

The background of the page features a grayscale image of a US dollar bill and a pair of glasses. The dollar bill is partially visible, showing the words 'ONE HUNDRED DOLLARS' and 'FEDERAL RESERVE NOTE'. The glasses are positioned over the bill, with the lenses and frame clearly visible. The overall aesthetic is professional and serious.

# ENFORCING INEQUALITY:

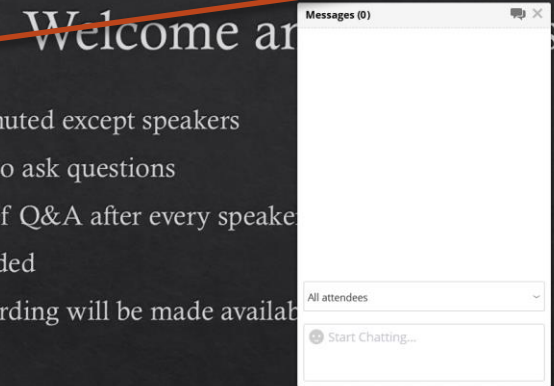
BALANCING BUDGETS ON THE BACKS OF THE POOR

CALIFORNIA REINVESTMENT COALITION  
MARYLAND CONSUMER RIGHTS COALITION  
REINVESTMENT PARTNERS  
WOODSTOCK INSTITUTE

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# Welcome and Logistics

- ◆ Everyone will be muted except speakers
- ◆ Use the chat box to ask questions
- ◆ We will read some questions after every speaker and again at the end
- ◆ This is being recorded
- ◆ Slides and the recording will be made available after the webcast



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# Presenters

- ◆ Robyn Dorsey, Policy Research and Reinvestment Manager, Maryland Coalition of Consumer Rights
- ◆ Quisha Mallette, Community Advocate, Reinvestment Partners (North Carolina)
- ◆ Lauren Nolan, Research Director, Woodstock Institute
- ◆ Paulina Gonzalez-Brito, Executive Director, California Reinvestment Coalition



# NO EXIT:

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How Maryland's Debt Collection  
Practices Deepen Poverty & Widen the  
Racial Wealth Gap



Debt Collection  
practices in Maryland  
deepen poverty &  
widen the racial wealth  
gap.

MCRC examined the impact of. . .

- Debtor's Prisons
  - Garnishments
  - Civic Debt
    - Consumer Protections
    - Enforcement Tactics
-

# Debtor's Prisons in Maryland

## Money Judgment

Consumers lose the majority of debt collection cases, resulting in a money judgment they must pay. Once a judgment has been rendered, debt collectors can garnish wages, bank accounts, or property.

## Show Cause Hearing

To obtain the info needed for garnishment, a debt collector may request a show cause hearing. The consumer will be summoned to answer the debt collector's questions about their assets. Summons may be sent by mail or delivered to anyone residing at the same address.

## Contempt Hearing

If the consumer doesn't answer the debt collector's questions either in person or in written responses, the judge can order the person to a contempt hearing.

## Body Attachment

If the consumer fails to appear at the contempt hearing, the debt collector may request the judge issue a body attachment, which is an order for arrest.

## Arrest

Some Marylanders have had a sheriff show up at their door, others have been arrested following a routine traffic stop. The consumer may be required to pay bail to be released, or may linger in jail for 1-3 days until they can see a court commissioner.

# 1,720

Body Attachments were requested in Maryland between 2015 and 2017.

# Recommendations

- **Debtors' Prisons**

- **Programs:**

- Provide trainings on body attachments to Judges and Hearing Examiners (who preside over oral examinations in some jurisdictions) to ensure that the relevant rules and legislation are followed.

- **Policy:**

- Eliminate the use of body attachments for consumer debts below \$5,000.
- Establish that no one can be arrested when court is not in session and eliminate bail requirements for consumer debt cases.
- Require higher service standards in both both oral exam and show cause orders. Service must be personally delivered to the person to be served -- not left with a co-resident or served through certified mail.

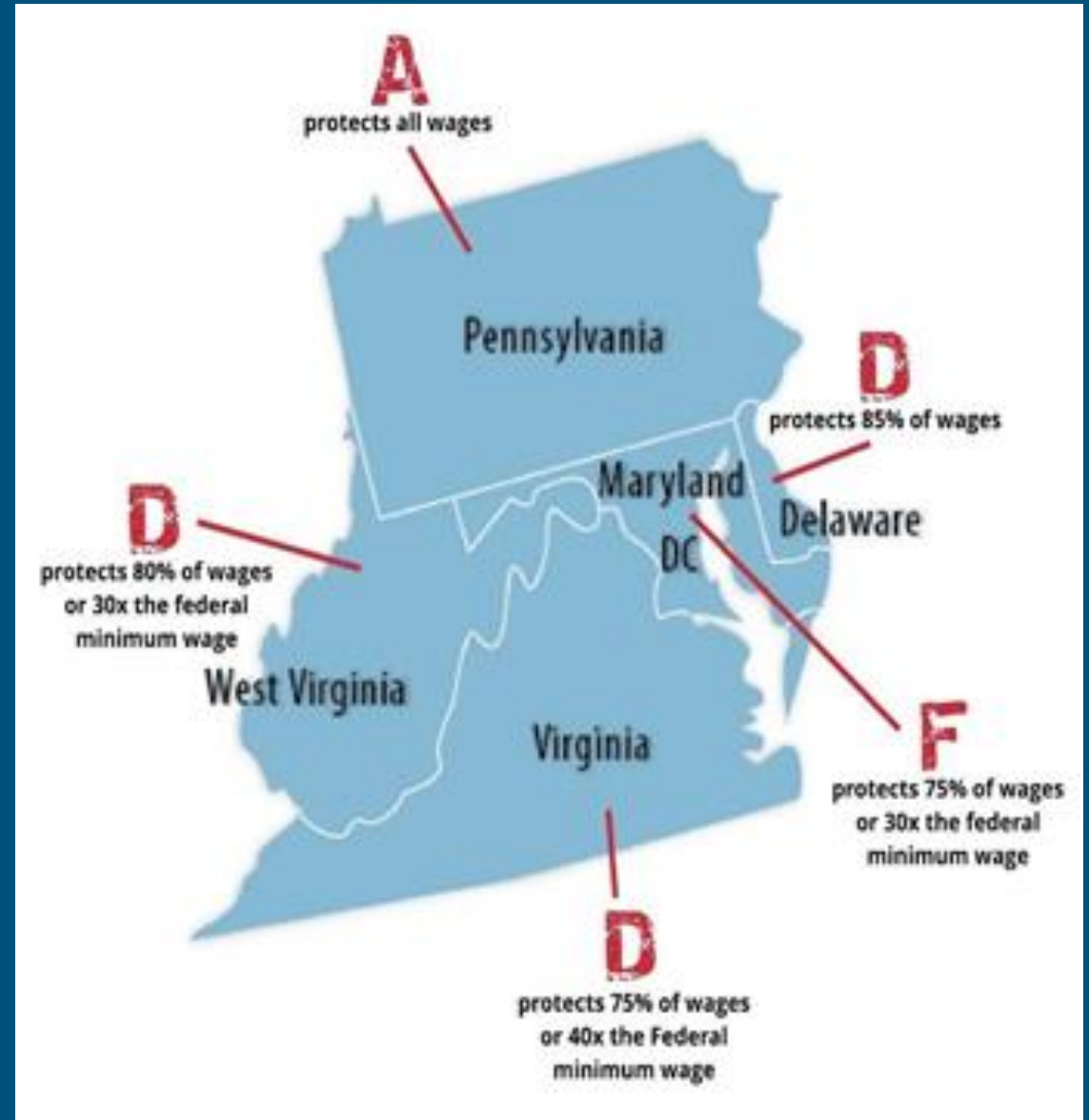
- **Research:**

- Investigate body attachments and arrests per county to assess trends as well as disparate impact.



