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SUPREME COURT OF VIRGINIA



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September 29, 2017

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The Honorable Mark D. Obenshain Chairman, Senate Courts of Justice Committee P.O. Box 555 Harrisonburg, VA 22803

The Honorable Thomas K. Norment, Jr. Co-Chairman. Senate Finance Committee Senate of Virginia P.O. Box 6205 Williamsburg, Virginia 23188

The Honorable Emmett W. Hanger, Jr. Co-Chairman, Senate Finance Committee Senate of Virginia P.O. Box 2 Mount Solon, Virginia 22843-0002 The Honorable David B. Albo Chairman, House Courts of Justice Committee 6367 Rolling Mill Place, Suite 102 Springfield, VA 22152

The Honorable S. Chris Jones Chairman, House Appropriations Committee Virginia House of Delegates P.O. Box 5059 Suffolk, VA 23435

The Honorable Donald W. Lemons Chief Justice, Supreme Court of Virginia P.O. Box 1315 100 North Ninth Street Richmond, VA 23219-1315

RE: Item 40, Paragraph N, of the Appropriation Act, Chapter 836, 2017 Virginia Acts of Assembly

Dear Chairmen Obenshain, Norment, Hanger, Albo, Jones, and Chief Justice Lemons:

Please find enclosed a report on the use of community service to discharge fines and costs as required by Item 40, Paragraph N, of the Appropriation Act, Chapter 836, 2017 Virginia Acts of Assembly

If you have any questions regarding this report, please do not hesitate to contact me.

With kind regards, 1 am

Very truly yours,

KRH

Karl R. Hade

KRH:jrp Enclosure RE: Item 40, Paragraph N, of the Appropriation Act, Chapter 836, 2017 Virginia Acts of Assembly September 29, 2017 Page Two

The Honorable Glen A. Huff cc: The Honorable Jerrauld C. Jones The Honorable Joseph W. Milam, Jr. The Honorable Nolan B. Dawkins The Honorable Cheryl V. Higgins The Honorable Clifford L. Athey, Jr. The Honorable Tammy S. McElyea The Honorable Deborah V. Bryan The Honorable William H. Cleaveland The Honorable Michael E. McGinty The Honorable Tanya Bullock The Honorable Clarence E. Phillips The Honorable Pamela O'Berry The Honorable Uley N. Damiani The Honorable Ryan T. McDougle The Honorable Richard H. Stuart The Honorable William J. Howell The Honorable Charniele L. Herring Division of Legislative Automated Systems **Report Pursuant to Item 40, Paragraph N, 2017 Appropriation Act** Community Service Performed in Lieu of Payment of Fines and Costs

I. Background

This report was prepared in response to language in the 2017 Appropriation Act that requires the Executive Secretary of the Supreme Court of Virginia to report on the use of community service to discharge fines and costs. Item 40 (N) of the 2017 Appropriation Act (House Bill 1500, Chapter 836) reads as follows:

N. The Executive Secretary of the Supreme Court shall review the experience of the courts in providing the option to any person upon whom a fine and costs have been imposed to discharge all or part of the fine or costs by earning credits for the performance of community service work. The Executive Secretary shall provide a report which shall summarize data from previous years indicating the amount of community service performed in lieu of fines and costs, the hourly rate assumed and the total value of fines and costs avoided compared to the total amount of fines and costs collected, by year, and the available data on the financial circumstances of those persons utilizing the option of community service work. The report should also include a projection of the anticipated impact of the adoption of Rule 1:24 by the Supreme Court of Virginia on November 1, 2016, on the collection of fines and costs, and actual data, to the extent to which it is available, on the results of the implementation of Rule 1:24 for the period beginning February 1, 2017. Copies of the report shall be provided by October 1, 2017, to the Judicial Council, the Committee on District Courts, and the Chairmen of the Senate Committees on Courts of Justice and Finance and the House Committees on Courts of Justice and Appropriations.

