



SPUR REPORT
NOVEMBER 2021

Bridging the Gap

Addressing the inequitable impacts of bridge toll fines and fees on Bay Area drivers



Acknowledgements

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Reducing the Harms of an Inequitable Tolling System

The Metropolitan Transportation Commission (MTC) has inherited a system for collecting unpaid tolls that is putting thousands of Bay Area residents into a cycle of debt. This cycle disproportionately harms lower-income and working people by charging expensive fines and fees that are more than 12 times the cost of a toll. As the commission looks to build a more effective and equitable system, we recommend a series of actions, building on the work done by MTC in 2020, to help reduce the harm of fines for unpaid tolls and begin to move toward an equitable tolling system. These changes, many of which MTC is already considering or has implemented on a temporary basis, would create immediate solutions to this inherited problem.

When someone drives over one of the region's toll bridges, they are charged a \$6 toll and mailed an invoice for the amount owed. If they have a FasTrak account or a registered License Plate Account, those accounts will be charged the toll. If people do not promptly pay their toll, or if their payment accounts are empty, they are charged a series of fines — financial penalties for breaking the law — and fees, which are added to penalties in order to recoup costs. These fines and fees could ultimately reach \$70 for each missed toll payment. In 2019, there were 5 million such instances of unpaid tolls resulting in fines and fees. When people accrue multiple unpaid tolls, they can find themselves hundreds or thousands of dollars in debt, with the original toll representing a fraction of the amount owed. For someone making San Francisco's minimum wage of \$16.32 an hour and commuting into the city over the Bay Bridge, one week's commute can end up costing more than half a week's wages from full-time work. These debts can force people into situations where they must choose between paying their rent and paying the accumulated fines and fees. Fines and fees can trap people in a cycle of debt, destabilizing them economically and setting them on a path to poverty that's difficult to escape. In October of 2021, prompted by this research and MTC's commitment to equity, the fine and fee for missing a toll payment was reduced to a total of \$15.

Bridge tolls fund billions of dollars of transportation improvements, including maintenance of the bridges themselves, and support local and regional transit operations. They are also crucial to ensuring that drivers help offset the harm they are causing others — including through increased congestion, air pollution and climate emissions — and as a tool to encourage drivers to take transit or carpool. However, there are four key problems with the current system for dealing with unpaid tolls: mailing address errors, accessibility barriers, high fines and fees, and a lack of payment plan options. These problems create an inequitable system that causes significant harm to people across the Bay Area.

A customer-unfriendly notification system, coupled with outdated and difficult-to-navigate institutional and enforcement structures, such as overwhelmed call centers and multiple agencies in charge of administering fines and fees, causes many drivers to incur more unpaid tolls and subsequent noncompliance fines and fees than they realize. Efforts to collect these outstanding

toll and fine balances, such as placing vehicle registration holds with the California Department of Motor Vehicles (DMV) or assigning the debt to a private collection agency, create even harsher consequences that disproportionately harm low-income drivers. A registration hold, which does not allow a person to renew their car registration until they have paid these debts in one lump sum, can force low-income people into the position of having to choose between driving their car illegally on an expired registration and getting to work, medical appointments or other necessary activities.

The fines and fees from toll violations are also heavily concentrated in a handful of communities. Out of the nearly 5 million total violations from 2019, more than 1 million came from 20 Bay Area ZIP codes alone, out of the more than 200 ZIP codes in the region. Most of the 20 ZIP codes have a higher poverty rate than the Bay Area average. Seven out of 10 unpaid toll violations were sent to the DMV or collection agencies, which can cause far-reaching harm to low-income drivers. While it's clear that the current structure of toll fees and fines is high pain to lower-income drivers, the system is also low gain because only 3% of bridge toll revenues comes from fines and fees.

MTC has recognized the many problems with the current system and has begun the process of reforming it. As the commission examines all of the factors it must consider in order to design an equitable tolling and enforcement system that meets the region's transportation and sustainability goals, we recommend a series of immediate changes that will reduce the harm the current unpaid toll system inflicts on lower-income people. Reforms to the tolling rates, violation notification and collection systems will reduce or eliminate many of the ongoing harms caused by the system and can help to begin the process toward a fair and equitable tolling system.

