

# The court debt spiral



The burden of unmanageable court debt and its accompanying risks only serve to drag low-income Americans down when what they really need is help removing barriers.



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This month in Big Ideas, we've considered several common types of debt and the ways they can impact low-income Americans. Student loan debt, credit card debt, nursing home debt - many of these are also a reality for Americans who live well above the poverty level.

This week, we examine a type of debt that is a minor inconvenience or often flies under the radar of middle to upper class Americans but can be crippling to low-income Americans. Unlike other types of debts, court debt can trap individuals in a cycle of debt.

In the poverty law landscape, we see recurring themes. One that pops up again and again is the stark reality that justice can be linked to how much someone can pay.

There are few places this is better illustrated than the example of court debt. Court debt can take two forms, court costs or fines. Court costs arise from the cost of the case. Whereas, fines are a form of punishment. Court debts share a lot of the same harms as other debts. It can accrue late fees, impact credit scores, be sold to debt collectors, and charged interest. Unlike other debts, court debt can result in license suspensions and unpaid fines can lead to jail time.

For many Americans, a speeding ticket is a minor inconvenience. They pay the costs and fines and move on. At best, this is a behavior check and a reminder to be a little more cautious. While paying an unexpected fine stings, it doesn't drastically impact their life.

However, a speeding ticket can dramatically impact the life of low-income Americans who cannot afford a surprise \$100 fine. Those living paycheck-to-paycheck, are faced with a choice. Do they pay the fine or do they pay their rent, utilities, groceries, etc? If they don't pay their rent or utilities, they risk eviction or utility shutoff. The risk of not paying the speeding ticket seems small in comparison but it can be just as dangerous. Not only can the fine increase due to costs associated with collection, but the driver may have their license suspended. For most, driving is necessary to be able to go to work, the grocery store, and other important appointments. This places the driver in a tough spot as they must choose between missing work or driving illegally. If they are pulled over while driving under suspension, not only will the driver be charged criminally for driving under suspension but the new case will saddle them with more court debt. For many individuals stuck in this cycle, it is hard for them to see a means of escape. Especially since they may have to pay reinstatement fees to the BMV after paying their court debt off.

While the fines often have more teeth than costs, the fines are usually the last thing to be paid. Unless a court decides otherwise, Ohio law allocates payments made to court costs first. Once the court costs are paid off, then payments will be applied to any outstanding fines. Court costs are often significantly higher than fines. This can cause problems for many, especially our reentry population. Ohio's Record Sealing

Law requires individuals to wait specified amounts of time after the fines are paid off. This can cause individuals to wait years and in some cases decades until they can seal their record. Record sealing not only allows individuals to be able to obtain better employment but it gives them access to better housing opportunities.

Leaving court debt unpaid also places an important lifeline at risk. For many low-income Americans, their tax refund is critical to their finances. If the debt remains unpaid, their Ohio tax refund could be garnished each year until the debt is satisfied. With the rising cost of living and the pandemic benefits waning, more Ohioans need their tax refund to get through these times.

All this leaves us asking - are our country's court debt practices causing more harm than good? Especially considering [court debt disproportionately impacts Black, Indigenous, and Latinx Americans](#) who - [due to systemic inequities and racism - interact with the criminal justice system at higher rates and with poorer outcomes.](#)

For many reasons, we believe they are.

The burden of unmanageable court debt and its accompanying risks only serve to drag low-income Americans down when what they really need is help removing barriers. A middle class American may be able to pay the costs and fine with little harm and walk away, whereas those who are living below the poverty level can't afford to pay the costs or fine and gets stuck in a spiral of financial jeopardy.

Further, the practices and consequences that surround court debt collection usually aren't effective. [Studies have shown that less than one dollar is collected with every dollar spent on collections.](#) This leads to the question, who benefits from this? Because it is not the taxpayer. Driver's license suspensions have been shown to be ineffective and place individuals in danger. [One study found](#) that drivers with suspended licenses are more likely to have violent encounters with the police when

they are pulled over. Finally, fees and costs don't slide with income, making their application inequitable and setting low-income debtors up for failure before they even begin.

The first step towards a solution to the court debt issue is educating our communities and courts about the impact of court debt and possible solutions. Some courts have implemented creative solutions but overall, Ohio has a lot of work to do. In a [recent study put out by the National Center for Access to Justice](#), Ohio scored 38/100 on "fines and fees" benchmarks. No state received over a 50, and no state received a "passing" score. The good news was that almost every recommended policy tracked in the study has been successfully implemented in at least one state. This means that Ohio can learn from other states' implementations.

Even without statewide changes, there are things that can be done at the local level. At the front end, judges can assess the defendant's financial situation when evaluating the amount of costs and fines to assess. Judges have the ability to assess the defendant's ability to pay when determining costs and fines. There are also lots of creative solutions judges can do on the backend. After a defendant is sentenced, courts can enter into repayment plans with defendants to allow them to make payments to avoid consequences like license suspensions or debt collection actions. If a defendant can't afford to pay on the case, Ohio law permits courts to convert court debt into community service. Some courts have also used their ability to waive court debt to incentivize defendants to better themselves. One local judge has waived court debt if a defendant completes a career readiness program, a career certificate program, or mental health programming. This solution is an example of how courts might provide some accountability while also supporting positive growth. With education and some simple fixes like these, outcomes can be different in many of these cases. A speeding ticket doesn't need to turn into jail time or a lifetime of financial instability.

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