

The Debt Spiral:

How Chicago's Vehicle Ticketing Practices Unfairly Burden Low-Income and Minority Communities



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Executive Summary

In 2017, the City of Chicago issued over 3.6 million vehicle-related tickets, more, per capita, than New York and Los Angeles.¹ The majority of tickets issued were for non-moving violations. Ticket issuance is so pervasive that it makes up over seven percent of the City's annual budget.² This practice is lucrative for a cash-strapped city, third-party debt collectors, and bankruptcy lawyers, but it is highly punitive to the City's residents, particularly those who do not have the means to pay the tickets. Tickets quickly accrue additional fines and can land recipients in bankruptcy, vehicle impoundment, or with a driver's license suspension. Using data obtained from Freedom of Information Act requests submitted to the City of Chicago and the State of Illinois, this report quantifies the disparate impact that ticket issuance had on low-income communities and communities of color in Chicago. It analyzes the negative impacts of unpaid ticket debt such as bankruptcy, employment prohibitions, and loss of driver's licenses. Finally, it provides a series of policy recommendations aimed at addressing the issue.

A Disparate Impact on Low-income and Minority Communities

Tickets had disparate impacts on Chicago's most vulnerable residents. According to Woodstock Institute's analysis of tickets issued to Chicago drivers in 2017:

- Tickets were **40 percent** more likely to be issued to drivers from low- and moderate-income (LMI) zip codes than drivers from higher-income zip codes.
- Tickets were **40 percent** more likely to be issued to drivers from zip codes with a higher-than-average proportion of minority residents than drivers from non-minority zip codes.
- Ticket recipients from LMI and minority zip codes were twice as likely as recipients in non-LMI and non-minority zip codes to file for bankruptcy.
- Tickets issued to drivers from LMI and minority zip codes were more likely to go unpaid (and therefore accrue additional fines) than those issued to drivers from non-LMI and non-minority zip codes.
- Drivers from LMI and minority zip codes were more likely to have their driver's license suspended for failure to pay tickets than drivers from non-LMI and non-minority zip codes.

Consequences of Unpaid Ticket Debt

Additional Fines: Tickets that are not paid on time double in value, and can accrue collection fees and interest. In 2017, Chicago issued \$87.59 million in late fees to Chicago drivers in addition to the \$162.76 million face value of the initial tickets. Tickets for drivers from LMI and minority zip codes were more likely than tickets for drivers from non-LMI and non-minority zip codes to go unpaid and double in amount.

¹ Melissa Sanchez, Sandhya Kambhampati, "How Chicago Ticket Debt Sends Black Motorists Into Bankruptcy," ProPublica Illinois, last modified February 27, 2018, <https://features.propublica.org/driven-into-debt/chicago-ticket-debt-bankruptcy/>.

² Ibid.

Vehicle Seizure and Impoundment: Unpaid tickets can result in vehicle immobilization (booting), towing, and impoundment. Chicago towed nearly 19,000 vehicles in 2016 due to unpaid tickets.³ If recipients were not able to pay initial tickets, it is likely they were unable to afford additional fees resulting from towing and impoundment.

Driver's License Suspension: In 2016 and 2017, Chicago asked the Secretary of State to suspend 8,202 licenses for failure to pay tickets. The majority of these suspensions affected drivers from LMI and minority zip codes. License suspension can seriously jeopardize one's ability to keep a job. Driver's license suspensions were concentrated in zip codes with high rates of unemployment.

Bankruptcy: Ticket debt is driving a significant number of low-income and minority Chicagoans into bankruptcy. The federal court for the Northern District of Illinois leads the nation in Chapter 13 bankruptcy filings.⁴ Between one-third and half of Chapter 13 filers are filing because local governments have suspended, or are threatening to suspend, their driver's licenses or seize their cars because they have accumulated excess fines.⁵

Policy Recommendations

Ticket issuance in Chicago is a broken system that amounts to a regressive revenue generation strategy. It burdens the City's most vulnerable residents and traps many in an inescapable cycle of debt. Reforms to this system are needed to address this issue and make the system work better for Chicago residents.

- **Limit Driver's License Suspensions:** End the practice of suspending driver's licenses for non-moving violations, including failure to pay tickets and other fines/fees.
- **Provide Compliance Opportunity:** Implement a compliance program whereby drivers cited for a compliance issue, such as missing license plates or city stickers, have the opportunity to address the issue and avoid being assessed a fine.
- **Improve Repayment Plans:** Create and implement municipal repayment plans that are affordable to low-income households. Mandate that all cities have repayment plan options.
- **A Community Service Alternative:** Allow ticket recipients to pay off tickets through community service hours.
- **Institute Ability-to-Pay Determinations:** Institute ability-to-pay determinations whereby qualifying low-income persons are able to apply for reduced fine amounts.
- **Lower Fees for First-time and Low-income Offenders:** Allow first-time offenders and/or low-income drivers one-time fee waivers.
- **Write-offs/Statute of Limitations:** Institute a statute of limitations on ticket debt (none such exists in Illinois), and write off stale ticket debt.

³ Ibid.

⁴ Ibid.

⁵ Edward R. Morrison, Antoine Uettwiller, "Consumer Bankruptcy Pathologies," Columbia Law and Economics Working Papers, September 29, 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2845497.

- **End Employment Prohibitions:** End the practice of barring those who owe ticket debt to the City of Chicago from public jobs.
- **Re-evaluate Ticket and Policing Practices:** Tickets that do not have a direct connection to public safety should be eliminated. Chicago should conduct an audit of its ticketing enforcement practices to identify the existence of any geographic, racial, or economic bias.

Introduction

This report examines resident indebtedness resulting from ticket issuance practices in the City of Chicago. In 2017, the City of Chicago issued 3.6 million vehicle-related tickets. Ticket issuance is lucrative for the City. In fact, tickets issued in 2016 brought in \$264 million, which was seven percent of the City's operating budget.⁶ For many drivers, getting a ticket is a mere inconvenience. Those with the financial means to do so simply pay the ticket, chalking it up to bad luck or carelessness. But for those without the resources to pay, getting a ticket can be a nightmarish situation that can quickly lead to additional fines, bankruptcy, and loss of driving privileges. This revenue generation practice unfairly attempts to balance the City budget regressively on the backs of the residents least able to afford it.

This report discusses the debt spiral phenomenon resulting from vehicle-related tickets. Using data obtained from Freedom of Information Act requests submitted to the City of Chicago and the State of Illinois, this report quantifies the disparate impact ticket issuance had on low-income communities and communities of color in Chicago. It analyzes the negative impacts of unpaid ticket debt such as bankruptcy, employment prohibitions, and loss of driver's licenses. Finally, it provides a series of policy recommendations aimed at addressing the issue.

Analysis of Chicago Ticket Data

In 2017, the City of Chicago issued over 3.6 million vehicle-related tickets and warnings. Of these, 1.9 million were issued to Chicago residents.⁷ Nine percent were issued to out-of-state drivers, and the remaining 38 percent were issued to Illinois drivers residing outside of Chicago. Violations were issued for over 100 different types of driving and parking offenses. The largest number of tickets was for red light violations (273,224), followed by speed violations over 11 miles per hour (mph) (250,238), and not possessing a city sticker (187,275).⁸ The majority of tickets (54 percent) was for non-moving violations such as missing city vehicle stickers, expired parking meters, or improper license plates. (See Figure 1).

⁶ Melissa Sanchez, Sandhya Kambhampati, "How Chicago Ticket Debt Sends Black Motorists Into Bankruptcy," ProPublica Illinois, last modified February 27, 2018, <https://features.propublica.org/driven-into-debt/chicago-ticket-debt-bankruptcy/>.

⁷ "Chicago residents" were defined as those with a zip code within the City of Chicago. Drivers with a P.O. Box zip code rather than a physical zip code were excluded from the analysis.

⁸ All Chicago residents driving, parking, leasing and/or owning a vehicle for which they are responsible in the City of Chicago are subject to the Chicago Wheel Tax and must purchase a Chicago City Vehicle Sticker. This includes Chicago residents who maintain their registration outside of the City of Chicago, but use the vehicle in the City. Vehicle Stickers must be purchased within 30 days of residing in the City or acquiring a new vehicle to avoid late fees and fines. Revenue from the Chicago City Vehicle Sticker Sales Program funds street repair and maintenance.

Figure 1: Tickets Issued by Type

Violation Type	# of Tickets	Percent of Total (%)
Red light violation	273,224	14.2
Speed violation 11+ mph	250,238	13.0
No city sticker vehicle under/equal to 16,000 lbs.	187,275	9.7
Expired meter	175,917	9.1
Expired plates or temporary registration	162,059	8.4
Speed warning*	160,824	8.3
Street cleaning	144,982	7.5
Residential permit parking	100,094	5.2
Parking/standing prohibited anytime	80,928	4.2
Speed violation 6-10	74,728	3.9
No standing/parking time restricted	36,828	1.9
Rush hour parking	32,938	1.7
Rear and front plate required	24,166	1.3
Within 15' of fire hydrant	23,142	1.2
Other	202,708	10.5

*Does not result in a fine.

Disparities in Ticket Issuance

Ticket issuance had disparate impacts on certain groups of Chicago residents. Tickets were more likely to be issued to drivers from low- and moderate-income (LMI) zip codes and to drivers from minority zip codes than to other drivers.⁹

Fifty percent of Chicago adults live in LMI zip codes, however, 58 percent of all tickets were issued to drivers from LMI zip codes. This disparity persisted despite the fact that residents in LMI areas were less likely than residents in non-LMI areas to commute by driving and to own a vehicle. According to American Community Survey data, of Chicagoans who drove to work rather than took public transportation, 46 percent lived in LMI zip codes and 54 percent lived in non-LMI zip codes. Similarly, 55 percent of all vehicles belonged to Chicago households in non-LMI zip codes, and 45 percent belonged to those in LMI zip codes. Despite these trends, tickets were 40 percent more likely to be issued to drivers from LMI zip codes than to those from non-LMI zip codes. (See Figure 2 and Figure 3).

