

## **Testimony in Support of Elimination of Juvenile Fines and Fees in Michigan September 2023**

Chair Chang, Vice Chair Shrink, and members of the Committee on Civil Rights, Judiciary and Public Safety, thank you for holding this hearing and for the opportunity to provide this letter of testimony supporting the elimination of many fines and fees related to juvenile courts through bills SB 428-431. These bills do not change the policies for restitution (meant to hold the youth accountable for their behavior), but instead focus on fines and fees for the use of the juvenile court system. In fact, passing these bills may help victims by freeing up funds that would have otherwise gone to fines and fees be instead applied to restitution payments.

CEO Action for Racial Equity is a Fellowship of over 100 signatory organizations from across America, many of whom have a significant presence in Michigan. Our signatories, range from manufacturers to accountants, retailers and other suppliers, mobilize business leaders with diverse experiences to help advance public policy in four key areas – healthcare, education, economic empowerment and public safety.

Under current Michigan law, counties charge fines and fees to youth and their families at every stage of the juvenile court process, including costs for court-appointed attorneys, diversion, DNA tests, probation services, and other administrative costs related to running juvenile courts. Fines and fees in juvenile courts can quickly add up to thousands of dollars for a single family, many of whom are already struggling to make ends meet and have no way to pay.<sup>1</sup> As youth transition into adulthood, these financial burdens can make it difficult to reach their full potential. The lingering court debt impacts their educational opportunities, credit scores, mental well-being, and increases their likelihood of recidivism.<sup>2</sup> These young people are part of Michigan's future workforce and economy, and we need to eliminate barriers that prevent them from full economic participation.

Moreover, it is important we help dispel certain myths about juvenile court fines and fees and provide evidence of the following realities:

1. **Juvenile court fines and fees are not an efficient source of revenue** because they often have low collection rates and high collection costs.
2. **Juvenile court fines and fees create unintended consequences for families years later due to a significant and often long-term financial burden** for underserved communities and working-class families.
3. **Juvenile fines and fees not only burden children and families**, they also negatively impact businesses and the Michigan economy.

For all these reasons, **we encourage you to advance SBs 428-431 to give Michigan's justice-involved youth the opportunity to rehabilitate and thrive** and provide the following evidence of the realities:

### **1. Juvenile Court fines and fees are not an efficient source of revenue. They often have low collection rates and high collection costs.**

Research from around the country and an in-depth study of Macomb County consistently found that juvenile fines and fees are not an efficient source of revenue. The Report found:

- **Collection rates of juvenile fines and fees were consistently low.** Over a five-year period, from 2015 - 2019, the average collection rate was 7.2%.<sup>3</sup>
- **The net revenue was very low after factoring in costs to collect.** For example, in 2019, the Reimbursement Division collected a total of \$876,981 but after reconciliation and subtracting the cost to collect, Macomb County retained only \$140,920.
- **The revenue is projected to decrease over time** for two reasons:
  - Revenue from fees associated with detention are expected to decline as diversion programs continue to reduce the number of children in juvenile detention.
  - Macomb County recently instituted caps on assessments that would limit revenue potential.



The findings in Macomb County are not anomalous as they are consistent with various research conducted on court fines and fees around the country. The cost of collection is often even higher than the estimates presented in research because of the additional costs of imposing, collecting, and enforcing court fines and fees are spread across multiple agencies and levels of government.<sup>4</sup> For example, the costs related to time spent by police, sheriffs, probation, and parole resources on fine and fee enforcement are typically not included in the estimates. Without this total calculation, it can be incredibly difficult for policymakers to evaluate these systems as true sources of revenue.

**2. Juvenile fines and fees create unintended consequences for families years later due to a significant and often long-term financial burden for poor and working-class families.**

The juvenile justice system intends to rehabilitate children. However, the lingering impact of unpaid fees impacts youths' educational opportunities, credit scores, mental well-being, and increases their likelihood of recidivism<sup>5</sup>. These fines and fees can also make parents less likely to seek any support for behavioral issues due to the fear of additional costs.