# Garnishments

- After an individual answers questions about assets, the debt collector can garnish wages, seize bank accounts as well as property.
- There is a correlation between the racial demographics of a county and the number of debt collection suits filed there.
- In 2016, 76,611 Marylanders faced garnishment -- 48,868 wage garnishments and 27,744 property seizures.
- The amount of wages protected is set by statute. Maryland only protects 75% of wages of 30x the federal minimum wage.



# Recommendations

- **Policy:**

- Require post-judgment discovery to include a list of all types of exempt income and assets. The discovery form should explain how to claim exemptions.
- Require judgment creditors to pursue all out-of-court post-judgment discovery options before requesting a post-judgment hearing.
- Raise debt exemptions for wage garnishment to a level that keeps a family of four out of poverty; in Maryland, that would be at least 60 times the Maryland minimum wage or 75% of wages, whichever is higher.
- Establish a right to legal counsel for consumer cases – including debt collection and landlord tenant cases.

- **Research:**

- Research debt collection cases across the state by county, and consider disparate impact.

# Civic Debt

/'sivik det/

noun

*Civic or state-owed debt is any indebtedness to a government entity that an individual may incur, including civil penalties, tuition and fees at State schools, public assistance and food stamp overpayment, fine for lapsed auto-insurance, and court-ordered criminal restitution.*

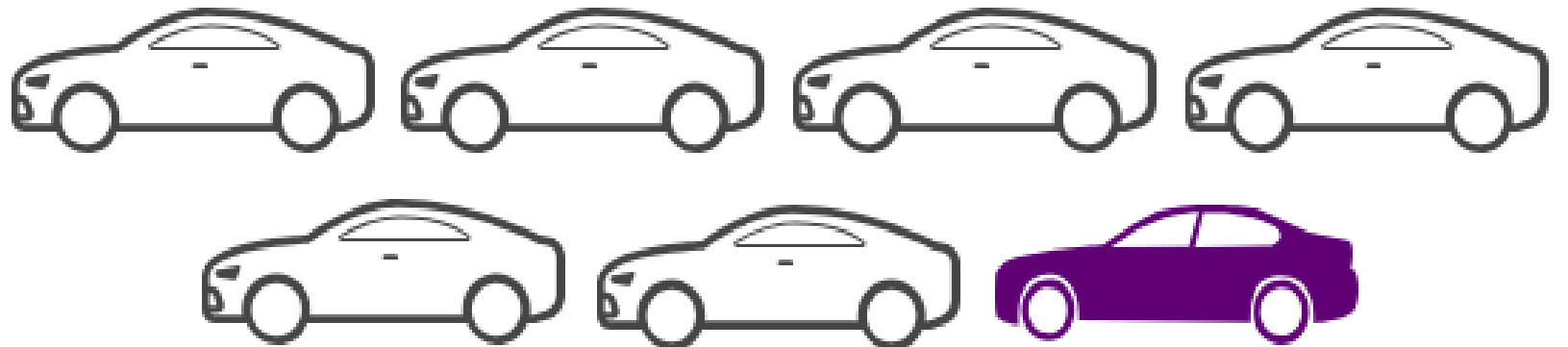
# “Consumer Protections” in civic debt collection:

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- Not subject to the federal Fair Debt Collections Practices Act
- Unparalleled access to consumer data through government databases
- Use of confessed judgments
- Use of vehicle registration and driver license non-renewal and suspensions as leverage.
- No statute of limitations for non-judgment debt.
- No statute of limitations for judgment debt
- Interception of tax refunds

# Civic Debt Collection: Enforcement

Flagging vehicle registrations for non-renewal or immediate suspension is one of the central tactics used by the State of Maryland to collect civic debt. Administrative flags can be placed on a vehicle's registration for non-payment of civic debt like parking tickets and video tolls, or when the vehicle owner has an account referred to CCU. When a vehicle has an administrative flag on it, its registration cannot be renewed, and the title may not be sold or transferred.



One in every seven cars in Maryland has an invalid registration as a result of an administrative flag.

# Recommendations

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- **Programs:**
  - Establish an amnesty program for MVA administrative flags similar to California's traffic ticket amnesty program;
  - Establish wrap-around support services when a consumer is referred to CCU. For example, when an individual goes to MVA to pay their debt in order to remove an administrative flag, they should be provided with financial counseling and benefits check-ups at that time by a state or nonprofit agency;
  - Establish day-fine option for low-income debtors to repay civic debt.

# Recommendations

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- **Policy:**

- Establish a waiver of the 17% fee when a consumer requests a payment plan;
- Place checks on Maryland's debt collection powers through legislation, regulation, and/or an order from Maryland's Attorney General. Limits should include:
  - A statute of limitations on civic debt;
  - Ending use of confessed clauses in CCU payment agreements;
  - Ending of immediate-suspension administrative flags on vehicle registration;
  - Ending financial incentives program for state-employed debt collection employees; and,
  - Establishing an Ability-to-Repay (ATR) standard for civic debt following the model developed by the San Francisco Fines and Fees Task Force.

# Recommendations

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- **Education:**
  - “Know Your Rights” education for consumers who are being sued for civic debt.
- **Research:**
  - Review toll-serviced bond agreements to reveal the terms the State of Maryland has committed to on behalf of its drivers;
  - Investigate the scope and impact of Maryland’s TRIP program.



# THE DEBT SPIRAL:

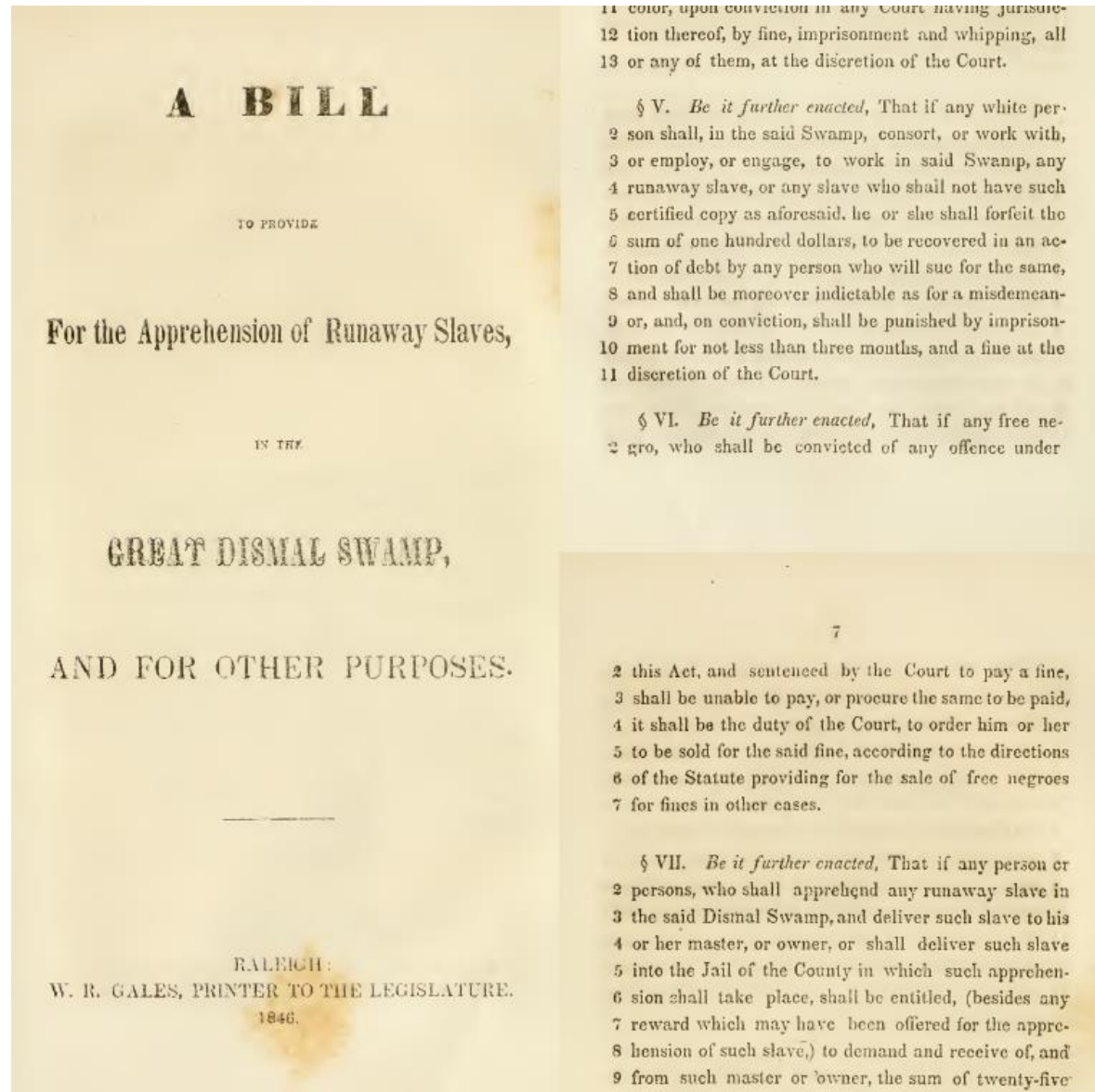
ENFORCEMENT OF CRIMINAL JUSTICE DEBT IN  
NORTH CAROLINA