Figure 2: Tickets Issued, LMI and Non-LMI Zip Code Drivers

	Tickets Issued		Adult Population ¹⁰		Commuters Who Drove ¹¹		Vehicles ¹²		Tickets Per 100 Adults
	#	%	#	%	#	%	#	%	
Non-LMI	743,349	42	1,090,283	50	402,826	54	653,147	55	68.18
LMI	1,026,081	58	1,072,142	50	347,595	46	531,821	45	95.70

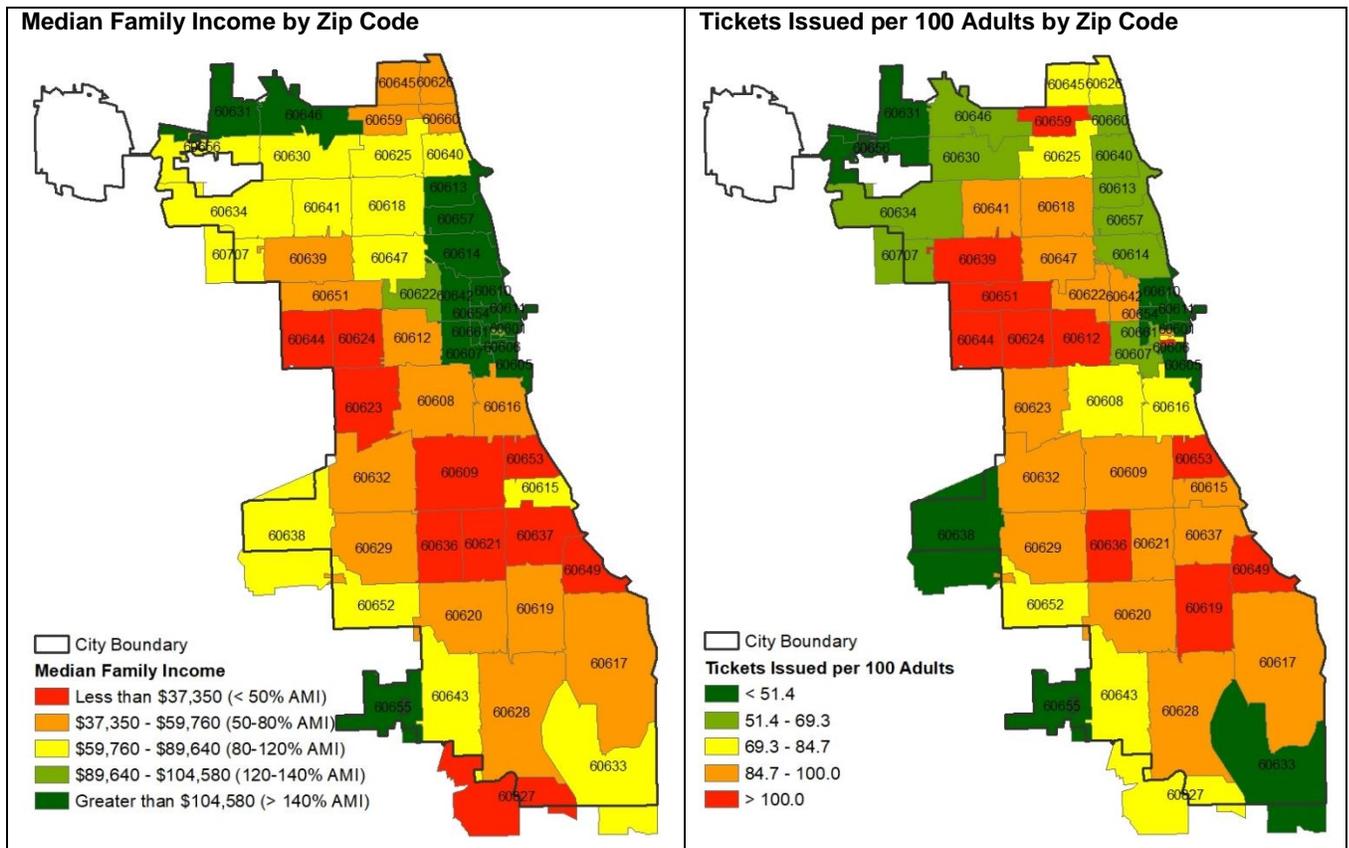
⁹ LMI zip codes were defined as zip codes where median family income was less than 80 percent of area median family income (\$74,700). Minority zip codes were defined as zip codes where the population of racial and/or ethnic minorities (Non-White and/or of Hispanic/Latino origin) exceeded the city average of 67.7 percent. Income and racial/ethnic data are from the 2016 Five-Year American Community Survey. There were 58 physical (non-P.O. Box) five-digit zip codes in Chicago. Twenty-five (43 percent) of these were LMI zip codes and 24 (41 percent) were minority zip codes. All but four LMI zip codes were also minority zip codes, and all but three minority zip codes were also LMI zip codes.

¹⁰ Data are from the 2016 Five-Year American Community Survey.

¹¹ Ibid.

¹² Ibid.

Figure 3: Median Family Income & Tickets Issued



See Appendix for full-size maps.

Disparities also existed between minority and non-minority zip codes. Forty-eight percent of Chicago adults lived in minority zip codes, but 56 percent of tickets were issued to drivers from minority zip codes. Forty-five percent of workers who commuted by car lived in minority zip codes, and 44 percent of vehicles were owned by households in minority zip codes. Despite these trends, tickets were 40 percent more likely to be issued to drivers from minority zip codes than to drivers from non-minority zip codes. (See Figure 4 and Figure 5).

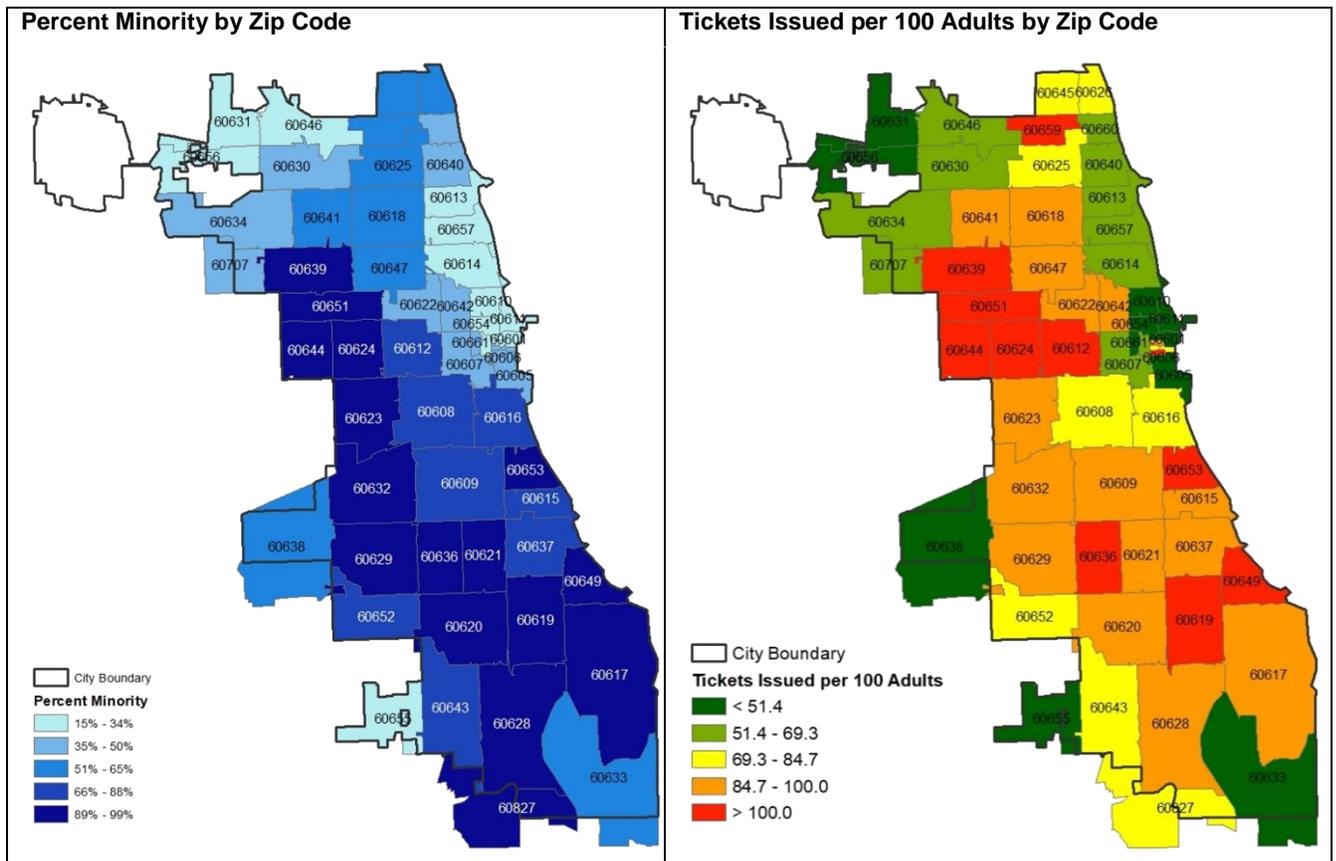
Figure 4: Tickets Issued, Minority and Non-minority Zip Code Drivers

	Tickets Issued		Adult Population ¹³		Commuters who Drive		Vehicles ¹⁴		Tickets Per 100 Adults
	#	%	#	%	#	%	#	%	
Non-minority	774,934	44	1,128,192	52	411,334	55	658,294	56	68.69
Minority	994,496	56	1,034,233	48	339,087	45	526,674	44	96.16

¹³ Ibid.

¹⁴ Ibid.

Figure 5: Percent Minority & Tickets Issued

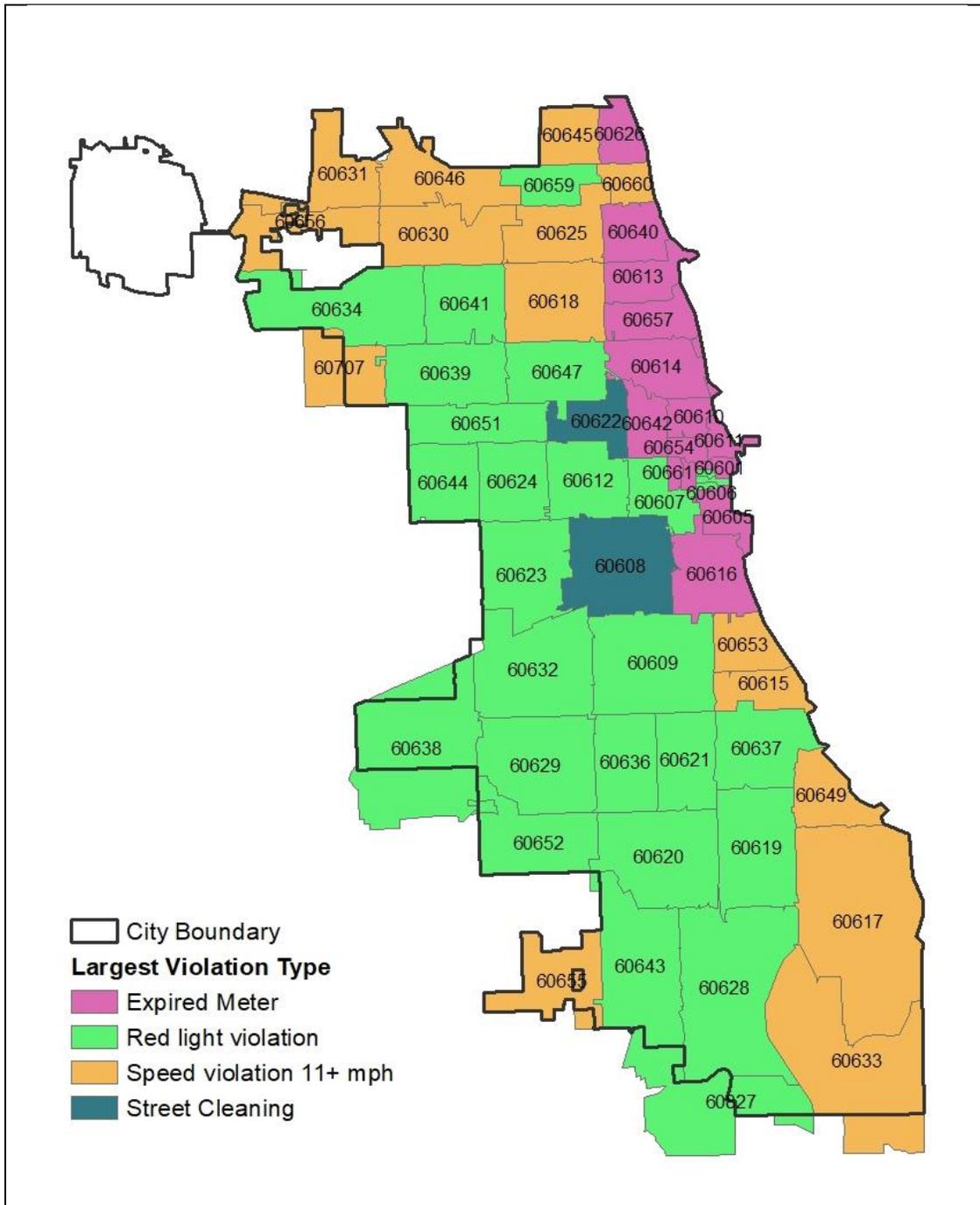


See Appendix for full-size maps.

