The Fiscal Impact of Debt-Based Driver’s License Suspensions

Robust evidence suggests that debt-based driver’s license suspension is fiscally unwise for states and municipalities. As a tool for debt collection, driver’s license suspension is ineffective and even counterproductive. In addition, removing driving privileges depresses employment while perpetuating an expensive process that wastes municipal resources. The result is a harmful and counterproductive cycle that has negative implications for localities’ bottom-lines.

The following memo summarizes some of the research that indicates why debt-based driver’s license suspension is counterproductive to municipalities’ economic health.

I. Suspending Driver’s Licenses Is Not Necessary — and Sometimes Counterproductive — to Increase Collections Rates.

Empirical evidence demonstrates that, as a collection mechanism, suspending licenses is ineffective and often counterproductive to debt collection.

- **Most individuals with suspended driver’s licenses simply cannot pay.** Driver’s license suspension can only coerce debt repayment if the individual has sufficient resources available. If the individual is simply too poor to pay, driver’s license suspension is an ineffective way to collect money. And the vast majority of debt-based driver’s license suspensions involve individuals who suffer from poverty. In Tennessee, for example, recent statistical analysis shows that poor drivers – and particularly poor Black drivers – are vastly more likely to have their license suspended. That same study estimated that over 93% of Tennesseans with unreinstated licenses are poor.1

- **Ending license suspensions often improves collections.** Data from two jurisdictions show that revoking or suspending driver’s licenses for not paying traffic tickets does not affect the rate at which people pay.

  In June 2017, California stopped suspending driver’s licenses for nonpayment of traffic tickets. The Governor concluded that there “does not appear to be a strong connection between suspending someone’s driver’s license and collecting their fine or penalty.”2 In lieu of suspension, California now offers less punitive options including an ability-to-pay determination upon request and opportunities to request reduced payments, payment plans, or community service. Since eliminating suspensions and introducing payment flexibility, California has experienced an 8.9% increase in collections on newly issued tickets, from $840.3 million in 2016–17 to $922.3 million in 2017–18.3 The state Judicial Council attributes this increase to the court’s “implement[ation of] several mechanisms to help individuals pay or resolve their court-ordered debt,” including the end of driver’s license suspensions.4

The state of Florida mandates suspensions for nonpayment of criminal court debt, including traffic tickets. In 2014, Palm Beach County instituted a program to reduce
suspensions by making it easier for people to pay. The County Clerk began offering payment plans as low as $20 per month. When people miss payments, the clerk calls them, provides a payment reminder, and asks them whether they need to adjust the payments. Since instituting this program, Palm Beach County has reduced suspensions by 75% in non-traffic cases and 36% in traffic cases. Driving while suspended charges are down by 23%. And payments and revenue are up dramatically, from $50,659.97 in 2014 to more than $1.6 million in 2017.

- **Reducing debt improves collections.** The single most effective way to ensure compliance with debt is to reduce the debt to an amount that people can afford to pay. Jurisdictions that lower fines for people who can’t afford to pay them tend see an increase in collections and a reduction in spending on enforcement. For instance, when Polk County, Iowa decreased the fine amount in 90% of cases by an average of just $40, the average amount collected rose from $197 to $360.

- **Debt Collection Often Produces Little Financial Benefit.** Since fines and fees are levied primarily on those who cannot afford them, the collection rate is frequently low. A 2012 survey of Tennessee criminal courts found that criminal courts had only a 30% collection rate for fees and fines. In San Francisco, before these fees were abolished, the collection rate for locally-authorized court fees was just 17% from 2012 to 2017. For probation fees, the collection rate was just 9% in 2016. In some cases, jurisdictions lose money in the balance: In New Orleans, the city spent more on nonpayment-based jailings than it raised from court costs.

II. **Suspending Licenses Hurts Employment and the Economy**

When people lose their jobs or miss work, the local economy suffers. With less income, families spend less—which hurts local businesses—while also paying the community less in taxes. In addition, job loss means that the state must spend more on unemployment and other programs.