REINVESTMENT PARTNERS



**Reinvestment**  
**PARTNERS**  
PEOPLE • PLACES • POLICY

# History of Criminal Justice Debt— North Carolina & Beyond



## At a Glance: Criminal Justice Debt in North Carolina

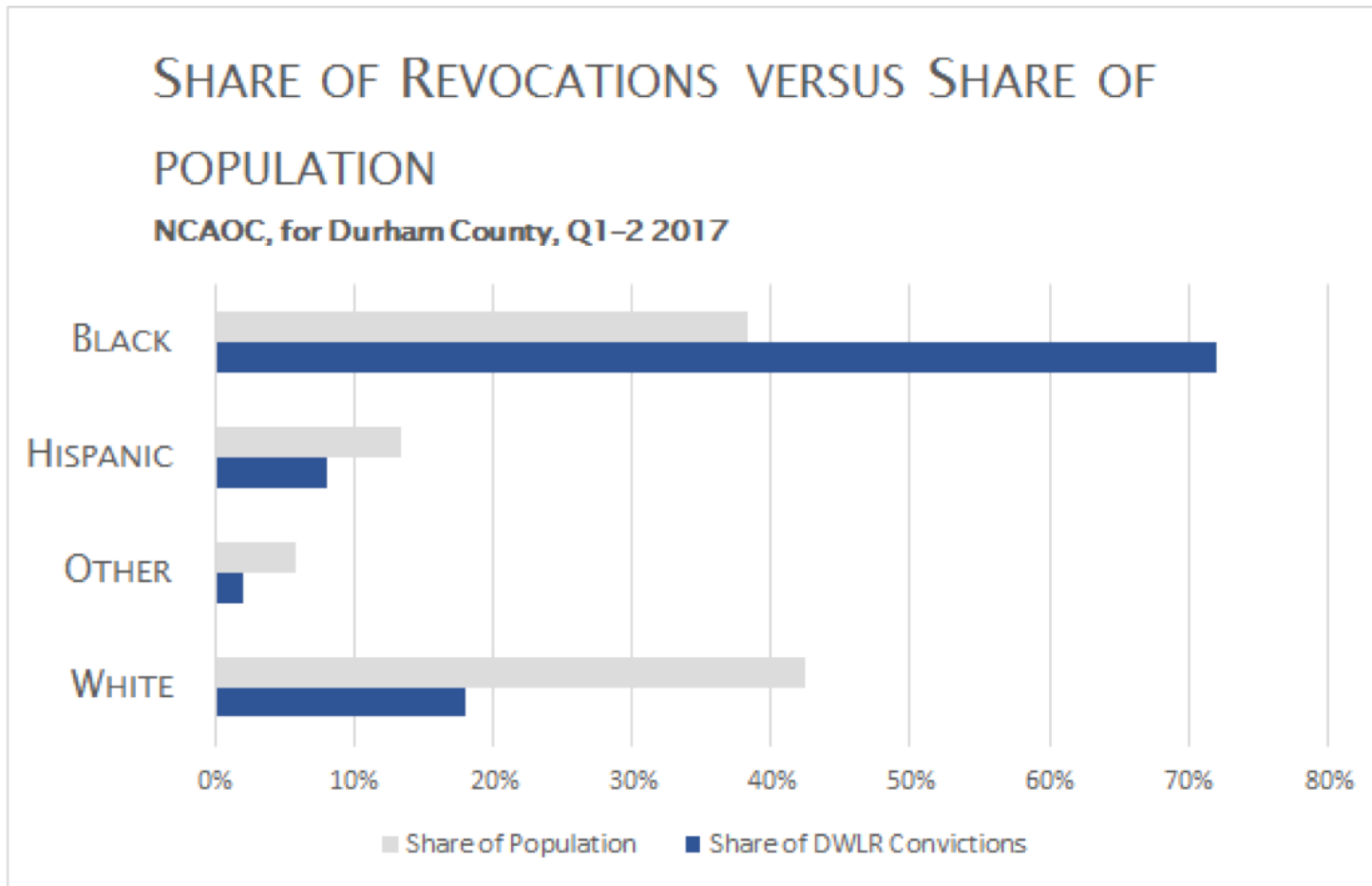
- 15 % of state residents living in poverty
- 1 in 5 North Carolinians has a criminal record
- When it comes to criminal justice debt, the punishment **≠** crime



# Cycle of Criminalization



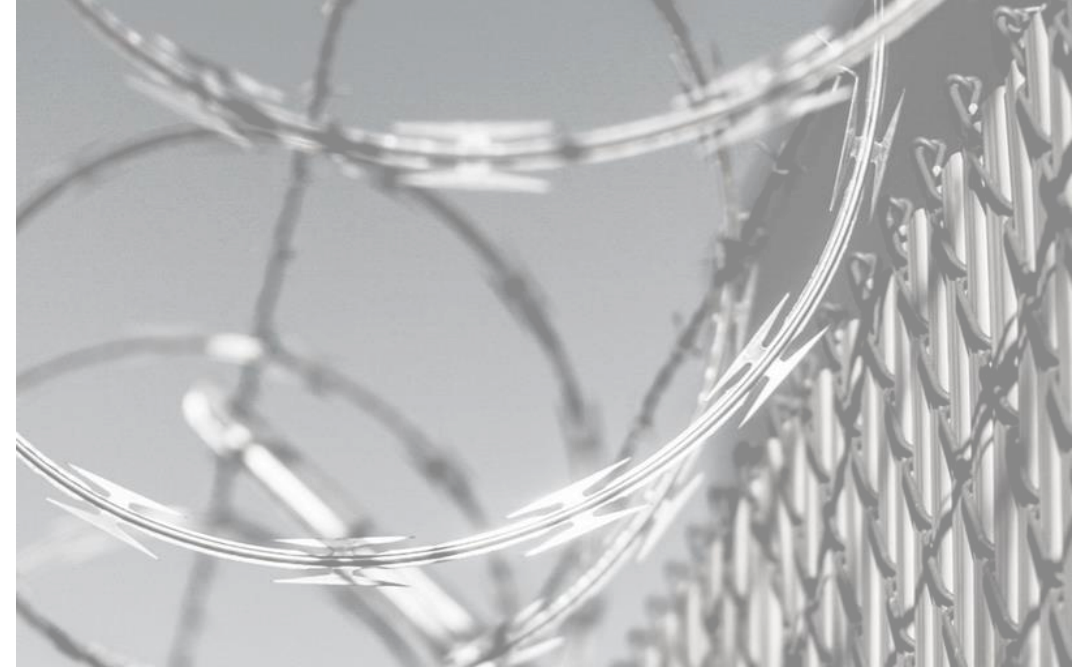
# Harsh Mechanisms for Enforcement: Driver License revocation