Types of Tickets Issued

The types of tickets issued varied based on driver zip code. Red light violations were the leading cause of tickets in 27 zip codes. These zip codes covered large swaths of the City’s south, southwest, and west sides. Speed violations (11 mph or more) were the leading cause of tickets in 15 zip codes. Most of these zip codes were located on the edges of the City. Expired meters were the leading cause of tickets in 14 zip codes, all of which were located near the Loop (central business district) and on Chicago’s north side. Street cleaning violations led in two zip codes. (See Figure 6).

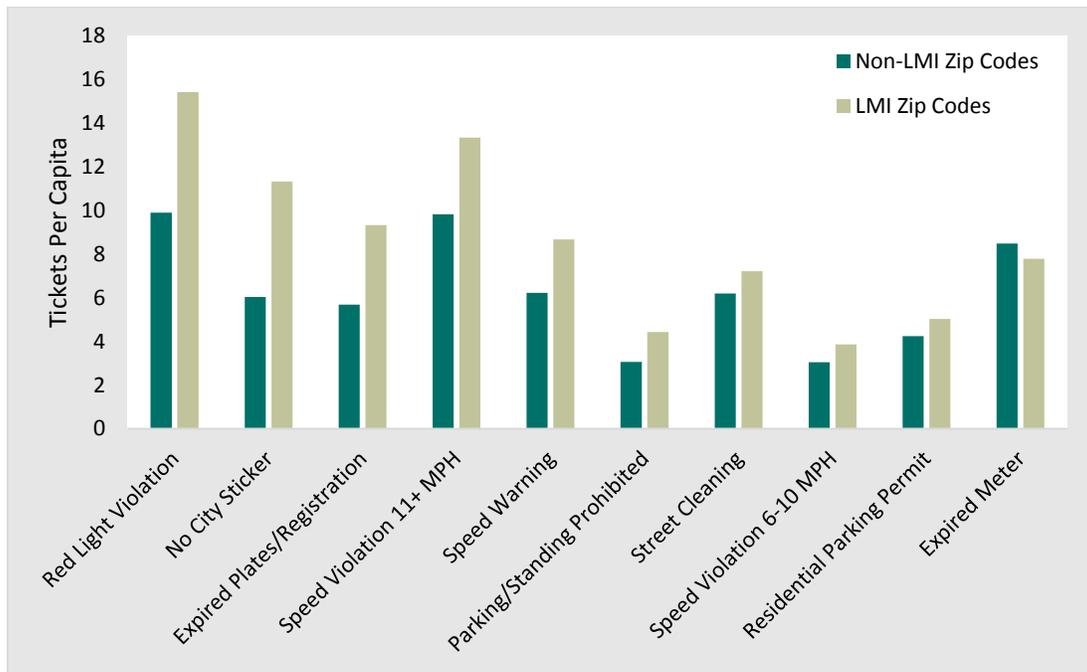
Figure 6: Largest Number of Vehicle-related Tickets Issued by Zip Code



See Appendix for full-size map.

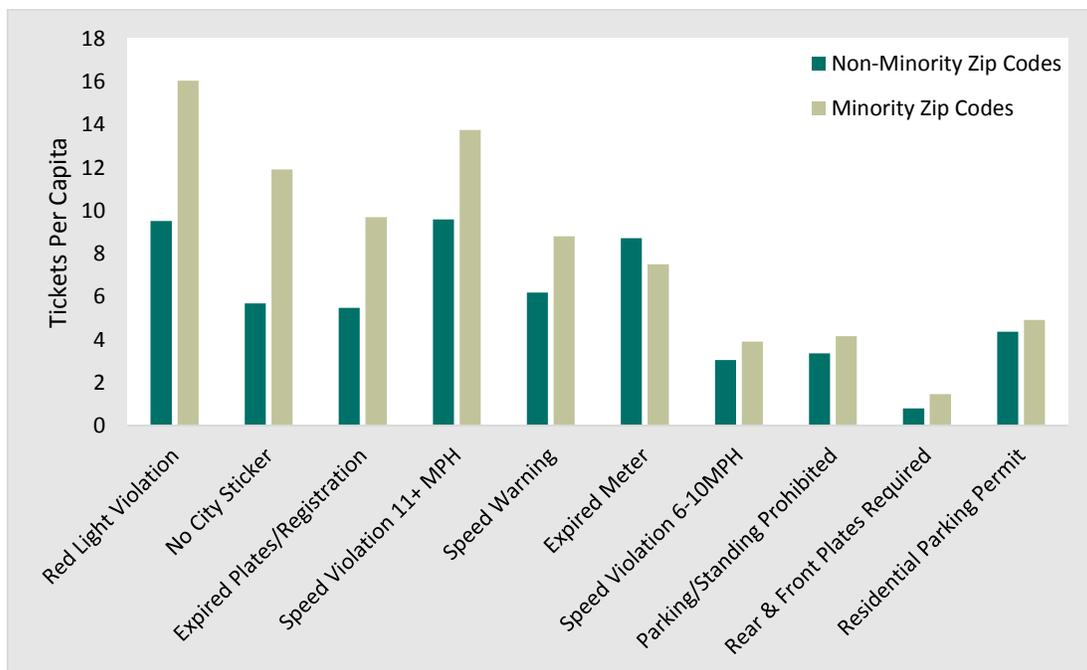
Residents of LMI zip codes received more tickets per capita than residents of non-LMI zip codes in 88 percent of the over 100 different City of Chicago vehicle-related ticket categories. Residents of non-LMI zip codes received more tickets per capita in 12 percent of ticket categories. The largest disparities existed among red light violations, missing city stickers (vehicles under 16,000 lbs.), and expired plates or temporary registration, with tickets issued to drivers from LMI zip codes significantly outpacing those issued to non-LMI zip codes. (See Figure 7).

Figure 7: Tickets Issued Per Capita by Type, LMI and Non-LMI Zip Code Drivers



Similarly, drivers from minority zip codes received more tickets per capita than drivers from non-minority zip codes in 83 percent of ticket categories. Drivers from non-minority zip codes received more tickets per capita than drivers from minority zip codes in 17 percent of ticket categories. The largest disparities existed for red light violations, missing city stickers (vehicles less than 16,000 lbs.), and expired plates/temporary registration, with tickets issued to drivers from minority zip codes significantly outpacing those issued to drivers from non-minority zip codes. (See Figure 8).

Figure 8: Tickets Issued Per Capita by Type, Minority and Non-minority Zip Code Drivers



What is Driving this Trend?

There are a number of factors that could be influencing ticket trends. One is the spatial location of automated red light and speed cameras. Even though only 43 percent of Chicago zip codes are LMI zip codes, they contained 54 percent of Chicago's speed cameras and 50 percent of its red light cameras. Similarly, only 50 percent of Chicago zip codes are minority zip codes, but they contain 59 percent of speed cameras. Non-minority zip codes had a slightly higher proportion of red light cameras (52 percent) relative to their share of city zip codes (50 percent). (See Figures 9, 10 and 11).

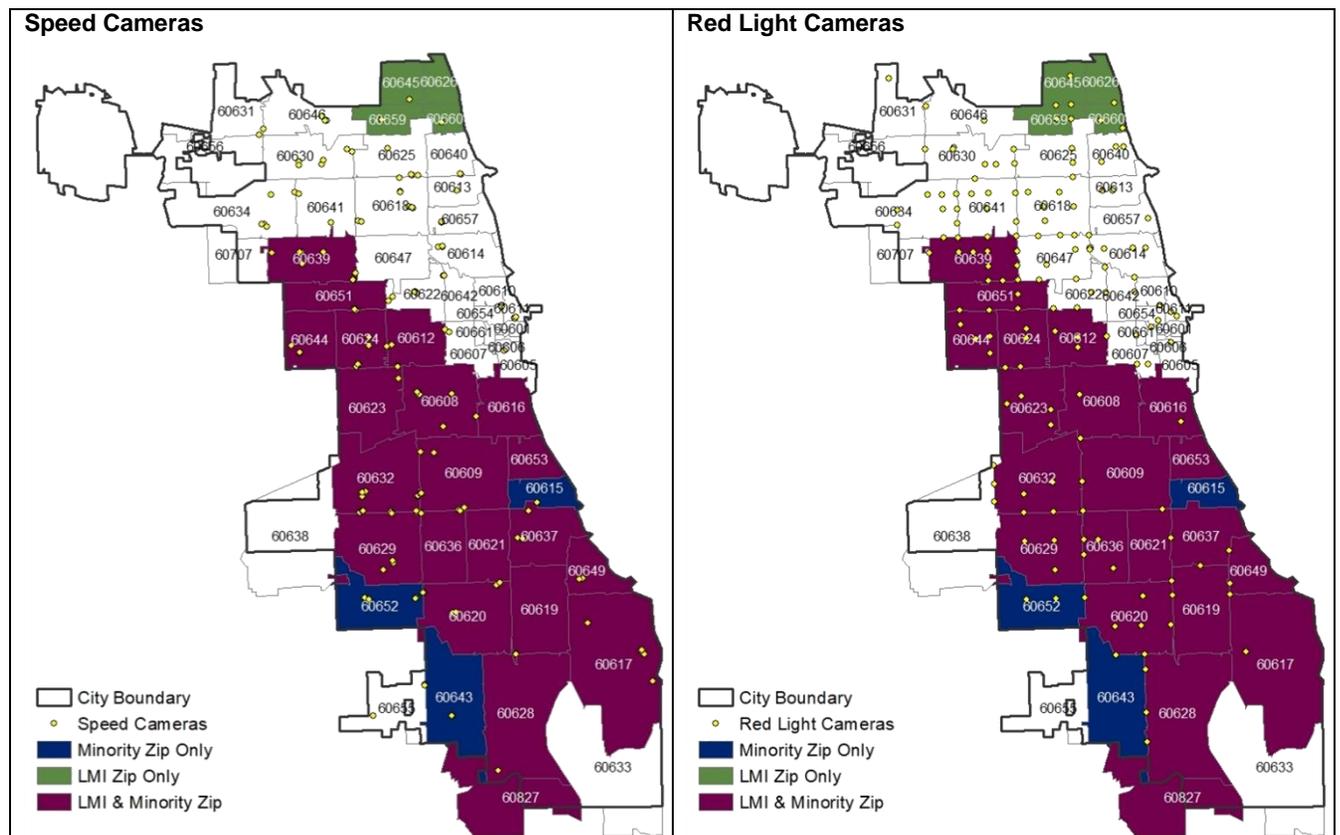
Figure 9: Proportion of Speed and Red Light Cameras, LMI and Non-LMI Zip Codes

	Zip Codes		Speed Cameras		Red Light Cameras	
	#	%	#	%	#	%
Non-LMI	33	57	70	46	75	50
LMI	25	43	81	54	74	50

Figure 10: Proportion of Speed and Red Light Cameras, Minority and Non-minority Zip Codes

	Zip Codes		Speed Cameras		Red Light Cameras	
	#	%	#	%	#	%
Non-minority	24	50	62	41	77	52
Minority	24	50	89	59	72	48

Figure 11: Camera Locations



See Appendix for full-size maps.

There is an extensive body of research documenting racial profiling in traffic stops.¹⁵ Studies have also shown that neighborhood characteristics play a role in policing and ticket issuance. Officers are more likely to issue tickets in neighborhoods characterized by higher levels of ‘disorganization’ and ‘disadvantage,’ than in other areas, when controlling for other factors.¹⁶ It is possible that bias in the City’s policing practices and enforcement patterns is driving ticket disparities in Chicago.