As MTC begins the difficult work of reforming their system, we recommend that MTC:

- **End high-pain, low-gain fines and fees:** The fines and fees used in the toll violation system are too expensive and disproportionately harm low-income people. MTC should eliminate the fee that accompanies a second notification for nonpayment (currently \$45, MTC voted to reduce this fee to \$10 beginning in 2022) and implement a fine that is no more than half of the original toll (which would currently equal \$3 for cars). **Note:** In a previous version of this report, SPUR incorrectly listed the recently adopted fee for second notice of an unpaid toll as \$15. The new fee is \$10. We apologize for the error.
- **Cap total fines per drivers:** Fines and fees levied per driver should be capped at a maximum annual amount of \$100.
- **End fines for low-income drivers:** Fines should be waived for low-income drivers.
- **End the use of collection agencies:** The use of a private collection agency adds unnecessary complexity to the collection process and can have undesired negative effects. Ending the use of collection agencies would give MTC more control over the toll collection process and allow the agency to build a more robust and equitable system.
- **Implement payment plans:** Because most low-income drivers have little, if any, savings, they can easily be put in a position of forced noncompliance when confronted with large sums of unpaid toll debt that exceed their savings. By creating a free payment plan for drivers who

have missed toll payments, the MTC can increase compliance rates and give these drivers a viable path to pay their tolls.

- **Improve the violation notification system:** With the current mail-based toll violation notification system, many bridge users do not receive timely notice when they have unpaid tolls, and so they can unintentionally accumulate violations, fines and fees that add up to hundreds or thousands of dollars. An improved notification system that uses a combination of text messages, email notices and mailed invoices would increase timely compliance and allow bridge users to avoid accumulating penalties.
- **Do not put car registrations on hold:** Unpaid tolls for California-registered drivers trigger a registration hold through the DMV after the first two mailed notices go unanswered. This adds the unpaid total tolls and fines to the vehicle's normal registration fee. This measure disproportionately harms low-income drivers because it can cause the cost of their vehicle's registration renewal to jump to unaffordable levels. By not renewing their vehicle registration, these drivers either lose access to their main (and often only) commute option or risk breaking the law and driving an unregistered vehicle — a problem that has even greater consequences for drivers whose vehicle is also their only safe place of living. MTC should continue the pause of car registration holds they enacted during the start of the COVID-19 pandemic until, at least, they have implemented the changes to their fines and fees and toll notification systems.
- **Provide amnesty for all existing toll debt and end all existing DMV holds:** An immediate amnesty of all existing debt and an end to existing DMV holds is a necessary step in building a more equitable system. The existing system has produced inequitable outcomes, creating significant harms for lower-income people. MTC can acknowledge these harms by ending all debts and removing DMV holds, and then moving forward with a more equitable system.
- **Begin a robust data collection and survey effort:** There is a lack of detailed information on Bay Area bridge users, particularly regarding demographic and income information about drivers. The circumstances of most late toll payments and missed notices are also missing from collected data. This makes analyzing current and proposed practices and finding the most efficient solutions difficult. We strongly recommend that MTC and its agencies begin more proactive and detailed surveys of bridge users and collect data on missed toll payments, their circumstances and other relevant information. Collecting and publicizing this data will assist in the development of more effective policies.
- **Discount tolls for low-income drivers:** Because low-income drivers often lack the resources to reliably pay tolls, MTC should pilot reduced-cost bridge tolls for low-income drivers, similar to what they created for transit and are piloting for express lane tolls. Means-based tolls would increase toll payment compliance rates and improve commuter equity in the Bay Area, without reducing the incentives lower-income drivers have to make sustainable travel choices. Due to a lack of data on who uses the Bay Area's bridges, we are unable to model

the fiscal impacts of this policy. A toll discount program could have a significant impact on the toll revenues that support bridge maintenance and regional transit, and MTC could consider a small toll increase on the most polluting cars or during peak periods to make up for the lost revenue.

→ **Perform and publish an annual evaluation of toll payment systems:** After adopting these reforms, MTC should implement an annual evaluation of their toll repayment programs and publish their findings. With a regular evaluation process, MTC will be poised to make further changes or tweaks as necessary to build a functioning and equitable tolling system.

While MTC does not currently collect sufficient demographic data to accurately estimate the revenue loss associated with the proposed policy changes, today revenue from fines and fees represents less than 1% of the total MTC budget.

These recommendations are an attempt to reduce the immediate harm of the existing unpaid toll systems and to lay the groundwork for a broader conversation about how to equitably fund the Bay Area's infrastructure needs and best promote sustainable transit practices. As MTC considers how to build more equitable systems, this report should be considered a first step in a broader process that examines tolling systems and practices with the intent of building new ones that are rooted in equity. These new systems should be focused on producing MTC's stated desire to ensure equitable outcomes.