## Spiral of Debt

- Employment
- Housing stability
- Food access
- Health
- Freedom

may all be impacted by inability to pay legal financial obligations



## Key Policy Recommendations

- Address racial and social inequities in the justice system
- End revocation of driver's licenses for failure to appear or pay court costs
- Implement a sustainable funding model for the courts that relies on all taxpayers






# Small victories... Long road

HOME ABOUT US RESEARCH INITIATIVES DEPARTMENTS

INITIATIVES & PROTOTYPES



## DURHAM DRIVER LICENSE RESTORATION INITIATIVE

Most programs assisting people with long-term license suspensions make them come down to the courthouse. We piloted a new application process that allowed residents to apply by text message or email, and used a trusted messenger to take them advertising the program out into the community.

"10 - 15% of our clients have a driver's license. When they lose it, it is such a killer. That guy with a license is gold when it comes to finding work."

- Durham service provider


Local Initiatives:  
DEAR Program

Please Join us for a Community Forum

## The Crushing Impact of Criminal Justice Debt in Orange County

Thursday, September 20, 2018  
6pm - 8pm

Chapel Hill Town Hall • 405 Martin Luther King, Jr Blvd. • Chapel Hill



Presenters Include:

- Mark Dorosin
- Heather Hunt
- Quisha Mallette
- Judge Amanda Maris
- Jamie Markham
- Gene Nichol
- Richard Rosen
- James E. Williams, Jr.

Sponsored by:


NC Poverty Research Fund, Chapel Hill/Carrboro NAACP, Northern Orange NAACP, the Justice in Action Committee of the Town of Chapel Hill, and the Orange County Criminal Justice Resource Department.

Community Forums

## ACLU Lawsuit

### Should you lose your license over unpaid traffic tickets? A new lawsuit could decide.

BY ANNE BLYTHE  
MAY 30, 2018 01:39 PM, UPDATED MAY 30, 2018 01:41 PM



Seti Johnson, according to a lawsuit filed on his behalf, had to choose between paying traffic fines and supporting his three children. ISOCK IMAGES CONTRIBUTED BY THE ACLU

RALEIGH — Two North Carolina residents whose driver's licenses were revoked because of unpaid traffic fines have accused the state of criminalizing poverty.

In a lawsuit filed in federal court on Wednesday, Seti Johnson, a 27-year-old father of three, and Sharee Smoot, a 31-year-old mother, describe their plights — dilemmas that the ACLU and other



# Learn More About Criminal Justice Debt

The screenshot shows the website header with navigation links: Who We Are, What We Do, How To Help, News & Events, and a prominent 'Donate' button. The main heading is 'Advocacy & Research' with the sub-heading 'CRIMINAL JUSTICE DEBT'. A left sidebar menu includes: Local Services, Community Development, Advocacy & Research (highlighted), Book Branch Classes, Book Talks, CJA & NCJIS, Consumer Protection, Credit Recovery, Criminal Justice Debt, High-Cost Consumer Finance, Manufacturing Training, Oversight, Payroll Debt Cools, Student Loans, What's Up, and Testimonials. The main content area features an introductory paragraph, a paragraph about a 2018 report, and a section titled 'Read the reports below:' with two report covers: 'The Debt Spiral: Enforcement of Criminal Justice Debt in North Carolina' by Quisha Mallette, and 'Enforcing Inequality: Balancing Budgets on the Backs of the Poor' - A Ford Collaborative Effort. Below this are sections for 'RESOURCES' (What Can YOU Do to Help End the Criminal Justice Debt Spiral?), 'EVENTS', and 'NEWS ARTICLES'.

[www.reinvestmentpartners.org](http://www.reinvestmentpartners.org)

Search: Fines & Fees

# Works Cited

1. US Census Bureau, Quick Facts: North Carolina, July 2017 Estimates, <https://www.census.gov/quickfacts/NC>
2. Ryan Smith, Community & policy responses to Criminalizing Poverty in Durham, NC, Presentation for Symposium on Criminal Justice Debt: Punishing the Poor in North Carolina, City of Durham Innovation Team (May 15, 2018)
3. Living Paycheck to Paycheck us Way of Life for Majority of US Workers, According to New CareerBuilder Survey, CareerBuilder, <http://press.careerbuilder.com/2017-08-24-Living-Paycheck-to-Paycheck-is-a-Way-of-Life-for-Majority-of-U-S-Workers-According-to-New-CareerBuilder-Survey>.
4. Report on the Economic Well-Being of Households in 2017, Board of Governors of the Federal Reserve System (May 2018).
5. NC Courts, Court Costs and Fees Chart (2018).
6. NC Courts, Court Costs and Fees Chart (2018).
7. NC Administrative Office of the Courts for Durham County, Q1-2017



[www.reinvestmentpartners.org](http://www.reinvestmentpartners.org)

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# THE DEBT SPIRAL: HOW CHICAGO'S VEHICLE TICKETING PRACTICES UNFAIRLY BURDEN LOW- INCOME AND MINORITY COMMUNITIES

FEBRUARY 19, 2019

LAUREN NOLAN, DIRECTOR OF RESEARCH



*Advancing Economic Security  
and Community Prosperity*



# TICKETING IN CHICAGO

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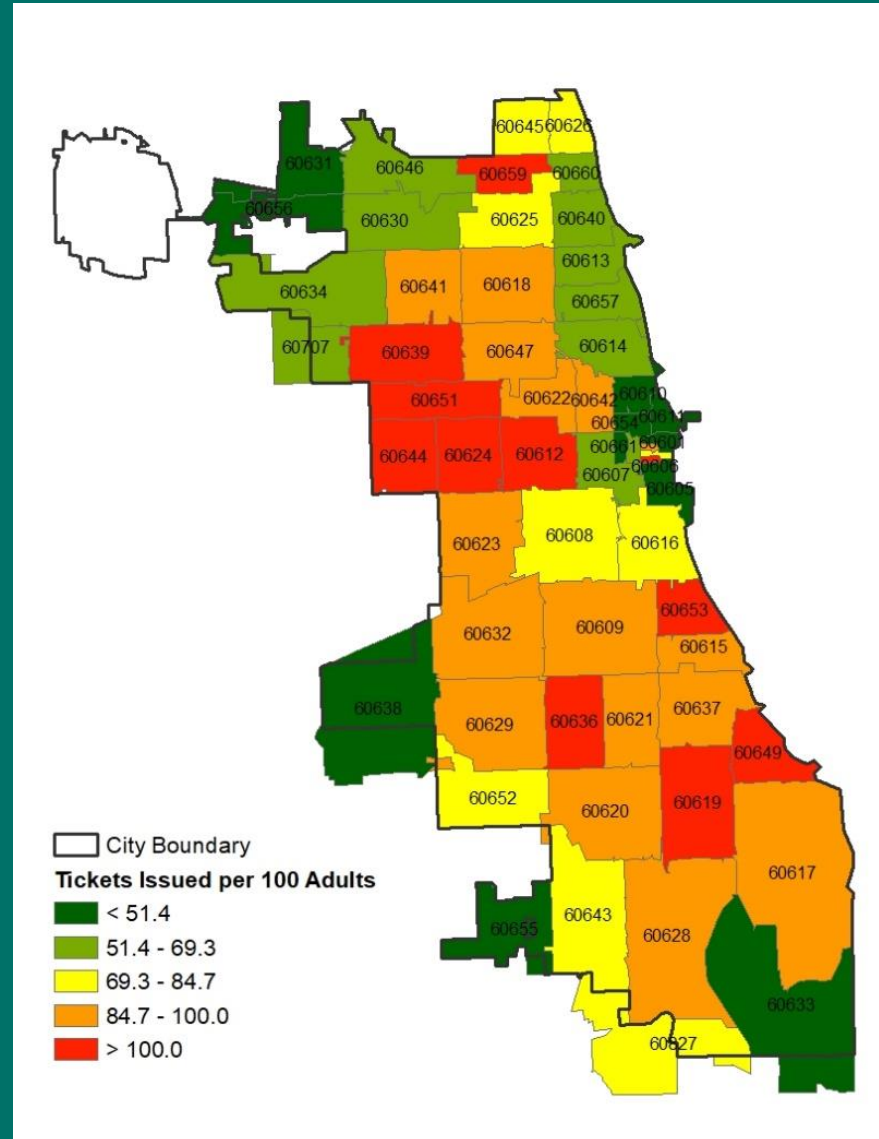
- Over 3.6 million vehicle-related tickets issued in 2017
- More than Los Angeles and New York combined
- Majority for non-moving violations
- 7% of city annual budget (ProPublica)