Other explanations for the disparities in ticket issuance could stem from driving patterns. Higher-income zip codes tend to be in the central parts of the City, while lower-income zip codes are often further away from the central business district. Proximity to metered parking is likely driving higher rates of parking tickets in non-LMI and non-minority areas. It is possible that more centrally located residents drive fewer miles, drive less frequently, and have fewer opportunities to speed given the density of the street grid and traffic levels, thereby exposing themselves to less ticket risk than other drivers. Absent more detailed data on vehicle miles traveled, it is difficult to discern how much these factors are impacting ticket issuance trends.

Given that parking and missing sticker violations make up a significant proportion of issued tickets, parking availability may also be impacting this trend. Drivers who are able to park their vehicles in private driveways or parking garages may be less likely to accrue tickets for missing city stickers, street cleaning violations, or expired meters than those who must park on the street. Income availability is also likely playing a role. Limited-income drivers may be more likely than higher-income drivers to let city stickers or license plate renewals lapse, thereby exposing them to ticket risk.

The Consequences of Unpaid Tickets

Ticket Outcomes

Ticket issuance caused various outcomes. The issuance of a warning did not, and presently does not, result in a fine (eight percent of all issued tickets were speed warnings). Some tickets (six percent in 2017) were dismissed following a court hearing. Of the remaining tickets, some were paid, and some went unpaid. In 2017, 67 percent of tickets requiring payment (excluding warnings and dismissed tickets) were paid by the recipient. Thirty-four percent went unpaid, which resulted in additional fines. The City was unable to contact the recipients of one percent of issued tickets to send notice of an outstanding violation. One percent of tickets went unpaid because the recipient was in, or filed for, bankruptcy.

One’s ability to pay tickets had significant impacts on outcomes, as demonstrated by disparate ticket outcomes between drivers from LMI and non-LMI zip codes. Tickets issued to drivers from LMI zip codes were more likely to go unpaid, resulting in doubling ticket amounts and additional fines, than tickets issued to drivers from non-LMI zip codes. Tickets were less likely to be dismissed for drivers from

¹⁵ Robin Shepard Engel and Jennifer M. Calnon, “Examining the Influence of Drivers Characteristics during Traffic Stops with Police: Results from a National Survey,” *Justice Quarterly* 21, no. 1 (August 20, 2004): doi:10.1080/07418820400095741; Patricia Warren et al., “Driving While Black: Bias Processes And Racial Disparity In Police Stops,” *Criminology* 44, no. 3 (September 1, 2006): doi:10.1111/j.1745-9125.2006.00061.x.

¹⁶ Jason R. Ingram, “The Effect of Neighborhood Characteristics on Traffic Citation Practices of the Police,” *Police Quarterly* 10, no. 4 (December 1, 2007): doi:10.1177/1098611107306995.

LMI zip codes than drivers from non-LMI zip codes. Furthermore, ticket recipients from LMI zip codes were twice as likely as those from non-LMI zip codes to be in bankruptcy. (See Figure 12).

Figure 12: Ticket Outcomes, LMI and Non-LMI Zip Code Drivers

	Recipient in Bankruptcy	Unable to Issue Notice	Ticket Dismissed	Unpaid; Notice Issued	Paid	Warning Issued (no fine)
Non-LMI	0%	1%	7%	16%	67%	8%
LMI	2%	1%	5%	34%	50%	8%

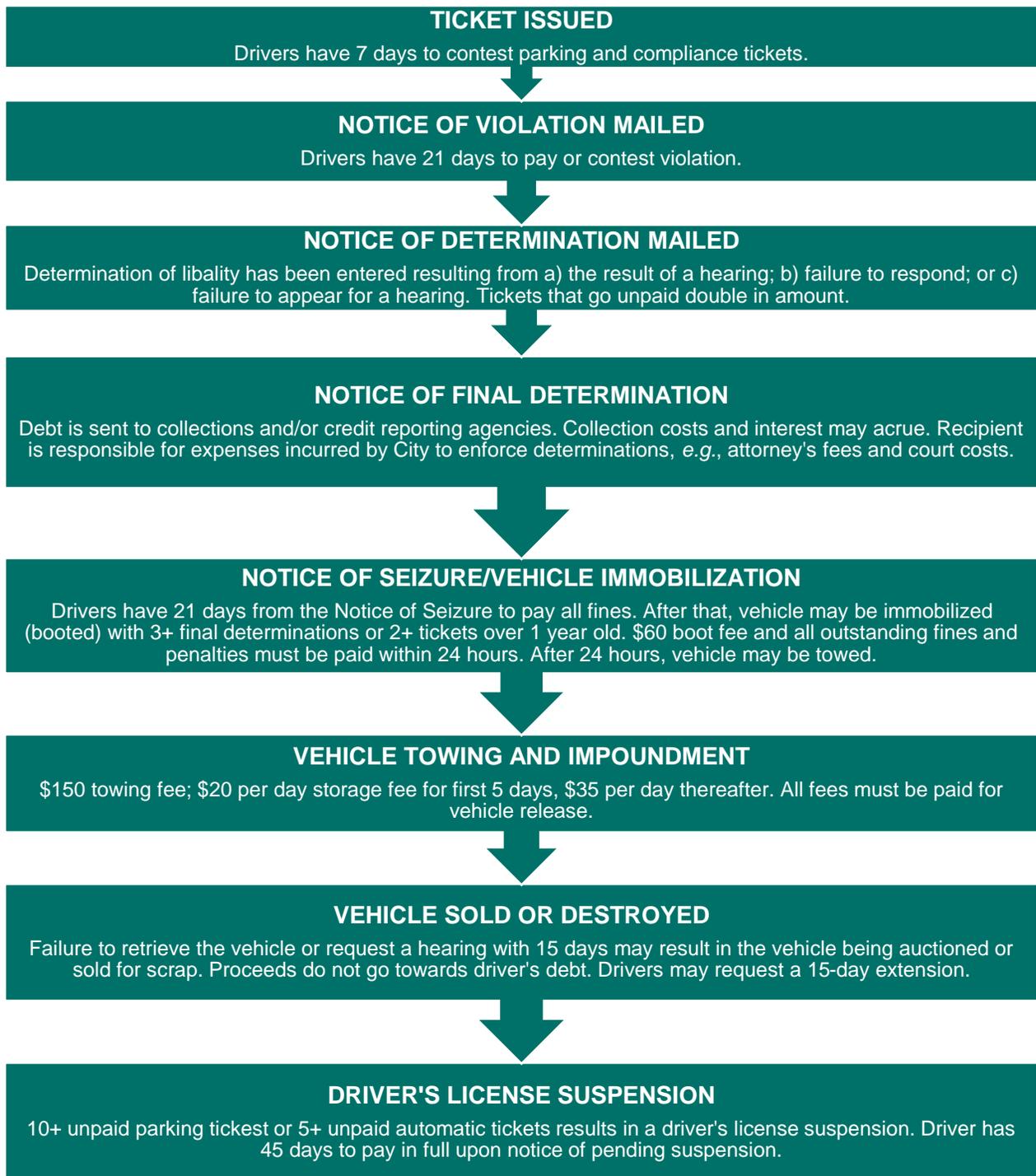
Tickets issued to drivers in minority zip codes were also more likely to go unpaid and accrue fines than tickets issued to drivers from non-minority zip codes. Recipients in minority zip codes were twice as likely to be in bankruptcy and less likely to have tickets dismissed than those in non-minority zip codes. (See Figure 13).

Figure 13: Ticket Outcomes, Minority and Non-minority Zip Code Drivers

	Recipient in Bankruptcy	Unable to Issue Notice	Ticket Dismissed	Unpaid; Notice Issued	Paid	Warning Issued (no fine)
Non-minority	0%	1%	7%	15%	68%	8%
Minority	2%	1%	5%	35%	49%	8%

Once a ticket goes unpaid, it can quickly push the recipient into a debt spiral. Tickets that go unpaid double in amount and accrue additional fines. Vehicles can be immobilized by car boot, towed, and impounded, which results in additional fines. Unpaid tickets can also result in the loss of one's license. Figure 14 describes the ticketing process in Chicago.

Figure 14: Chicago Ticket Process



Doubling of Fines

Ticket amounts issued by Chicago ranged from \$25 to \$500 depending on the offense. In 2017, Chicago issued \$162.76 million in ticket fees to drivers with Chicago zip codes. Ticket amounts double and accrue additional fines if they go unpaid. In fact, in 2017, Chicago issued an additional \$87.59

million in late fees to Chicago drivers. Tickets were much more likely to go unpaid and double in amount for drivers from LMI and minority zip codes than for other drivers. (See Figure 15 and Figure 16). In 2017, drivers from LMI zip codes received an aggregate of \$96.93 million in initial ticket fines, which averages to \$90.41 per adult.¹⁷ Drivers from non-LMI areas received an aggregate of \$65.83 million in tickets, which is \$60.38 per capita. Additional fines resulting from failure to pay tickets were more than twice as high among drivers from LMI zip codes compared to drivers from non-LMI zip codes (\$59.59 versus \$21.74 per capita). Drivers from minority zip codes received on average \$91.74 per capita in initial ticket fines compared to \$60.17 for drivers from non-minority zip codes. Additional fines were nearly three times higher for drivers from minority zip codes than for drivers from non-minority zip codes (\$61.78 versus \$21.01 per capita).

Figure 15: Fines, LMI and Non-LMI Zip Code Drivers

	Initial Tickets		Additional Fines	
	<i>Aggregate</i>	<i>Per Capita</i>	<i>Aggregate</i>	<i>Per Capita</i>
Non-LMI	\$65.83 M	\$60.38	\$24.87 M	\$21.74
LMI	\$96.93 M	\$90.41	\$62.73 M	\$59.59
Total	\$162.76 M	\$75.27	\$87.59 M	\$40.51

Figure 16: Fines, Minority and Non-minority Zip Code Drivers

	Initial Tickets		Additional Fines	
	<i>Aggregate</i>	<i>Per Capita</i>	<i>Aggregate</i>	<i>Per Capita</i>
Non-minority	\$67.87 M	\$60.17	\$23.70M	\$21.01
Minority	\$94.88 M	\$91.74	\$63.89M	\$61.78
Total	\$162.76 M	\$75.27	\$162.76M	\$40.51

Vehicle Immobilization & Impoundment

Unpaid tickets can result in vehicle immobilization (booting), towing, and impoundment. This results in additional fees that must be paid in full by the driver. Chicago towed nearly 19,000 vehicles in 2016 due to unpaid tickets.¹⁸ If recipients were not able to pay initial tickets, it is likely they were unable to afford additional fees resulting from towing and impoundment.

Driver's License Suspensions

Unpaid tickets may result in the loss of one's driver's license, which can have devastating impacts on workers' ability to obtain and retain employment. Driver's license suspension was originally conceived as an administrative sanction meant to alter bad driving behavior. Today, it is used in many states, including Illinois, to punish behaviors unrelated to driving. In Illinois, one's driver's license can be suspended for a variety of non-driving-related violations, including failure to pay parking tickets. According to data obtained from the Illinois Secretary of State, over 480,000 licenses were suspended from 2016 through 2017. Most suspensions were related to driving without insurance, but a significant

¹⁷ Per capita calculations were made using the total adult population age 18 and older from the 2016 Five-Year American Community Survey.

¹⁸ Melissa Sanchez, Sandhya Kambhampati, "How Chicago Ticket Debt Sends Black Motorists Into Bankruptcy," ProPublica Illinois, last modified February 27, 2018, <https://features.propublica.org/driven-into-debt/chicago-ticket-debt-bankruptcy/>.

number was for failure to pay tickets. In 2016 and 2017, municipalities asked the Illinois Secretary of State to suspend over 11,000 licenses for failure to pay 10 or more parking tickets.

