

2021-22 Governor's May Revision Proposal Debt Forgiveness Program

Budget Request Summary

The May Revision includes \$300 million one-time Coronavirus Fiscal Recovery Fund of 2021 to provide immediate relief for low-income Californians through the elimination of infraction fines and fees. The Debt Forgiveness Program will eliminate debt owed on existing fines and fees for traffic and non-traffic infraction tickets issued between January 1, 2015 and June 30, 2021. The funds will be used to backfill court funds and local governments for lost revenue as a result of this program.

The Governor's Budget included a Proposal to expand the Ability to Pay (ATP) pilot program statewide allowing low-income individuals to have their infraction fines and fees reduced based on their ability to pay. The Debt Forgiveness Program would provide retroactive targeted financial relief to low-income individuals for tickets received in the qualifying period.

Justification

Over the last thirty years, the state has increased the fines, fees, assessments, and surcharges levied on individuals convicted of criminal offenses including traffic infractions, to generate funding for specific state and local programs and services. The Judicial Council estimates these fines and fees generated approximately \$1.2 billion in revenue in 2019-20. These fines and fees have a disparate impact on low-income Californians.

In recognition of this financial hardship, the Legislature and the Administration have worked to implement various changes to existing law and the budget over the past several years. The 2018 Budget Act included \$3.4 million General Fund for the Judicial Council to implement a pilot program allowing low-income individuals to apply online to have their infraction fines and fees reduced in accordance with their ability to pay. The Governor increased funding to expand the online ATP pilot program statewide, with \$12.3 million General Fund in the 2021-22 Budget, increasing to \$58.4 million beginning in 2024-25 and ongoing. This will provide targeted relief for low-income individuals for whom such penalties present a major financial hardship.

While these measures provide prospective relief, many low-income Californians currently owe hundreds and even thousands of dollars in debt for previously imposed fines and fees. Under this program an individual could apply to have 100 percent of their debt forgiven upon submission of an application verifying their low-income status. A total of \$300 million in one-time funding covers three sets of costs: support for trial court implementation of applicant assistance and case processing; backfill for lost revenue that would have otherwise been allocated for court operations; and support to local governments for targeted community outreach to advertise the program.

The Judicial Council looks forward to working with the Department of Finance and the Legislature to refine the fiscal estimates to implement this program and to backfill court funds and local governments for lost revenue. On the following page, please find the assumptions used to establish the existing backfill estimates.

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Full amnesty/50% participation		
Revenue Loss Calculations		
Key Known Data Points	Traffic Infractions	Other Infractions
Total citations issued from January 2015 to July 2021	21,576,816	1,927,087
Avg. Amount Owed per Citation in ATP	\$ 680	\$ 244
Percent of Revenue Allocated to State	60%	
% of Revenue Allocated to Locals	40%	
% of State Revenue Allocated to Courts	67%	
Key Assumptions / Outstanding Questions		
% of Individuals Qualifying as Low-Income	17.8%	17.8%
Avg. Reduction in Total Penalties per Amnesty Participant	100.0%	100.0%
% Low-Income Litigants Who Have Not Paid Off Citation	50.0%	50.0%
Calculations		
(a) Citations to Low-Income Individuals	3,840,673	343,022
(b) Average Citation Amount	\$ 680	\$ 244
(c) Total Fines and Fees Assessed (a x b)	\$ 2,611,657,809	\$ 83,697,257
(d) % Low-Income Litigants Who Have Not Paid Off Citation	50%	50%
(e) % of those Eligible Who Seek Amnesty	50%	50%
(ee) % of debt Collectible from individuals	50%	50%
(f) Total Fines and Fees Eligible for Amnesty before Reduction (c x d x e)	\$326,457,226	\$10,462,157
(g) Overall Average Reduction	100%	100%
(h) Total Forgiven in Amnesty (f x g)	\$326,457,226.08	\$10,462,157
Total Forgiven in Amnesty	\$ 326,457,226	\$ 10,462,157
Total Lost Local Revenue	\$ 130,582,890	\$ 4,184,863
Total Lost State Revenue	\$ 195,874,336	\$ 6,277,294
Total Lost Local Revenue (Backfill Required)	\$ 130,582,890	\$ 4,184,863
Total Lost Court Revenue (backfill required for courts)	\$ 130,582,890	\$ 4,184,863
	Total Court Loss/Bkfl	\$134,767,753
	Total Local Backfill	\$134,767,753
	Court Admin Costs	TBD
	Outreach costs	TBD