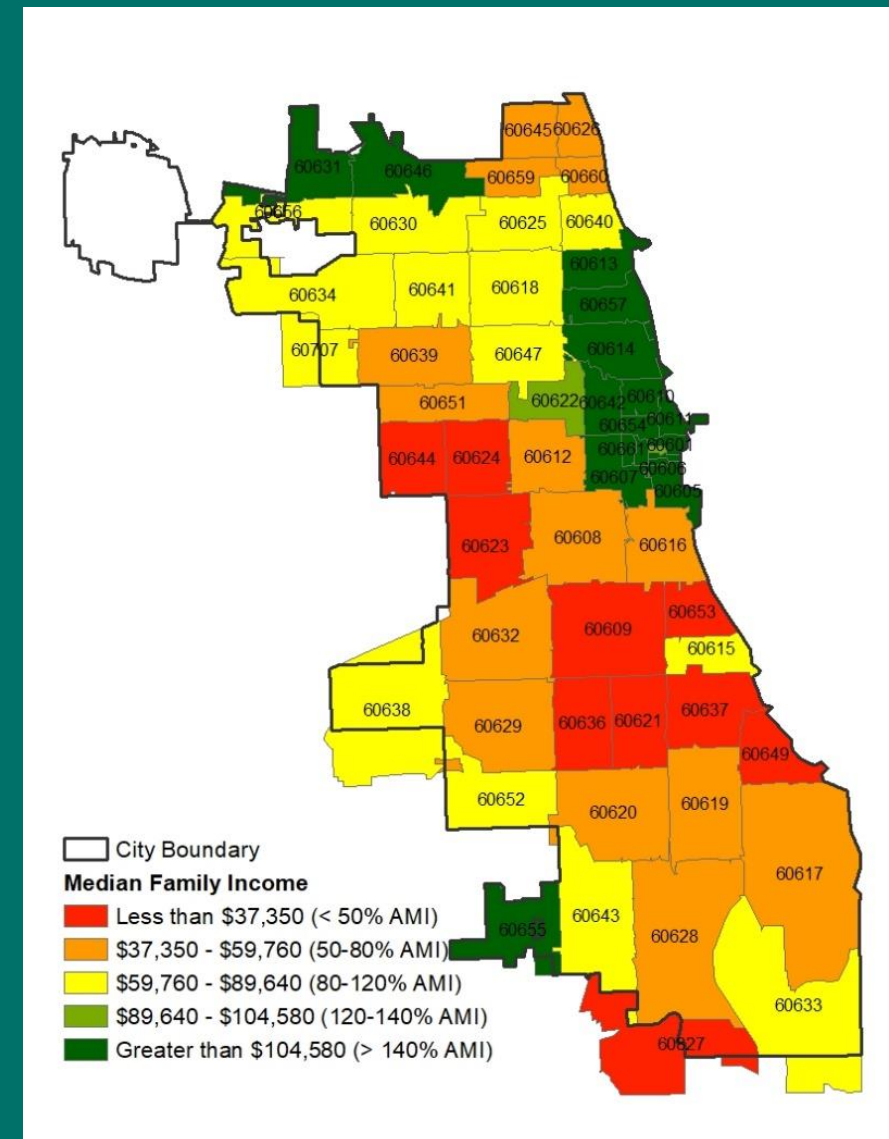
# DISPARITIES IN TICKET ISSUANCE

Tickets were 40% more likely to be issued to drivers from low- and moderate income zip codes

