

**PROPOSAL TO THE LAURA AND JOHN ARNOLD FOUNDATION
THE FINANCIAL JUSTICE PROJECT, OFFICE OF THE TREASURER, CITY AND COUNTY OF SAN
FRANCISCO**

I. PURPOSE:

This proposal will support development of a replicable model of local government–driven fines and fees reform. The City and County of San Francisco’s Financial Justice Project (FJP) was launched in November 2016 as the nation’s first known policy lab within local government dedicated to assess and reform fines, fees, and financial penalties that disproportionately impact low-income people and are counterproductive sources of public revenue. The funding requested will support 1) further development, testing, and implementation of local reforms and 2) creation of tools for other cities and counties to advance similar reforms, in ways that are impactful and feasible.

II. PROJECT:

Building on the early successes of FJP’s first year, the proposed two-year project would support the following objectives:

1. **Review City and County Fines and Fees.** Conduct a countywide review of fines and fees to drive reforms and share methodology with other counties.
2. **Develop Ability to Pay Standards and Processes.** Create the nation’s first countywide ability to pay standards and processes to allow county departments and courts to base fines and fees on ability to pay.
3. **Reform Local Fines and Fees.** Reform at least thirty fines, fees, and financial penalties that disproportionately impact low-income people. Depending on the fine/fee, reforms could include eliminating high pain/low gain fines and fees; basing them on ability to pay; or offering nonmonetary pathways to accountability.
4. **Spread Reform.** Make the case for reform to other cities and counties and create and share resources to help them.

1. CITY AND COUNTYWIDE FINE AND FEE REVIEW:

Over the past year, we have generated significant buy in from the mayor’s office, departments, courts, and our Board of Supervisors. While we are advancing a broad spectrum of reforms, fines and fees exist throughout a variety of city and county departments that have not yet been uncovered that may have adverse impacts for lower income people and that are counterproductive sources of revenue. These include user fees, tickets and financial penalties assessed through departmental policies and various legislative codes. In order to address fines and fees comprehensively, FJP is partnering with the Mayor’s Budget Office, which has budget authority over all county departments, to survey each department on their specific fines and fees, flag any fees that could disproportionately impact low income people, and explore potential reforms through our countywide budget process. FJP will collect data about numbers of tickets, issued; revenue that is collected, outstanding and delinquent, and examine cost of

collections. Through partnering with the Mayor's Budget Office, FJP has an opportunity to both embed this review into the city's budget process so that it happens on a biannual basis. The Mayor's Budget Office also has the power to address any revenue losses departments may face through these reforms. FJP is often asked by other cities and counties about what data we examine and how we collect it and use it to drive reforms. FJP is already getting requests to share how we are conducting this fine and fee review. Through this grant, FJP plans to share our methodology and results with other counties and cities.

Deliverables:

- Develop and conduct a survey of the fines, fees and financial penalties assessed by every city and county department in partnership with the Mayor's Budget Office. By 7/1/18
- Present findings and recommendations to key city and county policy makers to drive reforms, and identify alternative funding sources where needed and if possible. By 9/1/18
- Develop and implement a systematic way to conduct these reviews on a regular basis, whether through the budget process or through other city and county processes. By 1/1/19
- Publish an issue brief that summarizes our methodology, findings, analysis, and recommendations for how other cities and counties can conduct their own fine and fee review. By 4/1/19
- Share what we learn with other cities and counties through outlets such as webinars, blog posts, and presentations. By 5/30/20

2. ABILITY TO PAY STANDARDS AND PROCESSES:

Over the course of the last year, several city and county departments, as well as the courts, have expressed interest in offering fine and fee discounts, reductions, or alternative processes for individuals who are low income, but have struggled with the implementation barriers. As stated earlier, we have begun working with the courts and several city and county departments, including the MTA, the Public Utilities Commission, Recreation and Parks, and others to determine what shared resources we can create to make it easier for county institutions to base fines and fees on ability to pay. We have started to work with departments and the courts in three areas: 1.) Determining income and eligibility thresholds 2.) Identifying ways, including creating a countywide income verification database, for departments to easily verify an individual's income that is accessible and simple both for the department and the individual, and 3.) Creating corresponding discounts and alternatives, and processes. Although various court systems throughout the country have implemented Ability to Pay processes and standards, we believe we will be the first locality to develop and use ability to pay standards, processes, and income verification resources across a range of city and county departments and the courts.