Community service as an option for the discharge of court fines and costs is not a new practice. In 1982, the General Assembly provided that courts *may* create a community service program for discharging fines and costs. Va. Code § 19.2-354 (C). In 1994, the statute was changed to direct courts to create such programs.¹

Over the past several years, an increasing number of state judiciaries have paid significant attention to the collection of fines and costs, most especially when sanctions such as license suspension are used to induce the payment of fines and costs. In Virginia, this attention has been focused on improving the effectiveness and flexibility of payment plans offered by the courts for the payment of fines and costs. These payment plans are important, because license

¹ Subsection C of 19.2-354 provides:

The court shall establish a program and may provide an option to any person upon whom a fine and costs have been imposed to discharge all or part of the fine or costs by earning credits for the performance of community service work before or after imprisonment. The program shall specify the rate at which credits are earned and provide for the manner of applying earned credits against the fine or costs. The court shall have such other authority as is reasonably necessary for or incidental to carrying out this program.

suspension for unpaid fines and costs will be avoided as long as court debtors meet the obligations of their payment plans.

At its 2015 Session, the General Assembly required that each individual court render in writing its payment plan for fines and costs and that the plan be readily accessible to the public. Courts may send their payment plans to the Office of the Executive Secretary of the Supreme Court (OES) for posting on the Judicial Branch web site. In response to this legislation, on May 18, 2015, the Judicial Council of Virginia endorsed recommendations for the collection of fines and costs. In 2016, the General Assembly provided that all payment plans must be consistent with the Rules of the Supreme Court.

As a result of the 2016 legislation and after receiving recommendations from a work group that was convened, the Supreme Court of Virginia adopted Rule 1:24 on November 1, 2016, which became effective on February 1, 2017. The Rule included, among other things, provisions regarding the use of community service to discharge fines and costs when a defendant was unable to make substantial payments.

During the 2017 Session of the General Assembly, identical bills (House Bill 2386 and Senate Bill 854) were enacted that included wording similar to the version of Rule 1:24 then in effect. The bills created a new statute, Virginia Code § 19.2-354.1, which contains provisions regarding the establishment of payment plans for payment of costs and fines. In addition, the statute requires that notice be given to defendants that fines and costs can be discharged through community service when a community service program has been established.

As Virginia Code § 19.2-354.1 contains language and standards that varied somewhat from the version of Rule 1:24 that was effective February 1, 2017, the Supreme Court subsequently amended the provisions of the Rule to be consistent with the standards in the statute. The amended version of Rule 1:24 became effective on July 1, 2017, the same date on which the new legislation became effective.

The current version of Rule 1:24 addresses the use of community service in aspirational terms; it is not directive nor does it contemplate the option always being used, particularly as it commends the community service option "especially when the defendant is indigent or otherwise unable to make meaningful payments." Defendants unable to make substantial or meaningful payments constitute the population most likely to undergo license suspension for the failure to pay fines and costs.

II. Data

The budget language requests disclosure of a number of categories of data about the payment of fines and costs and the incidents of community service, as well as aggregate information about individual court debtors. While some of the data are available, much of it is not. For instance, individual account data, including the financial circumstances of individuals who were permitted to satisfy fines and costs through the performance of community service, are not available. The systems used by the courts were designed to process the cases and associated financial transactions. Accordingly, the information recorded in those systems is that which is

necessary to process each case. Though this information is often sufficient to answer inquiries, there are instances where the data cannot provide the necessary information.

In addition, some information recorded within financial management systems is only available for a temporary period, due to data storage capacity limits and the associated effect on system performance. It is for this reason that individual accounts for fines and costs, including designations of their method of payment, are automatically deleted from the system 90 days after payment in full.

However, due to interest in the topic, beginning in January 2017, OES began documenting summary data related to fines and costs discharged through the performance of community service.

In order to expand the information available for this report, OES created a survey that was disseminated to circuit and district court clerks throughout the Commonwealth. The survey was designed to review the experience of the courts in providing the option of community service for the payment of fines and costs. One hundred and sixty-six clerks participated in the survey. Clerks who indicated that their court does not allow defendants to discharge all or part of their fines and costs by performing community service work (Question 1) were presented with no further survey questions. As such, their participation in the survey was complete after answering Question 1 in the negative, and is further noted as "skipped" in the survey results for Questions 2 through 6. Other clerks, who answered Question 1 in the affirmative (84%), were presented with a total of six questions. The survey questions and general response data are provided in Appendix I.

III. Discussion

Amount of Community Service Performed in Lieu of Payment of Fines and Costs

As previously discussed in Section II, data on fines and costs that were discharged by participation in community service are automatically removed from financial management systems after 90 days. Staff at OES did not begin documenting this information until January 2017. It is for this reason that an historical assessment of the amount of community service performed in lieu of payment of fines and costs in previous years cannot be conducted.