As a result, juvenile fines and fees often lead to a cascading series of consequences that strain the entire family for years beyond the intended punishment, including:

- **Limiting future employment opportunities** – In the High Cost of Justice Report, we learn of a young woman who was focused on paying off her probation fees which increased each month they were outstanding. Her part-time job made it difficult to do what was needed to keep up in school<sup>6</sup>, putting her behind her classmates and less able to earn living wages as a skilled worker in the future.
- **Strapping families with debt that will take years to pay off** – The Michigan Center for Youth Justice interviewed 21 families who reported an average of \$87,165 in court debt, and most reported they would not be able to pay off this debt in their lifetime.<sup>7</sup> For a person earning Michigan's minimum wage of \$10.10<sup>8</sup>, it would take more than 8,600 hours to pay off the debt. This type of debt impacts the entire family as the amount is the responsibility of the young person's parents or guardian until they turn 18.
- **Perpetuating poverty for many families** working hard to better their lives – like the young man whose father recently secured employment as the sole breadwinner for the family. Instead of his new income raising up the family, they were faced with the burden of paying hundreds of thousands of dollars in juvenile fines and fees because the young man had been in facilities off and on for nearly four years.<sup>9</sup>

Many more Michiganders face the risk of these additional consequences than one may think. Thirty nine percent (39%) of Michigan households earn less than the basic cost of living<sup>10</sup>, which means they would struggle to pay a juvenile fine or fee of any amount, and data supports that most often the families bearing juvenile fines and fees are low-income. Where family income has been tracked for **youths involved in the justice system, nearly 60% were either on public assistance** or their annual income was less than \$20,000 and an additional 20% earn an annual income of less than \$30,000.<sup>11</sup>

**3. Juvenile fines and fees not only burden children and families, they also negatively impact businesses and the whole Michigan economy.**

Youth are the future of Michigan's workforce and economy. As a result, the unintended long-term consequences of juvenile fines and fees on children and their families also harm businesses and the whole Michigan economy.

As Michigan companies seek to build a more diverse and sustainable workforce, **juvenile fine and fee assessments will likely inhibit countless youth from future opportunities**. As noted above, juvenile fines and fees negatively impact educational opportunities, credit scores, mental well-being, and increase a young person's likelihood of recidivism. As a result, many juveniles entangled in the justice system may have limited ability to participate as a member of the adult workforce.

Further, as described above, juvenile fines and fees exacerbate poverty and can add unmanageable long-term debt to those who are not considered poor by the state's income poverty guidelines. As mentioned earlier, court debt can impact a youth's education, future earning potential, and their family's ability to



contribute to the economy, it would logically follow that juvenile fines and fees negatively impact the Michigan economy. There is also evidence supporting that poverty and long-term debt are a drain on the Michigan economy and gross domestic product (GDP). Specifically:

- **Poverty costs Michigan billions every year** - A United Way ALICE report for Michigan found that poverty costs Michigan nearly \$100 billion per year based on the loss of earnings, tax revenue, and community spending.<sup>12</sup> Juvenile fines and fees are an additional cost for those who are underserved and they can contribute to a cycle of poverty which negatively impacts the economy.
- **Increases in the household debt-to-GDP ratio tend to lower output growth in the long run.**<sup>13</sup> This is the result of increased debt limiting a family's ability to participate in the economy which negatively impacts GDP.

Finally, juvenile fines and fees contribute to societal racial inequities which also harm businesses and the economy. Black youth represent 17% of ten to sixteen-year-olds in Michigan, but 32% of those referred to the juvenile justice system.<sup>14</sup> Based on a large Federal Reserve study,<sup>15</sup> widening racial inequities come at a significant cost to the Michigan economy. Specifically,

- **Michigan's GDP between 2005 and 2019 would have increased \$13 billion annually**, if existing gaps in education attainment, employment and hours worked had been closed.<sup>16</sup>
- **The education attainment gaps alone cost Michigan \$1.7 billion annually.**<sup>17</sup>

The benefits of removing these gaps can have impact well beyond those individuals experiencing the inequities. When Black youth become part of the juvenile justice system and they too may suffer the long-term consequences described above, including limited economic opportunity.