Deliverables:

- Countywide, work with interested departments and the courts to develop ability to pay eligibility guidelines and standardized reductions, with input and collaboration from community advocates. By 12/1/18
- Work with the San Francisco Superior Court to develop and pilot Ability to Pay processes that offer guidelines to judges, recommended fine/fee reductions, and are straightforward to administer and easy to access for individuals. Develop posters, forms, web content and other public-facing resources in collaboration with the court. By 9/1/18
- Develop countywide resources that departments and courts can use to verify people's incomes. We are partnering with our Human Services Agency to create a tool that allows courts and other departments to "look up" if someone is receiving means tested benefits or has been identified as low income by another SF department or program. Through their current programs, the San Francisco Human Services Agency has existing income verification data on 225,000 of San Francisco's 895,000 residents. By 9/1/18
- Share all draft ability to pay guidelines, standards, and income verification processes with the Arnold Foundation before they are finalized, for their input and guidance. Continuously and through 5/30/20
- Work with departments and courts to adopt, use, and refine ability to pay processes By 12/1/19
- Author an issue brief summarizing our challenges and solutions to develop and implement Ability to Pay standards and processes and include links to all materials we develop in partnership with courts and other departments. By 12/1/19
- Promote our learnings and actions and the promise of Ability to Pay through earned media and our own op-eds/op-charts By 5/30/20

3. FINE AND FEE REFORM

FJP aims to eliminate all criminal justice fines and fees that we control at the county level and are obstacles to re-entry, particularly costly, and routinely go unpaid. There are approximately twelve criminal justice fees we control at the local level are the ones where 100% of the revenue collected goes to the City and County, as opposed to the state or the courts. We also plan to get rid of our fees for electronic monitoring. FJP also aims to reform at least thirty fines/fees/financial penalties so that consequences hold people accountable, but do not place an inequitable burden on low-income people or people of color. These reforms could include: elimination of various fines and fees, basing them on ability to pay, creating accessible payment plan or community service options, or offering alternative non-monetary consequences (such as requiring people to receive a specified number of hours of social services).

Deliverables:

- Conduct research and analysis on frequency of use, the financial impact to individuals, and the fiscal impact to departments of San Francisco criminal justice fees. Additional research on criminal justice fines and fees will be conducted in partnership with the public defender's office. By 9/1/18
- Conduct research on best practices and alternatives utilized in other systems or jurisdictions as sources of guidance for reform. By 4/1/20
- Work with the Mayor's Budget Office to identify problematic fines and fees, and advance reforms through the mayor's annual budget process. By 9/1/18 and 9/1/19
- Work with city and county departments to either eliminate or reform their fines and fees, through meeting regularly, sharing data, and assisting in implementation processes. By 4/1/20

4. SPREAD REFORM TO OTHER CITIES AND COUNTIES

Over the course of the last year, FJP has been approached by more than a dozen local government officials across the country interested in replicating or adapting this work to better understand their local jurisdiction's fines and fees. They have expressed interest in understanding FJP's processes for identifying fine/fee community pain points, gathering data, and facilitating solution-oriented conversations to drive reforms. FJP also gets a lot of questions about the substance of the reforms and requests to share materials, forms, and other tools. FJP is committed to sharing the resources and data gathered in systematic ways that allow other jurisdictions to leverage the work, and to provide proactive and supportive technical assistance where necessary.

Deliverables:

- Share expertise with other cities and counties as requested and through webinars, blog posts, and presentations By 5/1/20
- Disseminate lessons learned through earned media and FJP-authored op-eds/op charts, and videos. By 5/1/20
- Write an issue brief on our work to eliminate criminal justice fees, challenging other California counties to advance similar reforms. Issue brief would explain how criminal justice fees are high pain (harm individuals and create barriers to re-entry) and low gain (bring in very little revenue), and make the business case to other counties. Outline our methodology for gathering data on these criminal justice fees to understand revenue implications and burdens on families, and include recommendations for statewide reforms. By 9/1/18
- Develop a case study on lessons learned from the first year of FJP and a "how to" guide for other cities/counties that want to take on fine and fee reform. By 2/1/19
- Build out a toolkit of materials and forms that other jurisdictions can use and adapt. By 2/1/19

- Work with California philanthropic funders who have approached us to hold a convening to inform the funding community about opportunities to support fine and fee reform; and get work started in other cities and counties throughout California. By 3/1/19

III. IMPORTANCE

Local governments increasingly rely on steep fines and financial penalties to fund their operations. Most cities and counties across the country have not pursued reforms for a variety of reasons. Often times, local leaders are unaware of the human toll of excessive fines and fees—pushing people into poverty—or that their own departments and policies are driving many of the problems. They have not considered that excessive fines and fees that exceed people’s ability to pay them are a “lose-lose,” for government and for people, and better solutions exist. Other times, leadership is fragmented between cities, counties, and courts, department leaders often do not talk to each other, and there is little coordination and leadership from the top. Furthermore, the state, court, and local legal codes governing fines and fees are complicated for local leaders to understand and navigate. Another challenge is that local officials lack knowledge of the problem and do not have adequate data that illuminates the human and revenue consequences of the status quo.