However, information gained through responses to the survey can be helpful in determining the clerks' experiences. Of the clerks who affirmed that their court offers a program by which defendants can discharge fines and costs through the performance of community service, the majority (81%) indicated that they have not noticed a change in the number of persons doing so. This number could be indicative of consistent usage of this option, and therefore the total amount of fines and costs discharged through the performance of community service would not be expected to increase greatly in these courts. Approximately 16% of clerks noted an increase in the number of persons using community service to satisfy their fines and costs, while 3% experienced a decrease.

The number of persons utilizing the option may also be affected by varying court practices, such as the establishment of different points in the process when persons are offered the option of performing community service to discharge fines and costs. For this reason, a survey question (Question 2) was designed to determine at what point courts offer defendants the option to discharge fines and costs through community service. Because a single court could offer the option to defendants at multiple points during the process, clerks were given the ability to select more than one answer. Of the clerks who responded to the question, 95% indicated that their court provides the option to discharge fines and costs through community service at the request of the defendant. Approximately 38% of clerks indicated that defendants are offered the option to discharge fines and costs through the performance of community service at the point of conviction, or adjudication. Thus, in these courts, a finding of guilt would be the triggering mechanism for the option to be offered. Nearly 41% of clerks who responded to Question 2 indicated that the option is made available to defendants at the time of sentencing. Though the survey does not correlate the differing timeframes for offering the option with the number of persons utilizing the option, it does help in determining when the option is offered throughout the court system.

The majority of clerks (77%) do not have the authority to decide in which cases defendants may use community service to discharge fines and costs (Question 3). As such, it can be assumed that this authority remains with the judge in the majority of jurisdictions.

Hourly Rates

An hourly rate to be attributed to community service is not set forth in the Code of Virginia. Courts may set rates at which community service will be credited to fines and costs, but the assigned hourly rates are not entered into the electronic systems. To gain information related to the establishment of an hourly rate, the survey asked clerks how community service work is credited to fines and costs, and further asked for the hourly rate that is utilized in that particular court.

The survey results show that some courts establish an hourly rate to be applied to community service while others use a rate established by the entity facilitating the community service opportunity. In addition, some courts establish a set number of community service hours to be completed for satisfaction of the amount owed without attaching a monetary value to it. Of the clerks who responded to the survey question on hourly rate (Question 4):

- 70% of the clerks use a method where an hourly rate established by the court is assigned to community service performed;
- 26% of the clerks use an hourly rate that is set by the organization or agency that facilitates the community service opportunity; and
- 30% of the clerks responded that the court may credit community service to discharge fines and costs based on completion of a specified number of community service hours.

It is important to note that the responses to the question were not mutually exclusive, and clerks could select more than one answer if their court used multiple methods for establishing hourly rates or for crediting community service. For example, one respondent to the survey indicated that the hourly rate for defendants charged with underage possession of alcohol or marijuana was \$10 an hour (established by the court), while persons charged with other crimes were assigned an hourly rate that was determined by the agency under which they were performing community service.

Question 4 of the survey included a text field that allowed clerks to provide the hourly rate used in their court. The average of the hourly rates provided by the clerks was \$8.79 per hour. The majority of the clerks who provided their court's hourly rate (56%) indicated that their court's rate was the current minimum wage, which is \$7.25.

Comparison of Fines and Costs Avoided and Amount Collected

Data indicating the amount of fines and costs discharged through the performance of community service is limited. As previously stated, in January 2017, OES began documenting the amount of fines and costs discharged by performance of community service. (Therefore, any comparison would be limited to a range of dates that follows this timeframe.) Exhibit 1 shows the amounts discharged by community service being performed by court type between January 1, 2017 and August 31, 2017.