Juvenile fines and fees can be an inefficient and overly punitive source of revenue which penalizes children and families in poverty exacerbated by court debt. The effects of these impositions are counterproductive to the rehabilitation of children and also keep them from meaningful participation in Michigan's workforce as adults. The system and its impact on poverty drains Michigan's communities, businesses, and its economy. This reform is not only needed but timely as numerous other states have reached critical, bipartisan juvenile reform over the last few years.

**We applaud you, and the Michigan Legislature, for coming together to pass meaningful juvenile justice reform and for being an example to other states on collaborating for change. We encourage you to continue this work by advancing Senate bills 428-431. It is not only the right thing to do for the underserved and working-class communities in Michigan, but also the fiscally responsible choice.**

Sincerely,  
CEO Action for Racial Equity



## Citations

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<sup>1</sup> Atasi Uppal. [The High Cost of "Justice": A Snapshot of Juvenile Court Fines and Fees in Michigan](#). August 2020. National Center for Youth Law.

<sup>2</sup> Ibid

<sup>3</sup> Liz George, Adrianna Duchene, and Mary King. [Minors Facing Debt: The Immense Burden of Court Fees on Macomb County Youth and Families](#). Michigan Center for Youth Justice. Page 30

<sup>4</sup> [The Brennan Center, Matthew Menendez, Michael F. Crowley, Lauren-Brooke Eisen, and Noah Atchison. The Steep Costs of Criminal Justice Fees and Fines: A Fiscal Analysis of Three States and Ten Counties. 2019.](#)

<sup>5</sup> [Juvenile System Imposed Financial Penalties Increase the Likelihood of Recidivism in a Sample of Adolescent Offenders](#). Piquero, A.R., & Jennings, W.G. (2016).

<sup>6</sup> Atasi Uppal. [The High Cost of "Justice": A Snapshot of Juvenile Court Fines and Fees in Michigan](#). August 2020. National Center for Youth Law

<sup>7</sup> Liz George, Adrianna Duchene, and Mary King. [Minors Facing Debt: The Immense Burden of Court Fees on Macomb County Youth and Families](#). Michigan Center for Youth Justice.

<sup>8</sup> Michigan Bureau of Employment Relations, [Minimum Wage Set to Increase January 1, 2023](#) 3

<sup>9</sup> Liz George, Adrianna Duchene, and Mary King. [Minors Facing Debt: The Immense Burden of Court Fees on Macomb County Youth and Families](#). Michigan Center for Youth Justice.

<sup>10</sup> [United for ALICE, United Way, and Michigan Association of United Ways. ALICE in the Crosscurrents: COVID and Financial Hardship in Michigan. 2023 Michigan Report, page 4.](#) Used with permission of United Way of Northern New Jersey

<sup>11</sup> Tamar R Birkhead, [Delinquent by Reason of Poverty](#). Washington Journal of Law and Policy, January 2012, Page 58-59

<sup>12</sup> [United for ALICE, United Way, and Michigan Association of United Ways. ALICE in Michigan: A Financial Hardship Study. 2021 Michigan Report.](#)

<sup>13</sup> Marco Lombardi, Madhusudan Mohanty and Ilhyock Shim. BIS Working Papers – No 607 – The real effects of household debt in the short and long run. [Bank for International Settlements Monetary and Economic Department](#). page 5

<sup>14</sup> [Michigan Committee on Juvenile Justice](#), Michigan Racial and Ethnic Disparities Data, Fiscal Year 2020, [Michigan 2020 Matrix](#), *Percentage of Minorities at Stages of the Juvenile Justice System, All Reporting Counties 2020* (Tab: Stacked 100%)

<sup>15</sup> Shelby R. Buckman & Laura Choi & Mary C. Daly & Lily Seitelman, 2021. "[The Economic Gains from Equity](#)," [Working Paper Series](#) 2021-11, Federal Reserve Bank of San Francisco

<sup>16</sup> Federal Reserve Community Development Staff. How much could US states gain by closing racial and gender gaps on the labor market?. [Federal Reserve](#). June 21, 2021. Data for race gap for Michigan.

<sup>17</sup> Ibid



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