



CEOARE Fellowship - Businesses in Support for the End Predatory Court Fees Act March 14, 2024

Dear Senator Stewart-Cousins, Senator Ortt, Assembly Person Peoples-Stokes and Assembly Person Barclay, we are writing to express our support for the End Predatory Court Fees Act (S.313/A.4183) and respectfully request that it be included in the New York State budget to provide relief for thousands of New Yorkers saddled with court fines and fees.

CEO Action for Racial Equity is a Fellowship of over 100 companies that mobilizes a community of business leaders with diverse expertise across multiple industries and geographies to advance public policy in four key areas — healthcare, education, economic empowerment and public safety. Its mission is to identify, develop and promote scalable and sustainable public policies and corporate engagement strategies that will address systemic racism, social injustice and improve societal well-being.

The Act aligns with our mission and supports one of our policy solutions: Decriminalizing Poverty. For CEOARE, this means confronting the aspects of our justice system that create additional consequences for low-income and working-class communities, purely because they lack the means to afford judicial costs.

As we identify policies that help address the decriminalization of poverty, we are guided by a set of bipartisan principles:

the inability to pay fines and fees should never be the reason for added punishment, the justice system should not disproportionately harm the poor, and all individuals deserve to be treated justly, without bias or prejudice by our legal and law enforcement systems.

The End Predatory Court Fees Act (S.313/A.4183) aims to eliminate New York's court fees imposed on every conviction, including traffic tickets and minor infractions. These fees, such as the mandatory surcharge, often result in a cycle of debt that is not surprising given that 60% of New Yorkers do not have any discretionary income (see attached CEOARE analysis – "Fines and Fees: Navigating Economic Inequity in New York City's Justice System"). These fees have a disparate impact on lower income residents, and the cycle of debt often results in a need to work many more hours to pay the fines compared to higher income earners (see attached analysis).

The New York Legislature's elimination of parole supervision fees in the 2022 budget highlights the understanding and commitment to this cause. We urge you to continue this commitment by including the End Predatory Court Fees Act in this year's budget.

Fines and fees, in many cases, are not an efficient source of government revenue and collection practices can be costly. In New York, a 2023 analysis of Freedom of Information Law (FOIL) data by the NYCLU showed that collection rates for the most common types of court fees are between 27% and 58% depending on the category, and result in less than \$40 million in annual revenue – only 0.001% of the state's tax revenues.¹ These low collection levels





suggest that fees are not a dependable revenue source and, in many cases, can cost more to collect than the fines and fees themselves.

In addition, eliminating court fees, like those addressed in the End Predatory Court Fees Act, likely would save the state money as well as impact the cycle of poverty for many New Yorkers. When people who owe court fees are already struggling financially, they often must choose between basic needs like food, rent, childcare, or paying court debt. This may cause more reliance on government-funded assistance programs, which grows overall government costs.

As business leaders, we have seen how our businesses prosper when communities thrive. But most importantly, as business leaders, we have a responsibility to our employees and customers to help make sure that they live and work in safe, strong, and healthy communities. CEO Action for Racial Equity is committed to working with lawmakers across the aisle to enact policies that bring equity to our justice system. Thank you for your leadership and continued advancement of these reforms.

Sincerely,
CEO Action for Racial Equity



Fines and Fees: Navigating Economic Inequity in New York City's Justice System

Nearly 14% of individuals residing in New Yorker State live in poverty based on [US Census](#) standards and 60% of residents cannot cover justice system fees. With the inflation since 2020, it's more difficult for residents to cover fees related to tickets or court fees without offsetting basic living expenses. Take a look at the data below for the reality of how New Yorkers at different income levels are navigating a justice system that continues to leave low-income residents at a disadvantage.

Based on US Bureau of Labor Statistics (BLS) Data

ITEM	Third 20 Percent of Income Earners*	Highest 20 Percent of Income Earners
	2023	2023
A. Income before taxes**	\$69,212.59	\$294,763.73
B. Personal taxes (contains some estimated values)	\$7,001.25	\$63,978.47
C. Income After Taxes (A less B)	\$62,211.33	\$230,785.26
<i>Income After Taxes converted to hourly (Hourly Net Wage)</i>	<i>\$29.91</i>	<i>\$110.95</i>
D. Average Annual Household Expenditures***	\$65,400.05	\$159,104.01
E. Discretionary Income - savings, vacations, and non-essentials (C less D)	-\$3,188.71	\$71,681.25
F. Discretionary Income Monthly (E divided by 12)	-\$265.73	\$5,973.44

Source: [Bureau of Labor Statistics Data for 2020-2021](#)

* Representative of NYC average wage earner. [The BLS analysis looks at the data in quintiles](#). The lowest 20% of income earners, the second 20% of income earners, etc. up to the fifth quintile which is the highest income earners. We have selected the third quintile as representative of the average NYC income earner based on published average NYC salaries.

** Bureau of Labor Statistics data updated for cumulative NY Metro wage increase 10% based on 2022 (5.0) and 2023 through September annualized (4.8)

*** Bureau of Labor Statistics data updated for cumulative NY Metro inflation of 9.4% based on 2022 (6.3) and 2023 (2.9)

Illustrative Example

A \$150 fine with the \$95 mandatory surcharge (fee) for a total of \$245 (combined fine and fee)

Would the person have enough monthly remaining funds to cover the cost?

(Comparison of Row F to total fine & fee)

NO
would have to cut back on household expenses

YES

Hours person needs to work to cover the fine & fee

(Total fine & fee divided by hourly net wage)

8.2 hrs

2.2 hrs

A minimum wage worker would need to work 16 hours to pay the fine/fee noted (245/15).

What would the fine/fee be for the higher income earners if the fine/fee was based on 16 hours of work?

\$488

\$1,809

What Can Be Learned From The Above Bureau of Labor Statistics Based Data and Census Bureau Data

- 1. New Yorkers at or below an average salary for NYC currently does not appear to have any discretionary income.** As a result, they would likely be unable to pay a fee without offsetting basic living expenses.
- 2. The group least able to weather inflation, NYC minimum wage workers, have lost 15.2% of their purchasing power since January 2020 as a result of no increase to the minimum wage until December 31, 2023 and 15.2% cumulative inflation.**
- 3. Nearly 14% of New Yorkers live in poverty based on US Census standards.** In addition, during the pandemic close to one-third of all households surveyed by the Census Bureau reported at least some difficulty in August 2020 in paying household expenses. The percentage continued to rise through 2022 in New York with 47.1% having difficulty in October 2022 supporting the notion that it is becoming more and more difficult for an individual to be able to pay their court fees.

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Citations

¹ NYCLU, "[Following the Money: How New York Tries, and Ultimately Fails, to Extract Revenue from Indigent Criminal Defendants](#)".

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