Fines and costs discharged by community service for January through August 2017				
	Circuit	General District	JDR Courts	
January 2017	451,998.42	50,211.18	4,731.70	
February 2017	440,696.06	128,732.31	2,803.35	
March 2017	518,864.74	85,624.27	3,944.27	
April 2017	396,260.64	83,888.12	824.00	
May 2017	506,864.05	78,818.07	7,126.10	
June 2017	566,311.18	73,296.00	5,664.20	
July 2017	454,239.57	60,099.43	1,211.27	
August 2017	531,406.39	91,314.34	4,569.38	

Exhibit 1:

A simple review of the numbers in Exhibit 1 for fines and costs discharged by the performance of community service from January, 2017 through August, 2017, an eight-month period, yields no discernible pattern over the course of those eight months. Instead, the numbers for all three types of courts reflect great variability, limiting any conclusions that may be drawn. The only slight pattern that can be noted is that the fines and costs discharged by community service in the general district courts decreased every month from February, 2017 through July, 2017; however, there is no way to assign causation for the regular decrease over those months.

Aggregate numbers for the amount of fines and costs assessed and the total money received in previous fiscal years is shown below in Exhibit 2. The amounts listed in the column "Total Money Received" do not exclusively contain fines and costs that were assessed during the associated fiscal year. For example, if a court received a \$10 payment in January 2017 for a \$100 fine assessed in January 2016, the entire \$100 amount would be included in the Fines and Costs Assessed for fiscal year 2016, but the \$10 payment would be included in the Total Money Received for fiscal year 2017.

Exhibit 2:

	Total Money Received	Fines and Costs Assessed	Money Received During Same Year Assessed
State Fiscal Year 2013			
Circuit Court	35,939,350.33	80,302,756.01	14,496,218.25
General District Court	264,407,176.26	311,998,872.30	237,975,834.83
JDR Court	6,350,465.56	10,035,774.95	4,587,279.51
Total	306,696,992.15	402,337,403.26	257,059,332.59
State Fiscal Year 2014			17.17
Circuit Court	36,122,542.94	78,680,763.00	10,675,074.33
General District Court	274,324,964.03	309,314,827.63	237,075,141.26
JDR Court	6,344,109.44	9,496,384.70	4,202,782.23
Total	316,791,616.41	397,491,975.33	251,952,997.82
State Fiscal Year 2015			
Circuit Court	37,892,441.62	79,368,011.06	10,355,540.41
General District Court	272,756,527.17	305,590,309.65	231,796,446.74
JDR Court	6,436,895.35	19,561,139.41	4,202,675.96
Total	317,085,864.14	404,519,460.12	246,354,663.11
State Fiscal Year 2016			
Circuit Court	32,475,569.04	78,346,139.24	11,740,619.24
General District Court	254,990,760.41	285,498,086.05	209,640,766.85
JDR Court	6,431,976.54	9,375,142.40	3,985,663.01
Total	293,898,305.99	373,219,367.69	225,367,049.10

² Numbers provided within the table do not include Fairfax Circuit Court, which operates an independent financial management system that is separate from the system supplied by OES.

Exhibit 2, cont.

State Fiscal Year 2017			
Circuit Court	36,362,934.90	88,461,404.24	16,661,960.89
General District Court	249,407,375.11	281,597,658.94	203,713,999.47
JDR Court	6,256,314.31	8,897,886.96	3,823,000.11
Total	292,026,624.32	378,956,950.14	224,198,960.47

Using the information provided, it can be determined that the amount discharged by community service is approximately 2.29% of the total amount of fines and costs satisfied, either through monetary payment or discharge by community service, for half of State Fiscal Year 2017.

This percentage is calculated by first determining the amount discharged through the performance of community service in the six-month period between February 1, 2017, the date Rule 1:24 went into effect, and July 31, 2017. Exhibit 3 shows the referenced six-month period from Exhibit 1 along with amount totals listed for each month and court. The amount discharged by community service during this timeframe was \$3,415,267.63.

Fines and costs discharged by community service for February through July 2017				
	Circuit	General District	JDR Courts	Total Amounts
February 2017	440,696.06	128,732.31	2,803.35	572,231.72
March 2017	518,864.74	85,624.27	3,944.27	608,433.28
April 2017	396,260.64	83,888.12	824.00	480,972.76
May 2017	506,864.05	78,818.07	7,126.10	592,808.22
June 2017	566,311.18	73,296.00	5,664.20	645,271.38
July 2017	454,239.57	60,099.43	1,211.27	515,550.27
Totals	2,883,236.24	510,458.20	21,573.19	3,415,267.63

Exhibit 3:

The next step of the calculation was determining how much money was received during a comparable six-month period in State Fiscal Year 2017. The total amount of money received for State Fiscal Year 2017 was \$292,026,624.32 (Exhibit 2). Half of this amount, a comparable six-month period, is \$146,013,312.16.