Woodstock analyzed data on driver’s license suspensions provided by the Illinois Secretary of State from 2016 and 2017. Among drivers with a Chicago zip code, 8,202 licenses were suspended for failure to pay parking tickets. Drivers living in LMI and minority zip codes were twice as likely as drivers from non-LMI and non-minority zip codes to have unpaid tickets, therefore resulting in a license suspension. (See Figures 17 and 18).

Figure 17: License Suspensions, LMI and Non-LMI Zip Code Drivers, 2016-2017

	Suspensions	
	#	%
Non-LMI	1,619	25
LMI	6,583	75

Figure 18: License Suspensions, Minority and Non-minority Zip Code Drivers, 2016-2017

	Suspensions	
	#	%
Non-minority	1,477	22
Minority	6,725	78

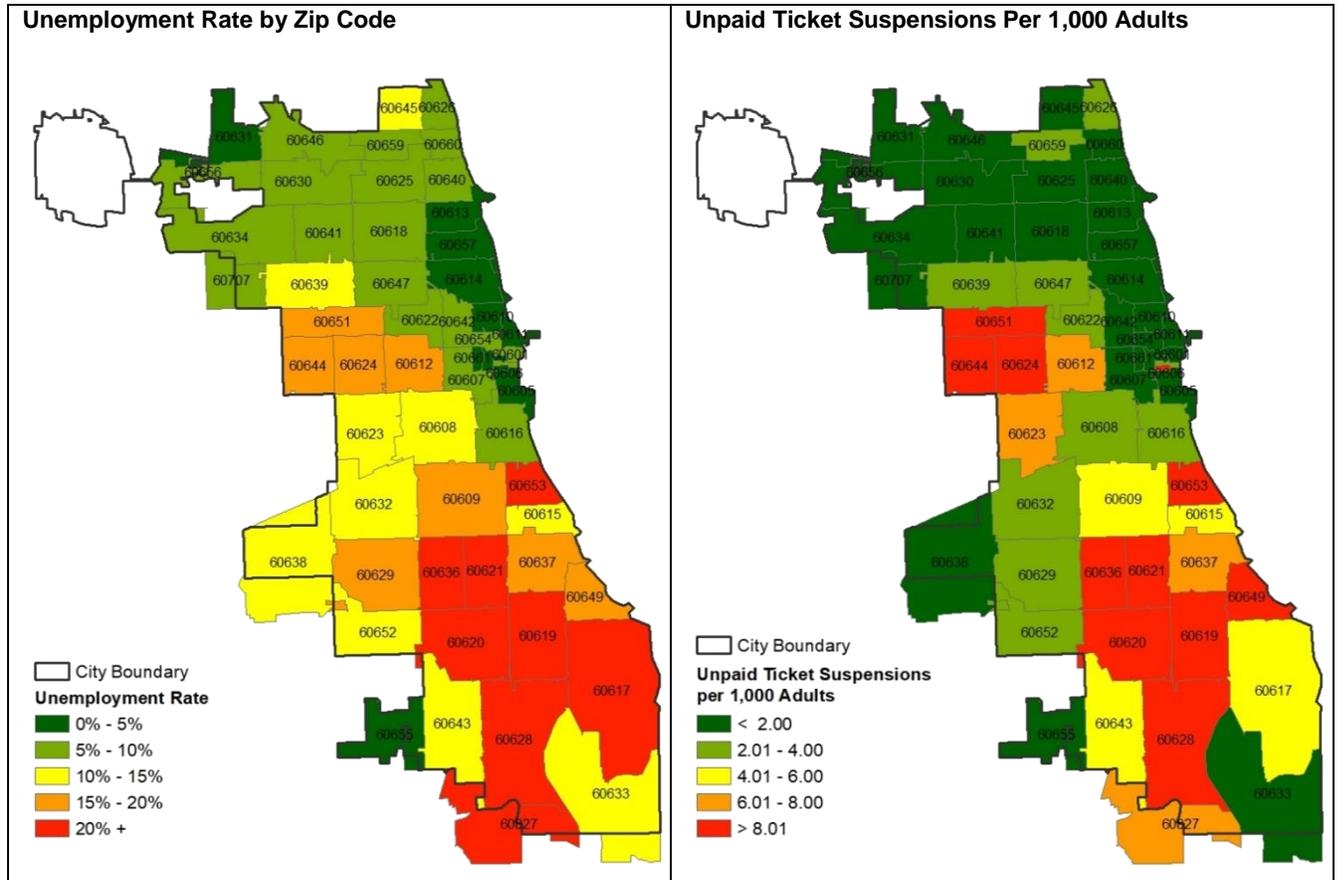
Studies have shown that driver’s license suspension can have negative economic and social impacts, particularly among lower-income drivers.¹⁹ Driver’s license suspension has a particularly detrimental impact on one’s ability to find and maintain employment. According to a 2004 survey in New Jersey conducted by a research team at Rutgers University, 42 percent of survey respondents with a history of suspension lost their jobs when they had their driving privileges suspended.²⁰ Job loss was experienced among all income and age groups of suspended drivers, but was most significant among low-income and younger drivers. Forty-five percent of those who lost their job because of a suspension could not find another job, and of those who were able to find another job, 88 percent reported a decrease in income. Fifty-eight percent of survey respondents reported that the suspension negatively impacted their job performance.

¹⁹ John Pawasarat, *Removing Transportation Barriers to Employment: The Impact of Driver’s License Suspension Policies on Milwaukee County Teens*, report, Employment & Training Institute, University of Wisconsin-Milwaukee, February 2000, accessed June 8, 2018, <http://www4.uwm.edu/eti/reprints/TeenDOT.pdf>; John Pawasarat and Frank Stetzer, *Removing Transportation Barriers to Employment: Assessing Driver’s License and Vehicle Ownership Patterns of Low-Income Populations*, report, Employment & Training Institute, University of Wisconsin-Milwaukee, July 1998, accessed June 8, 2018, <http://www4.uwm.edu/eti/dot.htm>; Marti Maxwell, *The Suspended Driver: New Strategies Addressing the Impact of Driver’s License Suspensions*, report, National Center for State Courts, 2001, accessed June 8, 2018, [https://www.ncsc.org/~media/Files/PDF/Education and Careers/CEDP Papers/2001/Suspended_Driver.ashx](https://www.ncsc.org/~media/Files/PDF/Education%20and%20Careers/CEDP%20Papers/2001/Suspended_Driver.ashx); Ken Zimmerman and Nancy Fishman, *Roadblock on the Way to Work: Driver’s License Suspension in New Jersey*, report, October 2001, accessed June 8, 2018, http://d3n8a8pro7vnmx.cloudfront.net/njsi/legacy_url/234/roadblock_report.pdf?1478622798.

²⁰ Jon A. Carnegie, *Driver’s License Suspensions, Impacts and Fairness Study*, report, Alan M. Voorhees Transportation Center, Rutgers University, August 2007, accessed June 1, 2018, <http://www.nj.gov/transportation/refdata/research/reports/FHWA-NJ-2007-020-V1.pdf>.

Unfortunately, communities struggling with high rates of unemployment also tend to be those with high rates of license suspension. In Chicago, 12 of the 15 zip codes with the highest unemployment rates²¹ also reported the highest rates of driver's license suspensions for failure to pay tickets. (See Figure 19).

Figure 19: Unemployment and Unpaid Ticket Suspensions



See Appendix for full-size maps.

There are also non-job related costs to license suspension. Continuing to drive with a suspended license can result in additional, more serious penalties. The majority of New Jersey survey respondents reported additional costs associated with a suspension, including increased insurance costs, license reinstatement fees, court and legal fees, and costs associated with finding alternative forms of transportation during the suspension. The majority of those reporting additional costs said they could not afford the additional costs. License suspension can also have psychological impacts. According to the New Jersey survey, 83 percent of suspended drivers experienced increased stress; 81 percent reported a loss of freedom; and 74 percent reported that suspension placed a strain on family, friends, and colleagues. The impact of license suspensions can extend well beyond drivers to their dependents and other family members, and can jeopardize household financial stability.

²¹ Data from 2016 Five-Year American Community Survey.

Bankruptcy

Faced with mounting unpaid tickets and fees, many Chicago drivers are turning to bankruptcy, as filing Chapter 13 bankruptcy offers a temporary reprieve from a license suspension or car impoundment. Chapter 13 bankruptcy offers temporary relief, but drivers are at risk again if a case is dismissed, which occurs frequently.

This problem is pervasive in Cook County. According to a 2016 study of Chapter 13 filings in Cook County by faculty at Columbia University Law School, between one-third and half of Chapter 13 filers filed for bankruptcy because local governments suspended, or were threatening to suspend, their driver's licenses or seize their cars because they had accumulated excess fines. The consumers who filed for Chapter 13 bankruptcy protection tended to have incomes near the poverty line and few to no assets. Over 50 percent of these bankruptcy cases failed.²²

ProPublica Illinois further examined this issue, publishing its first article on the subject in early 2018. Parking, traffic, and vehicle compliance tickets prompt so many bankruptcies that the federal court for the Northern District of Illinois (which includes Chicago and its surrounding suburbs) leads the nation in Chapter 13 filings, and ProPublica's analysis show the problem is growing worse.²³ In 2007, an estimated 1,000 Chapter 13 bankruptcies included debts to the City of Chicago, usually for unpaid tickets, with a median amount claimed around \$1,500 per case. By 2017, Chapter 13 filings had surpassed 10,000, with a typical debt totaling \$3,900. ProPublica noted that the number of tickets issued did not change during that time, but Chicago increased the cost of fines, expanded its traffic camera program, and sought more license suspensions. The majority of bankruptcy cases analyzed by ProPublica involved tickets from city sticker violations, which are a leading cause of tickets issued in many low-income and minority zip codes. According to ProPublica's analysis, sticker violations accounted for 19 percent of citations connected to bankruptcy cases.

Income Tax Refund Garnishments

In 2011, Illinois passed legislation that allowed municipalities, school districts, and public universities to enter into intergovernmental agreements with the Illinois Comptroller's office to collect delinquent debts, such as unpaid fees and fines, parking tickets, and property code violations, by garnishing income tax refunds. The law became effective in 2012, and since then many municipalities have successfully used it to recover debt. Using data obtained from a Freedom of Information Act request submitted to the Comptroller's Office, Woodstock analyzed tax refund garnishments issued by Illinois' largest municipality—the City of Chicago. In 2017, the City of Chicago asked the Comptroller's office to apply 54,628 tax garnishments under the debt recovery program. Most but not all taxpayers subjected to the garnishments were located within Illinois. Sixty-four percent of these garnishments targeted taxpayers residing within the City of Chicago.

The majority (73 percent) of these garnishments was issued for unpaid parking tickets. Twenty-eight percent were issued for administrative judgements, and nine (0.03 percent) were issued for unpaid taxes. As with ticket issuance and license suspensions, refund garnishments had a greater impact on LMI and

²² Edward R. Morrison, Antoine Uettwiller, "Consumer Bankruptcy Pathologies," Columbia Law and Economics Working Papers, September 29, 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2845497.

²³ Melissa Sanchez, Sandhya Kambhampati, "How Chicago Ticket Debt Sends Black Motorists Into Bankruptcy," ProPublica Illinois, last modified February 27, 2018, <https://features.propublica.org/driven-into-debt/chicago-ticket-debt-bankruptcy/>.

minority residents than on non-LMI and non-minority residents. Seventy-five percent of garnishments were issued to taxpayers in LMI zip codes, and 25 percent were issued to taxpayers in non-LMI zip codes. Seventy-seven percent of garnishments were issued to taxpayers in minority zip codes and 21 percent were issued to those in non-minority zip codes.