- **Having a license is a requirement of many jobs.** Many industries, like healthcare aides and construction trades, depend on semi-skilled workers who often must have driver’s licenses as a condition of employment. For example, the following professions often require people to drive: automotive technician, cable installation technician, caregiver, construction worker, housecleaner, HVAC technician, landscaping crew member, maintenance worker, plumber, pressure washer, truck washer, unarmed security officer, and warehouse worker. In one survey, 80% of respondents reported that they had no access to or were unqualified for job opportunities because of a driver’s license suspension.

- **Having a license is necessary for daily commutes to work.** Even when a job doesn’t directly require a car, not having driving privileges makes getting to work impossible. Nationally, a study of the 100 largest metropolitan areas showed that only 30% of jobs – and 25% of low- and middle-skill industry jobs – are accessible by public transit within 90 minutes.
• **Losing a license can drive unemployment — and lost income.** In New Jersey, 42% of drivers lost their jobs once their driving privileges were suspended. Of those drivers, nearly half could not find new employment. And, of those that did, nearly 9 in 10 reported a loss in income. In North Carolina, for example, the median length of time a driver’s license is revoked in the state for nonpayment of traffic tickets is 5.82 years, and tens of thousands of people lose their licenses for decades. This represents countless years of income lost in just one state. Less revenue from taxes means less money to both state and local governments.

• **Ending driver’s license suspension drives earnings — and government revenues.** Phoenix launched a program that helped drivers repay their debts using payment schedules appropriate to their budgets in order to reinstate their licenses. More than half of participants had lost their jobs post-license suspension, causing a $36,800 loss in median income. After regaining their licenses, more than 40% reported an increase in income, the median increase being $24,000. GDP rose by an estimated $149.6 million during the nine-month study—just from letting people drive.

• **Employment loss depresses local economies.** People who cannot drive cannot buy from local stores or frequent local businesses to spend money and stimulate the economy in their community. Every lost job or missed paycheck due to driver’s license suspension means fewer dollars circulating through the local economy.

### III. Driver’s License Suspensions Wastes Taxpayer Dollars

Driver’s license revocation often triggers a cascade of criminal-legal involvement. Studies show that 75% of individuals continue driving even after their driver’s licenses have been suspended in order to get to school, work, medical appointments, or the grocery store. This means that each year, police and criminal-legal system resources are wasted on arresting unlicensed drivers, adjudicating their cases, and, worst yet, jailing them, all with no results to show for public safety.

• **Law enforcement resources are wasted, wasting money and hurting public safety.** Studies have found that states waste an average of nine hours for all roadside stop-related activities when someone is caught driving with a suspended, revoked, or canceled license. This represents thousands of hours spent detaining and questioning individuals who pose no risk to public safety and millions of dollars wasted. In 2015, it is estimated that Washington State spent over 70,848 hours addressing license suspensions for non-driving offenses, including time in court adjudicating criminal charges for new arrests for driving on a suspended license.

From a safety perspective, every moment that we spend arresting and prosecuting the poor for unpaid debt is a moment spent consuming State resources without any beneficial effect on public safety. A recent study found that a 1% increase in the share of local government
revenue from fees, fines and forfeitures is associated with a 3.7 percentage point decrease in the rate of violent crimes being solved.20

- **Enforcing debt-based driver’s license suspension is expensive.** Because driving without a valid license exposes people to criminal liability, debt-based driver’s license suspensions may expose local residents to jail time. In Cook County, people arrested because they drove on a suspended license spent, on average, 14 days in jail.21 The taxpayer dollars used to jail these individuals — who present no threat to public safety — is money directly from local budgets. In Maryland, for example, data show that each night in jail costs $60 to $160.22

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4. Id.
5. This is according to information and statistics prepared by the Palm Beach County Clerk and on file with Fines and Fees Justice Center.
6. Id.
18 Id. at 14.
19 Joshua Aiken, Reinstating Common Sense, Prison Policy Initiative (December 12, 2016).
20 Rebecca Goldstein, Michael Sances and Hye Young You, Exploitative Revenues, Law Enforcement, and the Quality of Government Service, August 2018.
21 Cook County Jail Staff Calculation in American Civil Liberties Union of Illinois, HB 5340 License to Work Act: Fact Sheet, March 15, 2018.
22 Maryland Department of Legislative Services, Maryland General Assembly, 2014 Session, HB 104 Fiscal and Social Policy Note: Contraband-Places of Confinement-Penalty,