OFFICE OF THE TREASURER AND TAX COLLECTOR
CITY AND COUNTY OF SAN FRANCISCO

OVERVIEW

A growing number of government programs levy fines and fees on their residents, partly to generate revenue to balance public budgets. There is often an insidious unintended impact of this practice---to push people into poverty. These fines and fees can knock people down so hard they can’t get back up. Poor people and people of color are usually hit the hardest. These financial penalties can make government a driver of inequality, not an equalizer.

The San Francisco Office of the Treasurer and Tax Collector is the first in the nation to launch a Financial Justice Project to assess and reform how fines and fees impact our city’s most vulnerable residents. The Financial Justice Project examines questions such as: What policy objectives are these financial penalties advancing? Are they serving San Francisco residents, the community and the city at large? Are there better ways to achieve our goals?

We are just beginning to understand the universe of government financial penalties and how they can sap the financial livelihood of low-income San Franciscans. We staff a citywide taskforce on fines and fees and work collaboratively with city departments, the San Francisco community, and experts across California and the nation. We hope to listen closely to San Franciscans who have been impacted by financial penalties, and have their experiences inform solutions.

THE PROBLEM

We started thinking hard about fines and fees in March of 2015. The United States Department of Justice released the Ferguson Report, an investigation into the city’s police department, after Michael Brown, an unarmed black 18-year-old, was shot and killed. The report revealed that Ferguson officials aggressively raised revenue through fining residents. In 2013, the municipal court in Ferguson — a city of 21,135 people — issued 32,975 arrest warrants for nonviolent offenses. Residents were fined $531 for high grass and weeds in a yard, $792 for failure to comply with an officer, and $375 for lacking proof of insurance. If residents could not pay, they were assessed late fees, which quickly escalated. Fines of a few hundred dollars could snowball to a few thousands. Residents who couldn’t pay up were sometimes jailed. One woman spent more than 30 days in jail over an unpaid traffic ticket she’d gotten 15 years earlier, when she was a teenager. Fines were the city’s second largest source of revenue in 2013.

Ferguson is not an outlier. Steep fines and other financial penalties seem to be spreading when Americans can least afford them. About one in three Americans live in or near poverty. A recent survey found that 63 percent of Americans have no emergency savings and could not come up with $500 if they had to. When people
cannot pay financial penalties because of their empty pocketbooks, their financial hole gets deeper or they are sometimes jailed. They lose drivers licenses and jobs. Their credit, and sometimes their lives, are ruined.

Many government programs throughout California assess fees and revenue from the people least able to pay. For example, four million Californians have had their driver’s licenses suspended because they cannot pay court fines and fees. This makes it difficult to get a job, as employers increasingly require a license as a precondition to employment. Thousands of Californians are sitting in jails are there not because they have been found guilty of a crime, but because they cannot pay bail, which averages $50,000 in our state. The list goes on. People on probation can be charged a daily rate for their ankle monitors. In many California counties, parents are billed for every night their child spends locked up at juvenile hall. People are fined for sleeping on park benches. And in San Francisco, if your car gets towed, it costs over $400 to get it back. We are just beginning to understand the universe fines and fees that pose an inequitable burden for low income people, and what imperatives from the City, State and/or courts fuel their spread.

**POTENTIAL SOLUTIONS**

The Treasurer’s Office was the first in the nation to create an Office of Financial Empowerment that aims to build up San Franciscans’ financial reserves. We have started many programs, including *Bank on San Francisco* and *Kindergarten to College* that help people enter the financial mainstream and build their savings. These programs are lauded as national models and have helped tens of thousands of families. However, much of this work could be undone by fines and fees that undermine the financial security of our most vulnerable families.

To pursue our commitment to financial justice we will do the following:

1. **Build our understanding of the problem and potential solutions.** We will examine financial fines, fees, and penalties and how they impact vulnerable residents in San Francisco. We will assess how different state, court system, and city imperatives fuel their spread. We will work collaboratively with city staff, the Fines and Fees Task Force, community members, and national experts. We will look across the nation and world for potential solutions, as well as craft homegrown solutions.

2. **Advance reforms that work for San Franciscans, the City, and our community.** We will examine the goals we aim to achieve through certain financial penalties, and explore if there are better ways to pursue them. We will advance equitable reforms that advance key policy goals, consider the needs of vulnerable residents, and are consistent with San Francisco community values.

3. **Tell the real life stories of how people suffer from financial injustice.** City and state policy makers, as well as the general public, need to understand the human toll of these financial penalties. People’s experiences should be front and center in the discussion and serve as the foundation upon which to craft solutions. We hope to develop new ways to involve people who live these problems in the policy making process.

4. **Share our financial justice agenda for San Francisco with other cities.** We hope to share what we learn with other cities and interested parties. We hope to build a learning community of cities dedicated to pursuing their own financial justice agendas. We have worked with the US Conference of Mayors, National League of Cities, and Cities for Financial Empowerment to create similar learning communities. We will do the same with Financial Justice.

By the end of our first year, we hope to have a clear financial justice agenda that has buy in and momentum amongst key stakeholders. We hope to have enacted meaningful reforms and be actively pursuing others.