Figure 20: Tax Refund Garnishments for City of Chicago Debt, LMI and Non-LMI Zip Code Residents

	#	%
Non-LMI	8,650	25
LMI	26,486	75

Figure 21: Tax Refund Garnishments for City of Chicago Debt, Minority and Non-minority Zip Code Residents

	#	%
Non-minority	8,075	23
Minority	27,061	77

Employment Prohibitions

Owing debt to the City of Chicago can jeopardize one’s employment opportunities. The City of Chicago prohibits anyone owing money to the City from obtaining employment with the City. This includes entities such as the Chicago Public Schools and the Chicago Transit Authority, which combined employ over 45,000 people. POWER-PAC Illinois, a project of Community Organizing and Family Issues (COFI), details one such case in its 2018 report entitled *Stopping the Debt Spiral*.²⁴ Rosalva, a low-income mother on Chicago’s West Side, was offered jobs at her children’s school to be a clerk and recess monitor, but she was told she was not eligible for the jobs because she owed debt to the City. Rosalva incurred the debt because an abusive ex-husband stole her license plates and racked up more than \$6,000 in tickets and fines in her name. She tried to enter into repayment plans with the City, but large down payment requirements exceeded her income and she soon fell behind on payments. Survey results from COFI POWER-PAC’s report show that 14 percent of respondents with incomes over \$15,000 and 22 percent of respondents with incomes less than \$15,000 annually held past-due vehicle ticket debt.

City jobs are not the only ones off limits to those with ticket or other debt. The City of Chicago prohibits ridesharing drivers (Uber, Lyft, and Via) from driving if they owe debt to the City of Chicago. Drivers must pay off the debt or enter into a payment plan or their ability to drive will be suspended.²⁵ Employers in a variety of industries are increasingly using credit checks in the hiring process.²⁶ In the past, credit checks were typically used for sensitive positions in financial services, but more and more employers are using credit checks for jobs that have nothing to do with financial services or money

²⁴ POWER-PAC Illinois, a project of Community Organizing and Family Issues, *Stopping the Debt Spiral*, report, winter 2018, accessed June 20, 2018, <http://www.cofionline.org/COFI/wp-content/uploads/2018/01/COFI-STOP-Report.pdf>.

²⁵ “Chicago City Debt,” Uber.com, accessed June 01, 2018, <https://www.uber.com/drive/chicago/resources/city-debt-questions/>.

²⁶ Amy Traub, *Discredited: How Employment Credit Checks Keep Qualified Workers Out of a Job*, report, February 2013, accessed June 8, 2018, <http://www.demos.org/sites/default/files/publications/Discredited-Demos.pdf>.

handling.²⁷ A poor credit score due to unpaid ticket debt can hinder one's employment opportunities, making it increasingly difficult to pay off that debt.

The Debt Collection Process

The City of Chicago sends a ticket recipient a series of notices regarding an unpaid ticket. After final notice, the debt is turned over to one of several third-party debt collectors that work on behalf of the City. Debt collection is lucrative for these third-party debt collectors. According to payment records on the City of Chicago Finance Department website, Chicago paid three different third-party debt collectors a combined \$10.5 million in 2017. Debt collectors are paid a portion of the debts they recover (18.95 percent for most contracts), which is passed on to the debtor through increased fees.

Policy Recommendations

- **Limit Driver's License Suspensions:** Illinois should end the practice of suspending driver's licenses for non-moving violations, including failure to pay tickets and other fines and fees. Furthermore, a license suspension should not prohibit someone from entering into a debt repayment plan. The practice of suspending driver's licenses should return to its original public safety intent of addressing dangerous driving and should not be used as an administrative debt enforcement mechanism that penalizes low-income drivers. The State of Washington stopped suspending licenses for failure to pay nonmoving violations in 2013. California ended the practice in 2017, and other states are considering doing so as well. In Illinois, the License to Work Act (SB 2411) passed the State Senate on May 30, 2018, but has yet to pass both chambers.
- **Compliance Opportunity:** Chicago should implement a compliance program whereby drivers cited for a compliance issue such as expired license plates or missing city stickers have the opportunity to address the issue and thereby avoid being assessed a fine. San Francisco has a similar program referred to as "Fix-it Compliance Tickets." Drivers cited for compliance issues may provide proof of the correction by having a California law enforcement officer or Department of Motor Vehicles (DMV) employee sign the back of the ticket (or fill out a Proof of Correction form if they no longer have the physical ticket). Violators then mail the signed citation and a \$10 compliance fee within 21 days of receiving the initial citation. This type of program has great potential in Chicago to address the issue of tickets for missing city stickers. Drivers cited for missing a city sticker would have the opportunity to purchase one and comply and thereby avoid being assessed a ticket. Many new arrivals to Chicago are unaware that they even need to purchase the sticker until it's too late. Allowing an opportunity for compliance would help address some of the negative externalities and inequities associated with city sticker enforcement.
- **Improve Repayment Plans:** Cities should create and implement municipal repayment plans that are affordable to low-income residents. All municipalities issuing tickets should be required to have repayment plans available. Furthermore, information on how to enroll in a repayment plan and deadlines to do so should be readily accessible and easy to understand. Information on

²⁷ Ibid.

repayment plan enrollment should be provided at every stage in the ticketing process, including on issued tickets and in notices of violations. Currently, drivers with vehicle immobilization, impoundment, or license suspension history must pay 50 percent of ticket debt (25 percent for those who qualify for a “Hardship” repayment plan) up front, plus all outstanding fees (boot, tow, storage, etc.) in full to enter into a repayment plan. These requirements can make repayment plan enrollment cost prohibitive for low-income drivers. These requirements should be eliminated, so that any driver can enroll in debt repayment programs.

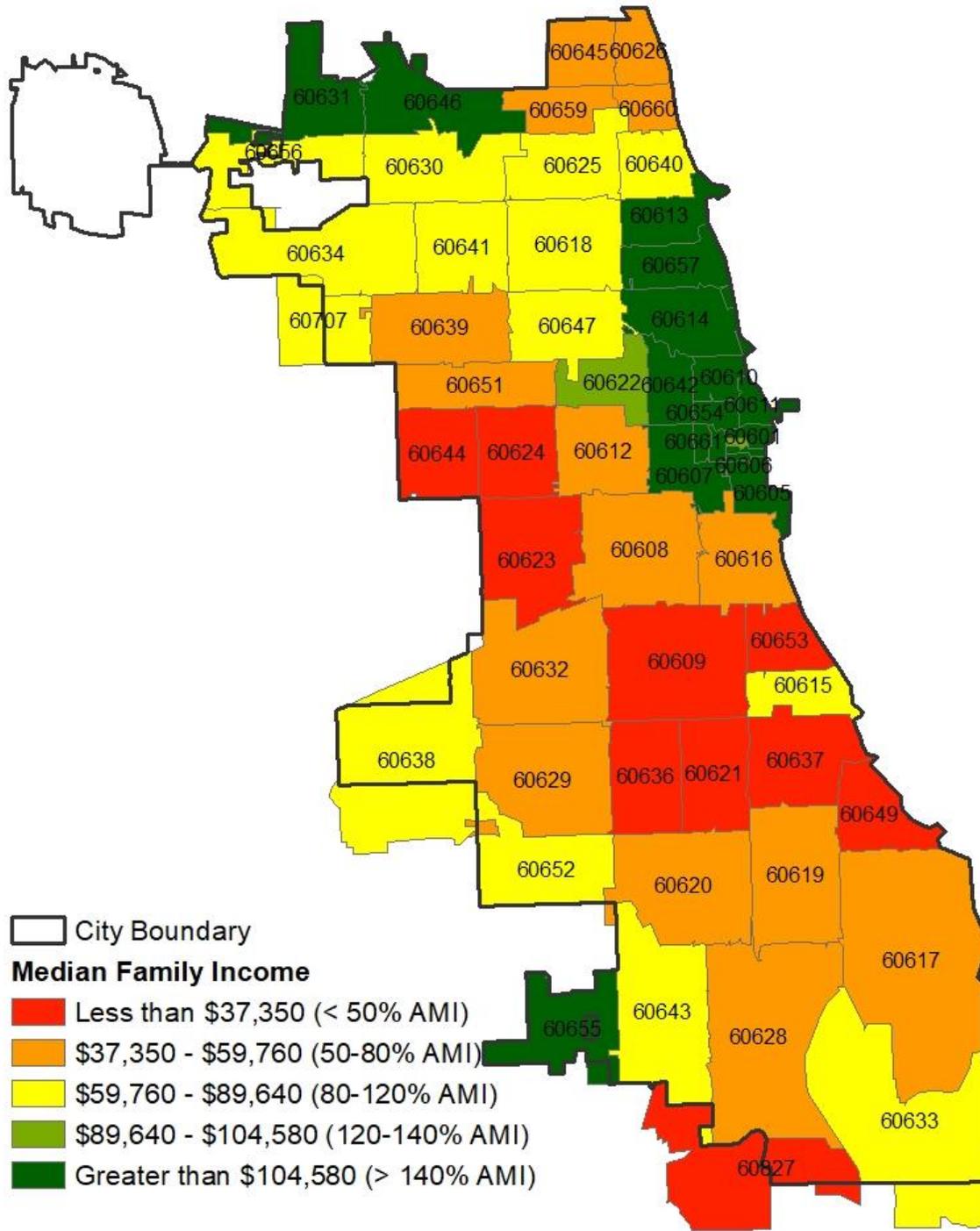
- **Community Service Alternative:** Ticket recipients should have the option to pay off tickets through community service hours. Cook County provides some opportunities for community service in lieu of paying certain traffic violations, but the City of Chicago does not currently offer a community service alternative to pay off tickets. Chicago should implement a community service alternative program like San Francisco’s. San Francisco allows people to complete community service in lieu of parking and transit citation payments. Community service hours must be completed within a timeline (ranging from six to 14 weeks based on the amount of the ticket). Enrollees have the option to make partial payments on the remaining amount due if they are unable to complete their hours. The program requires an enrollment fee, which is waived once annually for low-income households.
- **Institute Ability-to-Pay Determinations:** Currently, the City of Chicago does not have ability-to-pay determinations regarding tickets. While a low income or other criteria may make a person eligible for enrolling in a “Hardship” repayment plan, the “Hardship” plan simply extends the repayment period from 24 to 36 months. Qualifying low-income persons should be able to apply for reduced fine amounts.
- **Lower Fees for First-time and Low-income Offenders:** The City of Chicago should implement a program whereby booting, towing, and impoundment fees are reduced for first-time and low-income offenders. In San Francisco, low-income drivers and drivers whose vehicles are towed for the first time are eligible for reduced tow fees and a three-day impoundment fee waiver.
- **Write-offs/Statute of Limitations:** Illinois, like others states, should institute a statute of limitations on public debt including tickets, and write-off stale debt. No such statute of limitations currently exists in Illinois. Under New York’s statute of limitations, for example, fines are enforceable for eight years.
- **End Employment Prohibitions:** Chicago and Illinois should end the practice of barring those who owe ticket debt to the City of Chicago from public jobs.
- **Re-evaluate ticket and policing practices:** The City of Chicago should re-evaluate its ticket issuance practices. Tickets that do not have a direct connection to public safety should be eliminated. Chicago should conduct an audit of its ticketing enforcement practices to identify the existence of any geographic, racial, or economic bias.

Conclusion

Ticketing generates substantial income for the City of Chicago, but at what cost? It is a regressive form of revenue generation, borne disparately by drivers from low-income and minority communities. Tickets are disproportionately issued to drivers from low-income and minority areas, who then become trapped in an inescapable cycle of debt simply because they lack the means to pay these tickets. Indebtedness, bankruptcy, and loss of one's ability to drive have long-lasting negative impacts on the economic and social wellbeing of Chicago communities. The City must take steps to fix this broken system.

