charged \$60-\$150 to enroll in a payment plan or community service. These fees often made these options inaccessible for many lower-income people. Last year, the San Francisco Financial Justice Project partnered with the SMFTA to eliminate fees and create new payment plan tailored to the needs of lower income residents. During the first three months of offering these discounts, the number of people participating in payment plans increased by 400%. SFMTA's revenue went up as well. [Click here](#) to read more about these reforms.
- **Lowering the cost of tow and boot fees for low-income people.** Boot and tow fees averaged more than \$500 in San Francisco. For many low-income people, this meant once a car was booted or towed, they could not afford to retrieve it. Ten percent of people whose cars were towed never retrieved them. The SFMTA Board voted unanimously to deeply discount tow and boot fees for San Franciscans who earned below 200 percent of the Federal Poverty Line. Read about the details of the reforms in our [announcement](#) and in the [San Francisco Chronicle](#).
- **Creation of an income verification database to make it easier and simpler for departments and the courts to discount fines and fees for people with lower incomes.** The new income verification database allows interested city departments to look up whether an individual has already been certified as low-income by one or more of the city's safety net programs, so the individual does not need to submit additional proof of low-income status to qualify for the interested department's fee reduction or discount. The goal is to alleviate the administrative burden for government departments and the courts to offer discounts, since they do not have to collect paperwork to verify incomes.

#### Media Coverage of the Financial Justice Project:

- San Francisco Chronicle: [San Francisco has become a predatory government](#)
- Washington Monthly: [Cash Strapped Local Governments Target The Poor](#)
- LA Times: [Charging ex-offenders 'administrative fees' means big pain for the poor and little gain for counties](#)
- National Public Radio: [San Francisco Program Aims To Make Fines More Fair For The Poor](#)

For more information, visit the [Financial Justice Project Website](#): [sftreasurer.org/financialjustice](http://sftreasurer.org/financialjustice)