### Tickets Per Capita



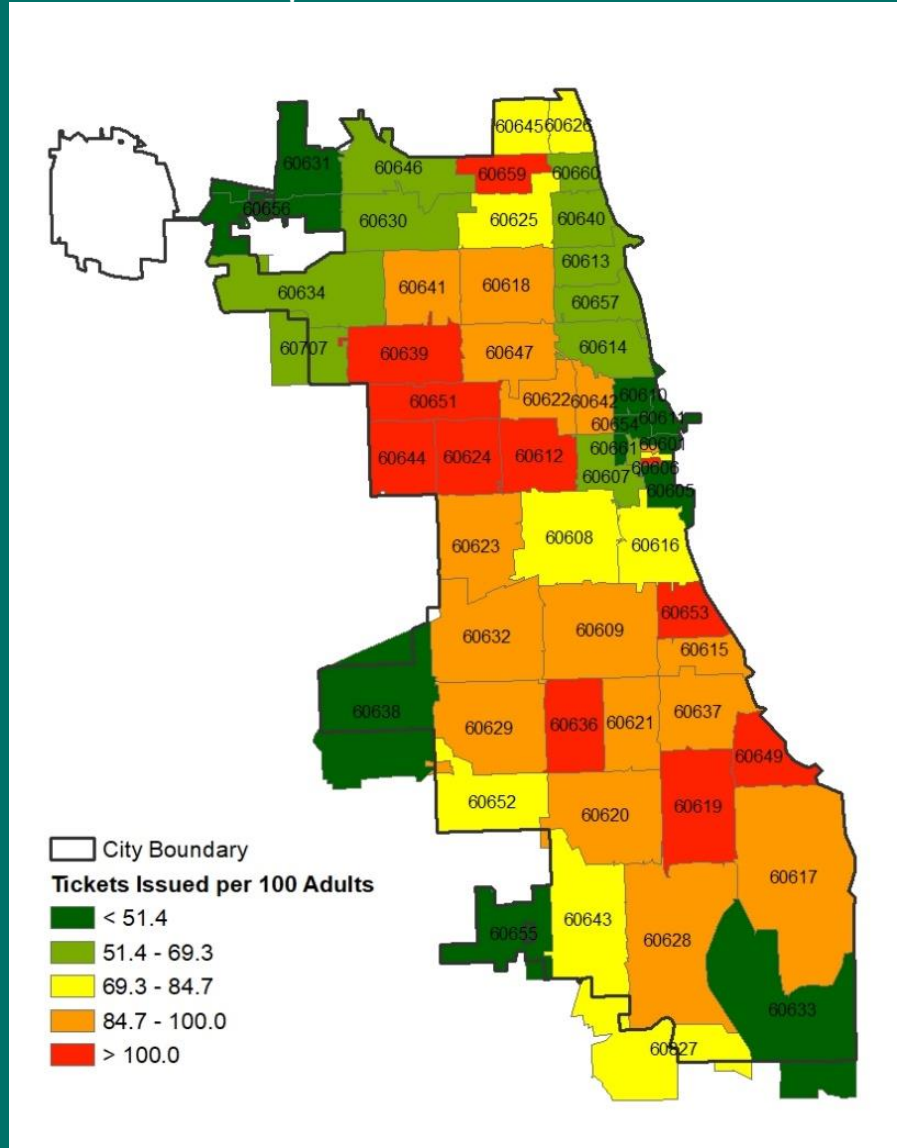
### Median Family Income



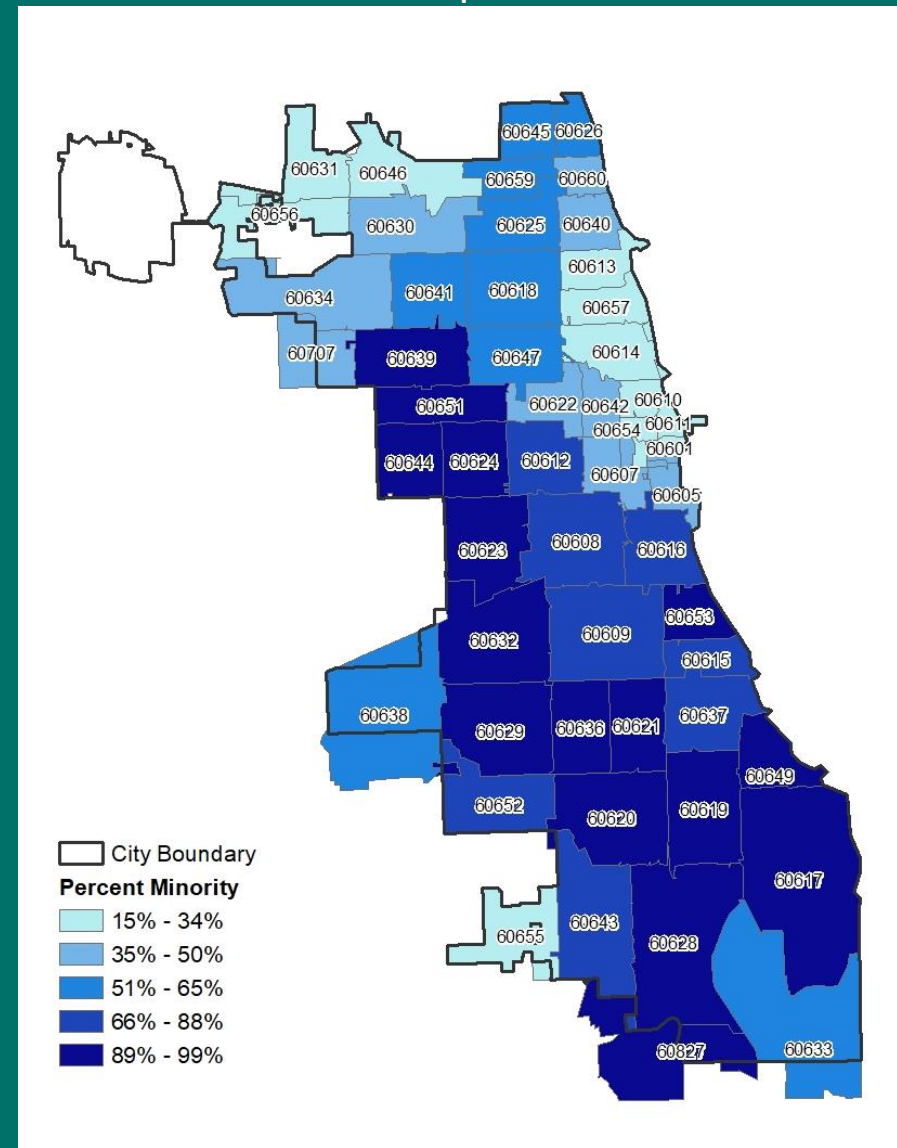
# TICKETS BY RACE/ETHNICITY

Tickets were 40% more likely to be issued to drivers from majority non-white zip codes

### Tickets Per Capita

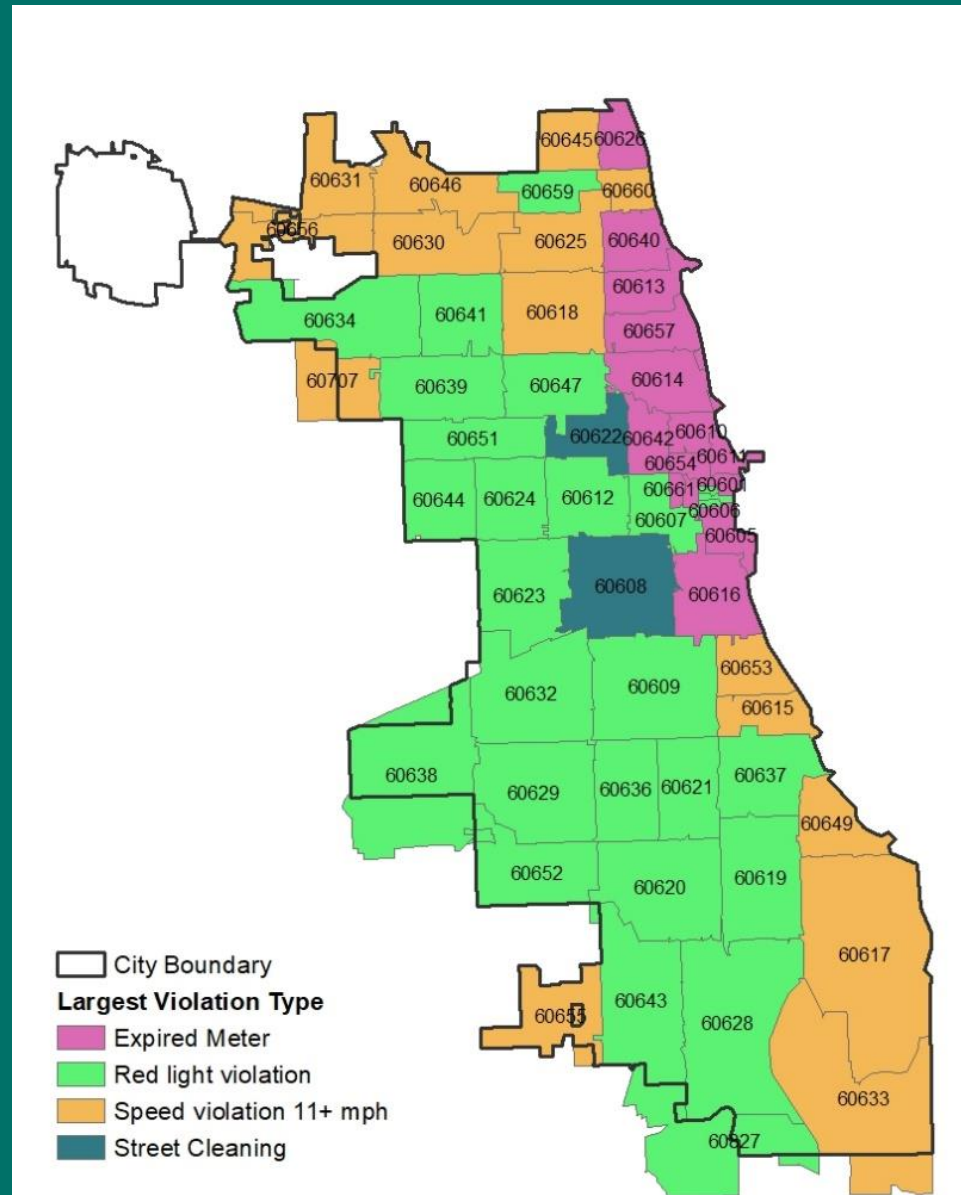


### Percent Non-White Population





# TYPES OF VIOLATIONS





# WHAT'S DRIVING THIS TREND?

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	Zip Codes	Speed Cameras	Red Light Cameras
Non-LMI Zip Codes	57%	46%	50%
LMI Zip Codes	43%	54%	50%
Maj. White Zip Codes	50%	41%	52%
Maj. Minority Zip Codes	50%	59%	48%