Appendix

Figure 3: Median Family Income by Zip Code



Figures 3, 5: Tickets Issued per 100 Adults by Zip Code

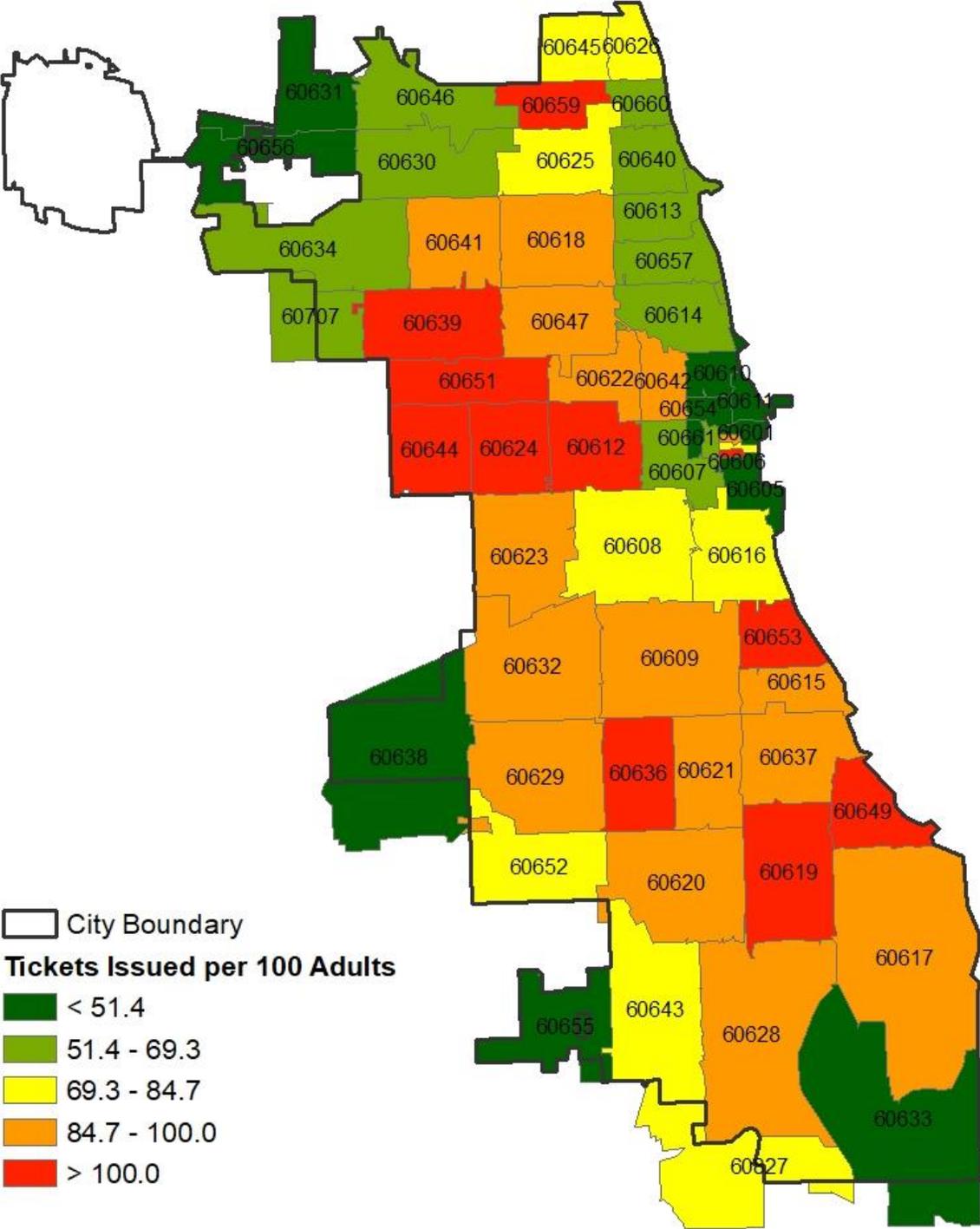


Figure 5: Percent Minority by Zip Code

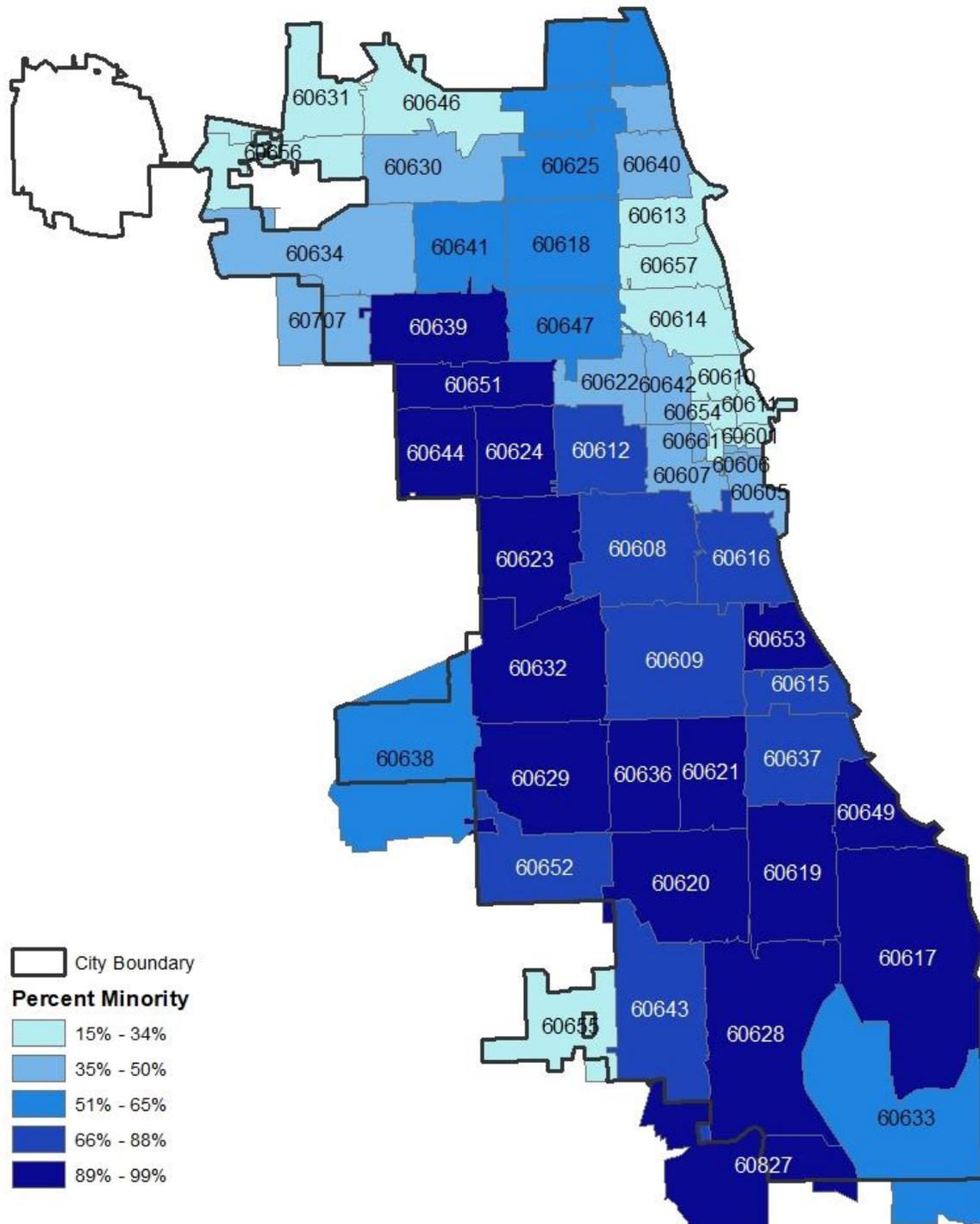


Figure 11: Speed Cameras

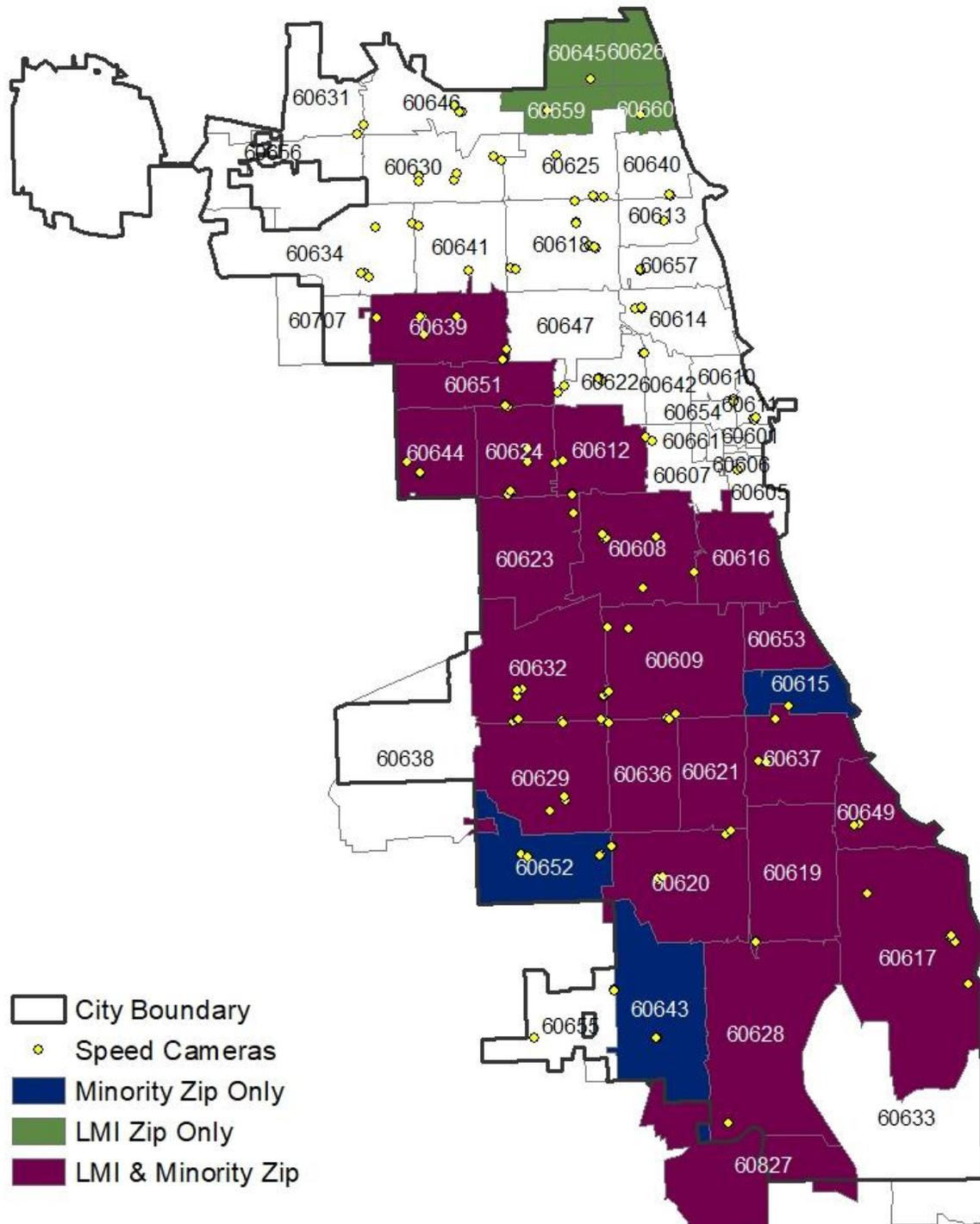