If one were to add the amount discharged by community service during the six-month period to the six-month calculation of money received, the sum is \$149,428,579.79. This number represents the entire amount of fines and costs satisfied for the six-month period, whether through monetary payment or community service performed. If the amount discharged by community service, \$3,415,267.63, is divided by this sum amount, it can be determined that the amount discharged was approximately 2.29% of the total amount of fines and costs satisfied, either through monetary payment or discharge by community service, for half of State Fiscal Year 2017.

Financial Circumstances of Persons Utilizing the Option of Community Service Work

Data on the financial circumstances of persons utilizing community service work to discharge fines and costs is not recorded in the automated systems used by clerks. Some related information may be contained in each individual case file, but this is dependent upon the practices of each court and/or clerk and cannot be aggregated.

The Effects of Rule 1:24 on the Courts

Available information that would aid in assessing the impact of Rule 1:24 is limited, due to the lack of historical data and the short timeframe in which the Rule has been in effect. In addition, measuring the effect of the specific provision related to the discharge of fines and costs by community service is complicated by the fact that Rule 1:24 contained multiple other provisions related to the satisfaction of fines and costs, which would influence any conclusions that may be made.

The provisions within Rule 1:24 most likely to affect the outcome is the emphasis on the need for courts to offer payment agreements. Payment agreements, much like the option to discharge fines and costs through performance of community service, were recognized by statute long prior to the adoption of Rule 1:24. Va. Code § 19.2-354(A). However, the recent emphasis placed on payment agreements may have been successful in increasing their availability. Of the clerks who responded to the survey question on payment agreements (Question 6), 61% have experienced an increase in the number of defendants entering into payment agreements. With an increase in the availability of payment agreements, there may be an associated increase in the amount paid towards fines and costs.

In addition, legislation enacted during the 2017 General Assembly Session may also have an effect. Amendments to Virginia Code §§ 19.2-305.1 and 19.2-354 require that payments received from defendants must first be applied to restitution. Thus, any defendant who owes money for restitution and makes a payment will not receive credit towards fines and costs owed until the restitution amount has been satisfied. This will reduce the amount of money received by courts for fines and costs in future years.

Also, the new Virginia Code § 19.2-354.1 reduces by half the maximum down payment a defendant may be required to pay to enter into an installment payment agreement. This change could potentially increase the number of persons entering into installment payment agreements, as the amount one would need to pay to enter such an agreement has been decreased. An increase in the number of persons participating in payment plans would likely increase the amount of money received towards payment of fines and costs, while simultaneously reducing the number of persons performing community service to discharge their fines and costs. Anecdotal evidence strongly suggests that persons who have the means to pay will choose to do so rather than perform community service.

As previously stated in Section I, Rule 1:24 was amended after the 2017 Session of the General Assembly so that it is consistent with statutory law. For example, prior to the amendment, Rule 1:24 stated that "court[s] *should liberally use* community service work as an option to defray fines and costs, especially when the defendant is *unable to make substantial* payments." (emphasis added.) After it was amended for consistency with the enacted legislation, the Rule now states "court[s] *may provide* community service work as an option to defray fines and costs, especially when the defendant is *indigent or otherwise* unable to make *meaningful* payments." (emphasis added.) The amended version of Rule 1:24 went into effect on July 1, 2017, which is the same date upon which the legislation went into effect. Therefore, if there was any impact attributable to standards solely contained within Rule 1:24, it would have had an effect only during the five-month period between February 1, 2017 and June 30, 2017. Rule 1:24 is not expected to have any independent impact upon the function of the courts after July 1, 2017, as its standards are reflective of statutory law.

V. Summary

The percentage of fines and costs discharged through the performance of community service is approximately 2.29% of all fines and costs satisfied, whether through community service or monetary payment. As such, it is a very small proportion of all fines and costs satisfied. In addition, most court clerks (81%) indicated that there was no noticeable change in the use of community service to discharge fines and costs in the first six months following the effective date of Rule 1:24. Further, as noted earlier, during the eight-month period from January, 2017 through August, 2017, there is no overall pattern observed from the numbers for fines and costs discharged by community service, and as such, no conclusion can be drawn from the numbers as to the impact of the community service provision in Rule 1:24 as it then existed from February 1, 2017 through June 30, 2017.