# CONSEQUENCES OF UNPAID TICKET DEBT

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- Additional Fines
- Bankruptcy
- Vehicle Seizure/Impoundment
- Employment Prohibitions
- Driver's License Suspension



# TICKET OUTCOMES

	Recipient in Bankruptcy	Unable to Issue Notice	Ticket Dismissed	Unpaid	Paid	Warning Issued (no fine)
Non-LMI Zip Codes	0%	1%	7%	16%	67%	8%
LMI Zip Codes	2%	1%	5%	34%	50%	8%
Maj. White Zip Codes	0%	1%	7%	15%	68%	8%
Maj. Minority Zip Codes	2%	1%	5%	35%	49%	8%



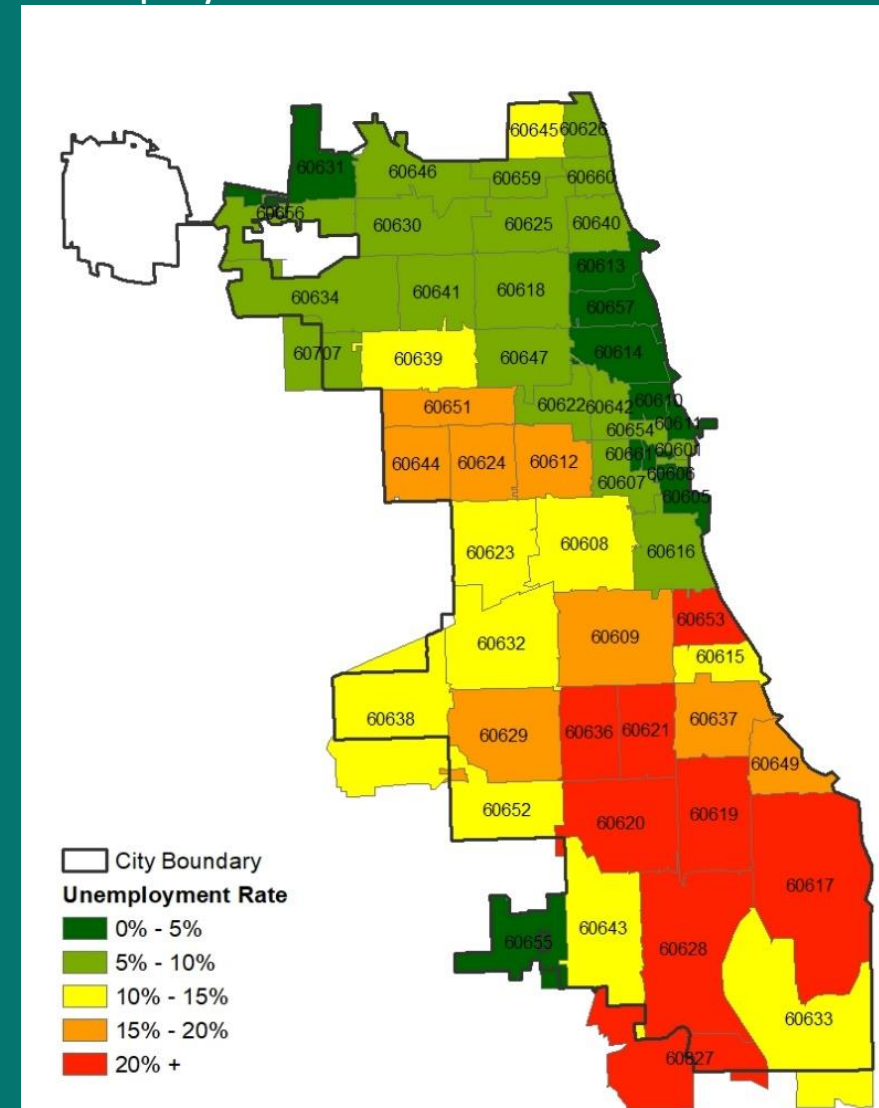
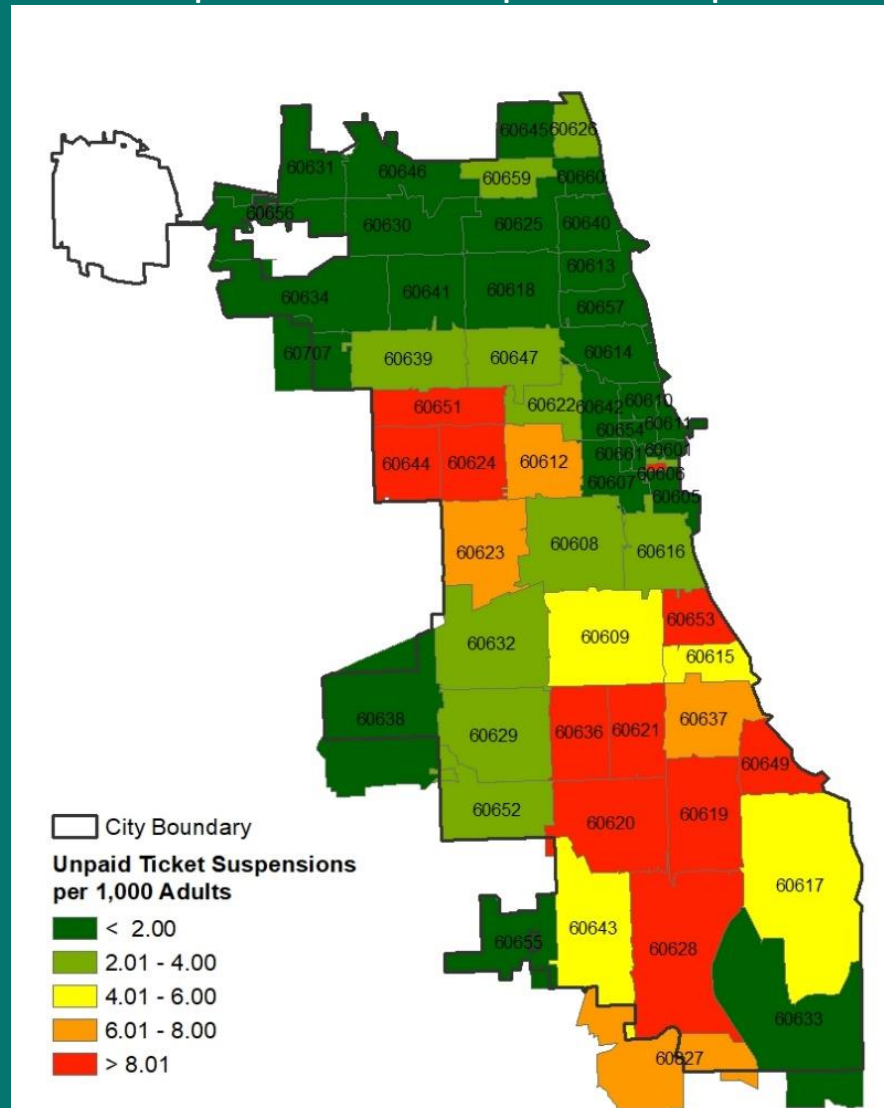
# LICENSE SUSPENSIONS

License Suspensions Per Capita for Unpaid Tickets    Unemployment Rate

## Percent of Suspensions by Zip Code:

Non-LMI: 25%  
LMI: 75%

Majority White: 22%  
Majority Minority: 78%



# RECOMMENDATIONS

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- End Driver's License Suspensions
  - License to Work Act pending in IL General Assembly
- Write-offs/Statue of Limitations
- Provide Compliance Opportunities
- Improve Repayment Plans
- Ability-to-Pay Determinations & Community Service Alternatives
- Re-evaluate Ticketing and Policing Practices
  - Office of the City Clerk's Fines, Fees, & Access Collaborative



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*Advancing Economic Security  
and Community Prosperity*





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# UNHOLY ALLIANCE:

California Courts' Use of Private Debt Collectors



# Unholy Alliance:

## California Courts' Use of Private Debt Collectors

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CALIFORNIA REINVESTMENT COALITION



*The California Reinvestment Coalition builds an inclusive and fair economy that meets the needs of communities of color and low-income communities by ensuring that banks and other corporations invest and conduct business in our communities in a just and equitable manner.*

California Reinvestment Coalition  
474 Valencia Street, Suite 230  
San Francisco, CA 94103  
415-864-3980  
[www.calreinvest.org](http://www.calreinvest.org)



## KEY FINDINGS: HIGH PAIN, LITTLE TO NO GAIN

- Criminal, municipal, and civil fines and fees disproportionately impact communities of color due to systemic racism:
  - Higher rates of economic instability,
  - The over-policing of neighborhoods, and
  - Higher traffic stop rates.
- Court-ordered debt collected by private agencies makes up from 0.001-0.46% of a county's total revenue.