Figure 11: Red Light Cameras

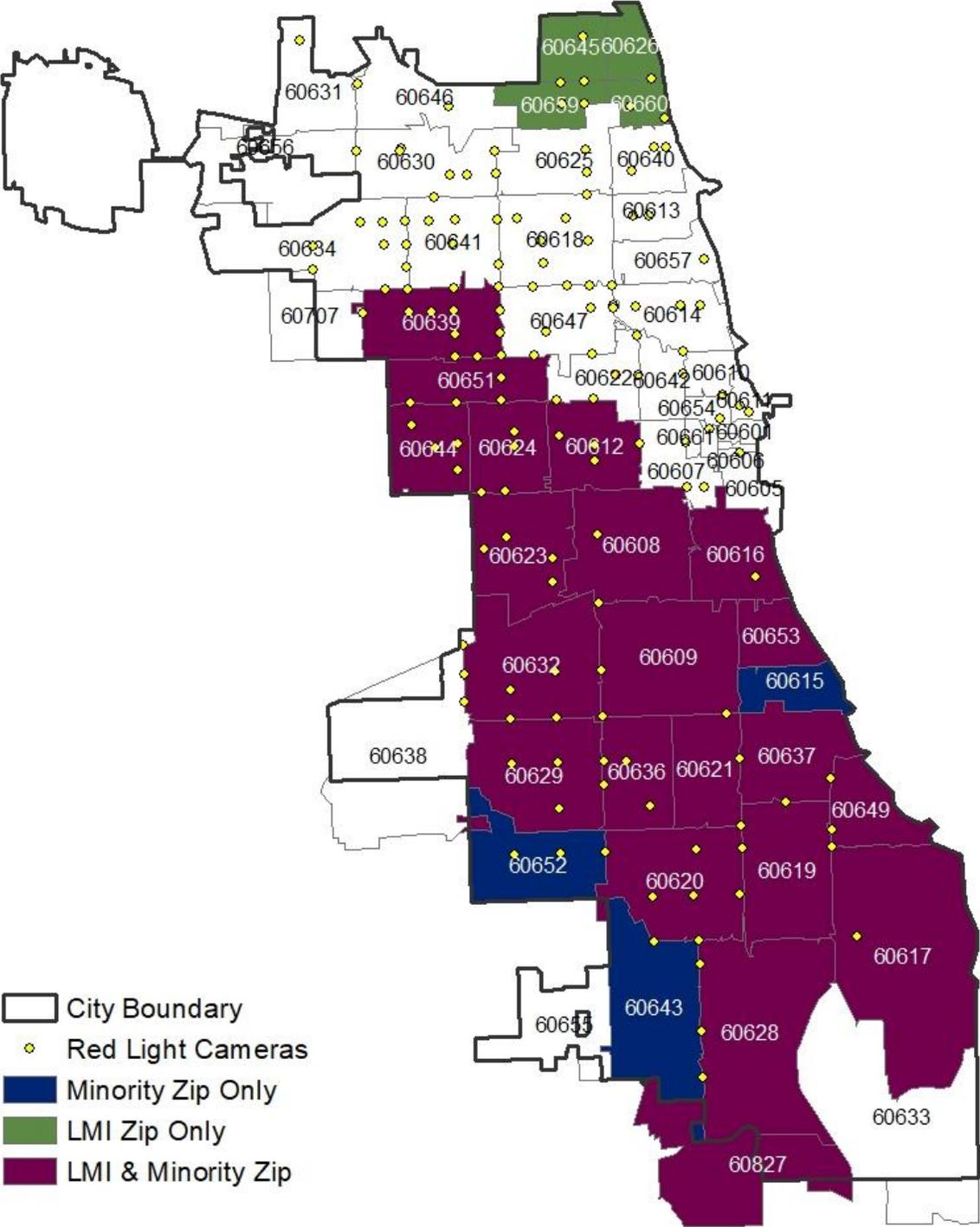


Figure 19: Unemployment Rate by Zip Code

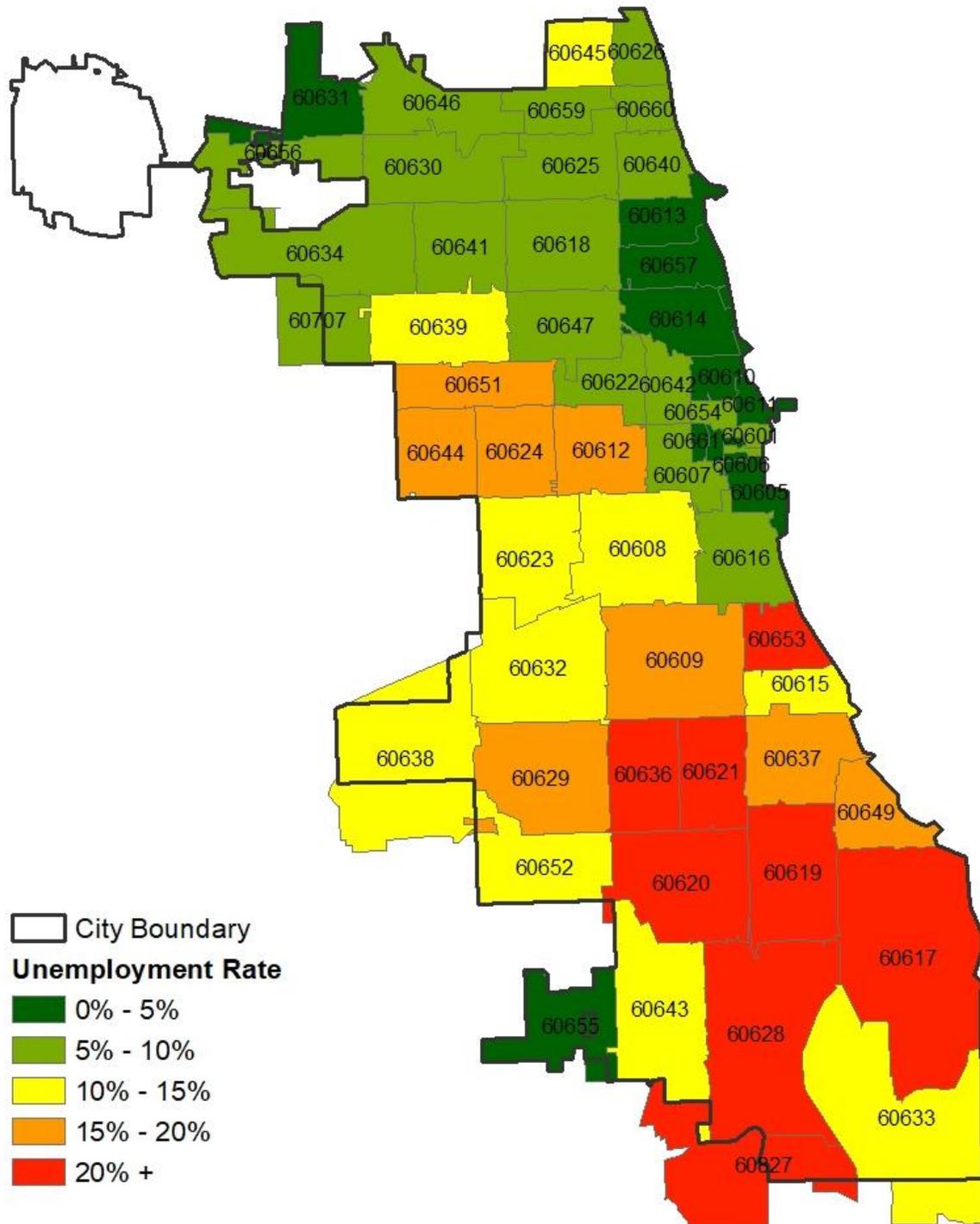
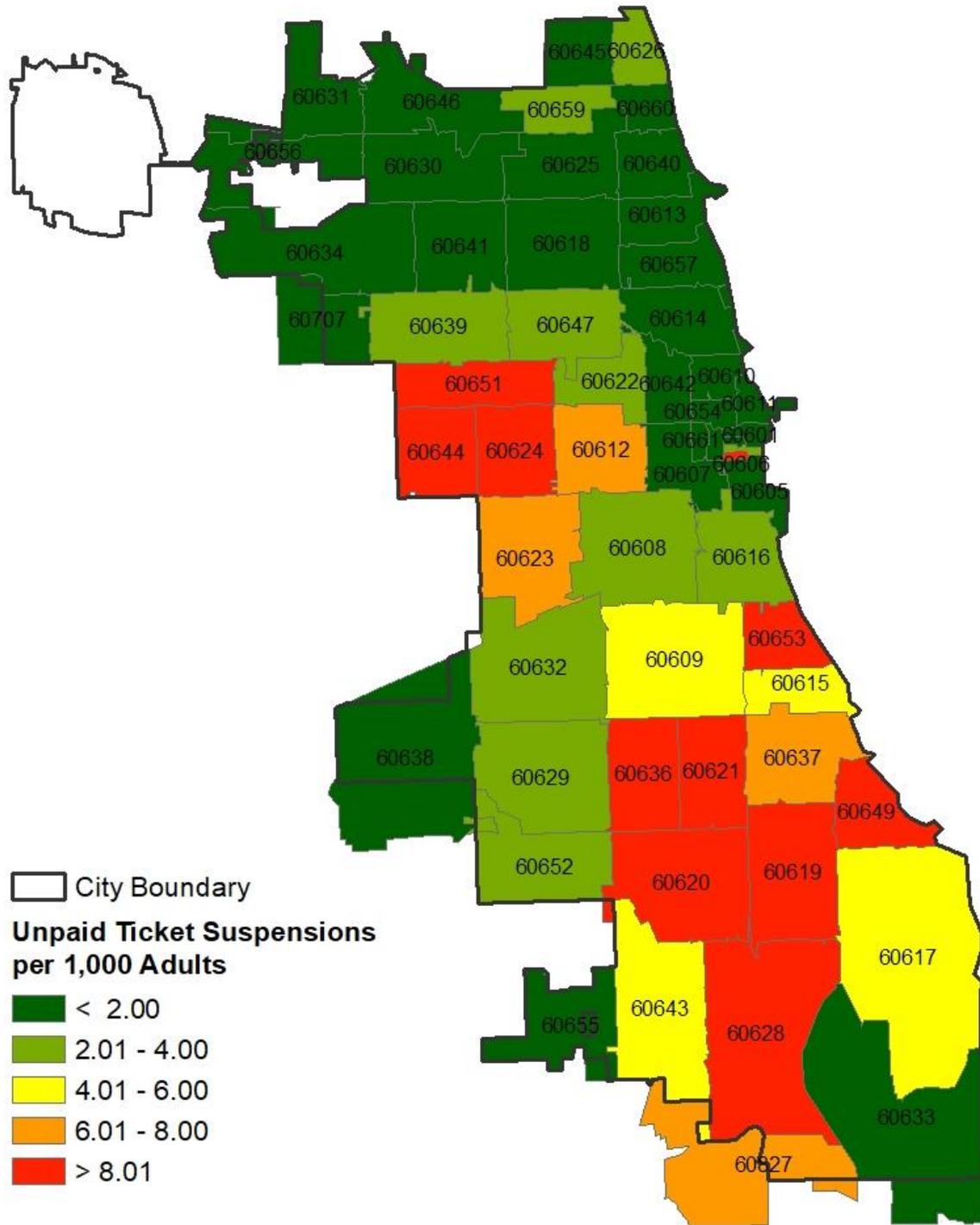


Figure 19: Unpaid Ticket Suspensions per 1,000 Adults



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