Assessing the impact of Rule 1:24 is difficult due to the limited availability of information. Data that would allow for the calculation of the amount of community service performed to discharge fines and costs in previous years would have allowed for the establishment of a baseline. Without the amounts from previous years, it is difficult to determine what impact, if any, Rule 1:24 will have on the amount of fines and costs paid to the courts in future years.

A determination of the impact is also complicated by the fact that Rule 1:24 contains other provisions that affect the total amount paid towards fines and costs. In addition, legislative changes have likely affected this total amount.

Any impact based solely upon provisions within Rule 1:24 is limited to a five-month timeframe existing between February 1, 2017 and June 30, 2017. Since July 1, 2017, Rule 1:24 has included provisions that coincide with the current statutes.

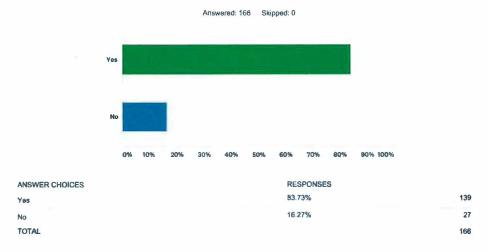
APPENDIX I

Survey Results

QUESTION 1:

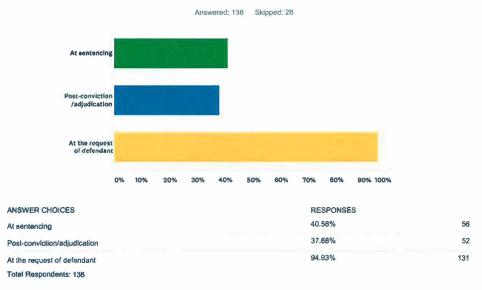
Community Service to Discharge Fines and Costs

Q1 Does your court allow a defendant to discharge all or part of fines and costs by performing community service work?

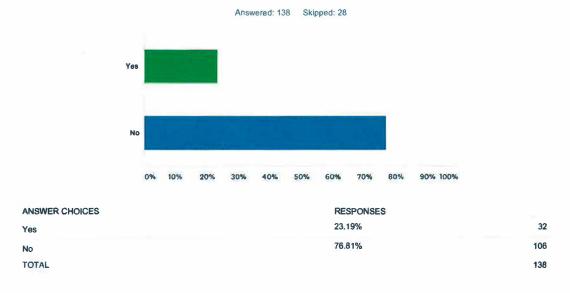


QUESTION 2:

Q2 When is community service for discharge of fines and costs offered? (mark all that apply)



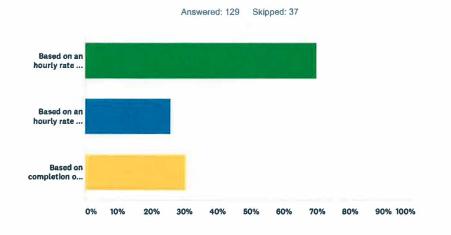
QUESTION 3:



Q3 Does the clerk have the authority to decide in which cases defendants may use community service to discharge fines and costs?

QUESTION 4:

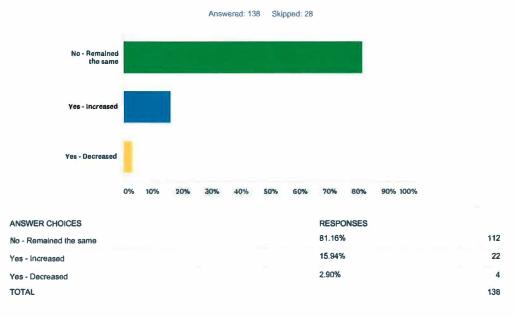
Q4 How is the community service work credited to fines and costs? (mark all that apply)



ANSWER CHOICES		RESPONSES	
Based on an hourly rate set by the court (provide rate below)	69.77%	90	
Based on an hourly rate set by the organization or agency in charge of the community service opportunity (provide rate below)		33	
Based on completion of a specified number of community service hours	30.23%	39	
Total Respondents: 129			

QUESTION 5:

Q5 Based upon your experience, has the use of community service to discharge fines and costs noticeably changed in your court in the last six months?



QUESTION 6:

Q6 Based upon your experience, has the number of defendants entering into payment plan agreements increased in your court in the last six months?