To our knowledge, San Francisco is the first city/county in the nation to launch a Financial Justice Project within government to assess and reform how fines and fees impact our city’s most vulnerable residents. The demand for assistance and information based on FJP’s experiences is high: FJP has been inundated with requests from dozens of local leaders across the state and country who are looking to replicate and adapt FJP’s work to better understand and reform the fine and fee landscape in their own jurisdictions. FJP hopes to assist scaling this model of reform—housed in and driven by local government—to other localities.

IV. RISK

FJP and the San Francisco Treasurer’s Office do not control key partners: the City and County departments and Courts. The strong history of collaboration in this area and others has created a foundation of trust we can build upon. José Cisneros has been in office for 13 years, has a strong record of leading similar reform efforts, and is deeply committed to this work., as are the Senior Staff of the department.

It can be hard to change bureaucratic processes and alter the status quo. To mitigate this risk, we work with the departments as they begin to implement changes. We help them change forms and internal procedures to ensure that the reforms are indeed implemented. We don’t stop collaborating with them after we have jointly developed recommendations for reform. We continue working with departments to implement and refine the reforms.

We also anticipate the swearing in of a new San Francisco mayor in June 2018, after the unexpected passing of Mayor Ed Lee in December 2017. Mayor Ed Lee was very supportive of

our efforts, and Mark Farrell, the “care taker” mayor that will be in place until June is equally supportive. We already know and work with the three leading candidates for the mayoral election in June who are very supportive of our work. Also, all of the elected Board of Supervisors have been supportive of our work and we have a good working relationship with the courts, who are independent of our city and county.

Finally, we hope to seed fine and fee reform efforts with other cities and counties, also not within the project’s control. To mitigate this risk, FJP will make the case for reform to other cities and counties and create and share resources to help them succeed, building on strong interest already demonstrated by cities and counties.

V. NEXT STEPS:

After the grant period, we will continue our work to assess and reform fees and fines that disproportionately impact low-income people. The Treasurer’s Office has a history of receiving philanthropic funds in the startup years of a program or initiative, and the work is eventually supported by public funds once it gains traction. We anticipate that the nature of our work will evolve over time. We plan to continue to innovate, provide a testing ground for new reforms, share what we learn and do with other counties, and partner with others to push for broader changes at the statewide level.

VI. TEAM

The FJP team is well positioned to execute this plan successfully, as demonstrated by the team’s capacity and successful track record.

The Financial Justice Project is housed in the Office of the San Francisco Treasurer, the entity in charge of revenue collection for the City and County and headed by elected Treasurer José Cisneros. This unique positioning as a “revenue department” within local government allows us to have “government to government” discussions with other local and state policymakers that advocates cannot have. The Treasurer has a long history of harnessing the power of the Office to help working poor San Franciscans, and create initiatives that are widely replicated throughout the nation. With years of experience helping other cities and counties adopt reforms initiated here, the team has also worked with national intermediaries to support cohorts of cities who work together on common challenges or advance reforms piloted in San Francisco.

The FJP’s track record also demonstrates capacity to achieve the goals of the proposed project. In its first year, FJP launched the San Francisco Fines and Fees Task Force with participation from the courts, city and county departments, and legal service providers and community advocates. FJP collected and analyzed data, shared research, and heard from experts across the country, community advocates, and impacted individuals about of the impact of fines, fees and financial penalties. Based on these findings, FJP collaboratively developed and published recommendations for reform. San Francisco has implemented many reforms and are in the process of developing and implementing others in six areas: traffic court reforms and driver’s

license suspensions; transportation fines and fees; quality of life citations; criminal justice fines and fees; child support debt owed to the government; and money bail.

Anne Stuhldreher directs FJP. Anne has a distinguished track record of working with public officials to create public private partnerships that financially empower lower income residents. Anne served as Senior Policy Advisor to Governor Arnold Schwarzenegger and First Lady Maria Shriver. She was also the Senior Program Officer for the California Endowment, a statewide philanthropic foundation. She has advised a wide range of elected officials, financial institutions, and community organizations. Formerly, Ms. Stuhldreher worked at the Ford Foundation, and was the Associate Director of Opportunity Fund, a Community Development Financial Institution in Northern California. Ms. Stuhldreher also authors op-eds and articles in outlets such as the *Washington Post*, *Los Angeles Times*, *San Francisco Chronicle*, and the *Sacramento Bee*. She is former reporter and currently a fellow at New America.