## KEY FINDINGS: UNFAIR DEBT COLLECTION, EXPAND CONSUMER PROTECTION

- Court-ordered debt is not covered under the Fair Debt Collection Practices Act (FDCPA) or CA's Rosenthal Fair Debt Collection Practices Act (RFDCPA).
  - Includes traffic fines, fees and charges from commitment and probation orders, criminal restitution, or court fine resulting from an arrest.
- Collection can happen through trial courts, county agencies, the CA Franchise Tax Board, DMV, and private debt collectors.

## THE SYSTEM IS BROKEN-END CONTRACTS WITH DEBT COLLECTORS

- The process by which debt is collected varies widely by county and by court, creating an uneven system of justice whereby the consequences of court imposed debt, and the financial burden of repaying it, largely depend on which county court system imposed the fine or fee.
- Private debt collections agencies make commissions off the debt they collect, ranging from 12%-18% for newly delinquent debt to 14.9-25.8% for delinquent debt over five years old.
- Of the 17 counties studied, only one private collections agency was subject to a Code of Ethics in their service agreement.
- The majority of counties have no public information available regarding their Ability-To-Pay evaluation policies and procedures, making it difficult to evaluate their programs and assess whether they are made available to debtors in an equitable way.

# THE WHOLE FAMILY IS IMPACTED-DO NOT TRANSFER DEBT TO FTB

*“The Franchise Tax Board’s ability to garnish wages, intercept taxes and levy bank accounts is extremely detrimental to individuals’ financial and emotional health.*

*By virtue of wage garnishments, people’s privacy is impacted, notifying their jobs of their financial struggles.*

*By virtue of tax interceptions, people are denied the ability to apply much needed predicated money towards personal needs and through bank levies individuals are held to the whims of their bank, who also becomes privy to their personal struggles but also to those of the FTB.*

*- Brandon Greene, Staff Attorney, East Bay Community Law Center*

## Example: County juvenile detention

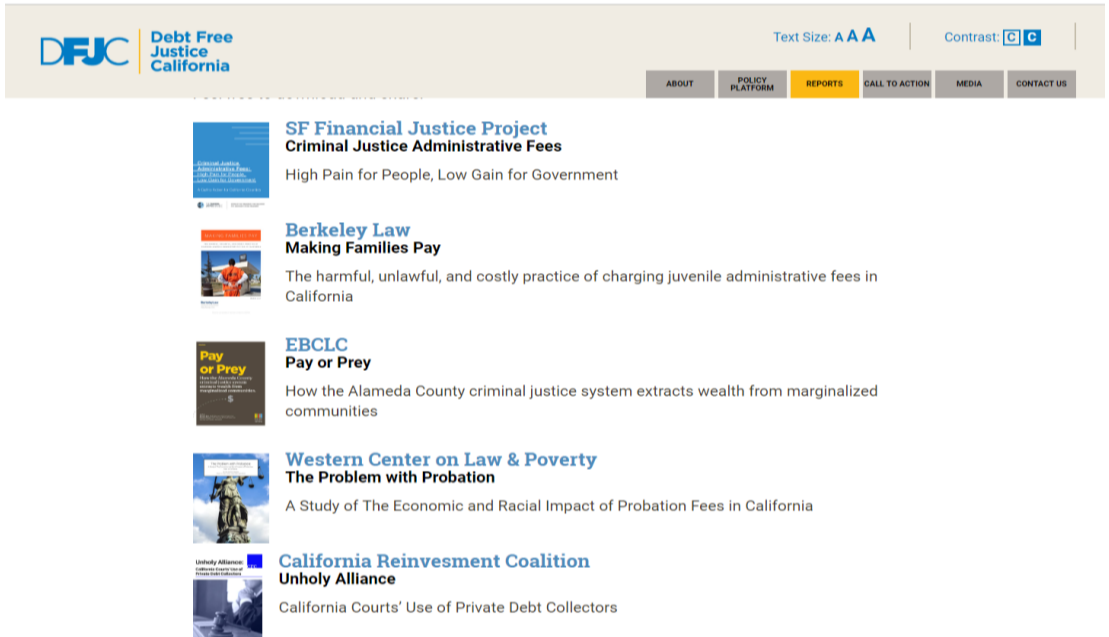
Juvenile hall detention fee +  
Public defender cost +  
Electronic monitoring +  
Probation supervision +  
Drug testing

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= up to \$5,640 for a family

# THE MOVEMENT TO END FINES AND FEES

- 2017, CA repeals new juvenile fees statewide, including for detention, legal representation, electronic monitoring, probation or home supervision, and, drug testing
- AB 503 (Lackey - 2017) now requires parking authorities to provide payment plans to pay off parking ticket.
- June 2018, SF repeals all county-authorized fees and waives over \$30 million in outstanding criminal justice debt owed by 21,000, mostly low-income people
- August 2018, CA ends cash bail (2019)
- November 2018, Alameda County eliminates many of the criminal justice fines and fees and forgiving outstanding debt from 34,000 people
- 2019 proposed bill to end towing of cars as debt collection practice



The screenshot shows the website for Debt Free Justice California (DFJC). The header includes the DFJC logo, the text "Debt Free Justice California", and navigation links for "ABOUT", "POLICY PLATFORM", "REPORTS", "CALL TO ACTION", "MEDIA", and "CONTACT US". The "REPORTS" link is highlighted. Below the header, there is a list of reports with small thumbnail images and titles:

- SF Financial Justice Project**  
**Criminal Justice Administrative Fees**  
High Pain for People, Low Gain for Government
- Berkeley Law**  
**Making Families Pay**  
The harmful, unlawful, and costly practice of charging juvenile administrative fees in California
- EBCLC**  
**Pay or Prey**  
How the Alameda County criminal justice system extracts wealth from marginalized communities
- Western Center on Law & Poverty**  
**The Problem with Probation**  
A Study of The Economic and Racial Impact of Probation Fees in California
- California Reinvestment Coalition**  
**Unholy Alliance**  
California Courts' Use of Private Debt Collectors

## NEXT STEPS: STOP COLLECTIONS, CLEAR CREDIT REPORTS

- Debt Free Justice California is continuing work to end fees county by county
- Eliminate three types of towing
  - Tows where a person has five or more unpaid parking tickets
  - Tows where the car registration is more than six months out of date
  - Tows where a car has been parked for 72 hours on a public street without being moved
- Legislation
  - Prohibiting credit bureau reports from containing, “Records of arrest, indictment, information, misdemeanor complaint, or conviction or adjudication of a crime, warrant or fees charged to any party as a result of any of these.”
  - Preventing the Franchise Tax Board from collecting any fees that were extinguished by CA law ending imposition of administrative fees on juvenile convictions.



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Q & A