How Bay Area Bridge Tolls Work Today

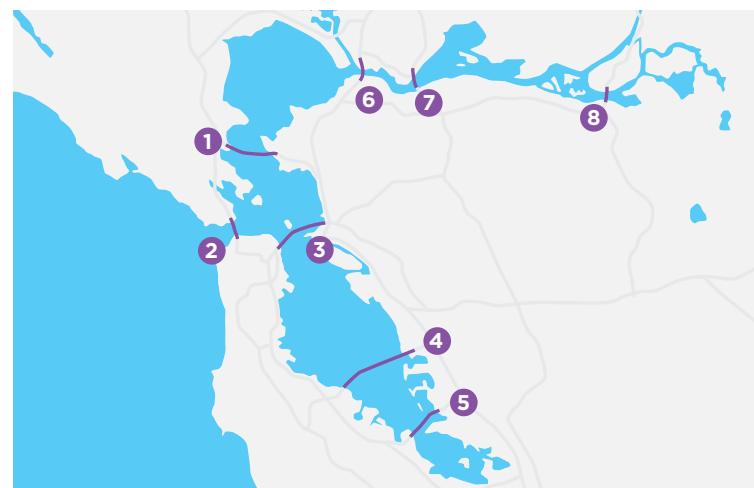
The Bay Area's high cost of living results in individuals from across the region commuting long distances into the major business districts for work. Many of those who work in San Francisco, for instance, do not live in the city. A 2019 report found that although low-wage jobs grew at a comparable rate to high-wage jobs in San Francisco, the city lost 23% of its low-wage households and gained an additional 44% high-wage households in 2017 compared to 2010 levels.¹ In 2019, an estimated 312,700 people made a daily commute across the San Francisco–Oakland Bay Bridge alone.² While the pandemic has allowed many people to reduce or eliminate their commutes, this has not been the case for people working in low-wage jobs, who are often working in person at food establishments, retail stores or similar jobs.

There are eight bridges within the Bay Area: the Golden Gate Bridge, the Bay Bridge, the Richmond–San Rafael Bridge, the Hayward–San Mateo Bridge, the Antioch Bridge, the Benicia Bridge, the Carquinez Bridge and the Dumbarton Bridge. The Bay Area Toll Authority, an authority governed by MTC commissioners and staffed by MTC/Association of Bay Area Governments staff, operates seven of those bridges.³ While the Golden Gate Bridge falls under a separate administrative jurisdiction, the Golden Gate Bridge District contracts with MTC to use the same tolling system used on the seven MTC bridges. Given the location and vast size of the San Francisco Bay, many people cannot avoid bridges on their commute to and from work, and there are significant costs associated with using bridges in the Bay Area. As housing prices and living expenses continue to rise within the region's major economic centers and force more workers to live farther away from work, this need to cross bridges continues to grow.

FIGURE 1
The Bay Area has eight toll bridges, seven of which are under MTC authority.
Toll bridges in the San Francisco Bay Area

1. Richmond–San Rafael Bridge
2. Golden Gate Bridge (not under MTC authority)
3. San Francisco–Oakland Bay Bridge
4. San Mateo – Hayward Bridge
5. Dumbarton Bridge
6. Carquinez Bridge
7. Benicia-Martinez Bridge
8. Antioch Bridge

Source: Wikimedia Commons user Selket, https://commons.wikimedia.org/wiki/File:San_Francisco_Bay_bridges.svg



1 Sasha Perigo, Report: *SF Adding Equal Numbers of High- and Low-Wage Jobs, But Not Nearly Enough Low-Wage Housing*, Hoodline, 2019, <https://hoodline.com/2019/10/report-sf-adding-equal-numbers-of-high-and-low-wage-jobs-but-not-nearly-enough-low-wage-housing/>

2 Based on the San Francisco County Transportation Authority and MTC's 2019 travel diary data, AC Transit's on-board surveys, and CalTrans' 2018 Managed Lanes Report.

3 For the purpose of clarity in this report, we refer to the agency governing bridges and tolls collections as MTC.

After Caltrans removed the toll takers from their booths at the start of the pandemic for public health reasons, MTC was forced to temporarily shift to an all-electronic toll collection system, something that had been considered for some time. As it became clear that the pandemic would continue, MTC made the decision to accelerate its permanent transition to all-electronic tolling. Now that toll takers and cashiers are gone, people can choose to pay the base toll amount of \$6 in one of three ways: pay via FasTrak (manual or auto-refill), pay using a License Plate Account (pay as you go) or rely on mailed invoices sent to the address associated with their car registration to notify them of recent transactions. If the toll payment is not received by its due date, drivers are given a penalty of \$25 that they must pay in addition to the original toll amount within 15 days. If this goes unpaid, a second notice is sent with an additional \$45 late fee, bringing the total fine and fee to \$70, almost 12 times the original toll.⁴ In October of 2021, MTC voted to reduce the penalty for an unpaid toll to \$5 and the fee at a second notice to \$10. This change goes into effect in January of 2022. If, after these two notice periods, the violation remains unpaid, the individual can face additional fees and have their car registration put on hold with the DMV or their debt assigned to a private collection agency (Figure 2).⁵

In 2020, MTC saw a huge increase in late payments of tolls as a result of the sudden shift to all-electronic tolling. The commission recognized the potential harms caused by the existing toll violation system and moved quickly to remedy them. Costly fines and fees were temporarily suspended, and people no longer were expected to pay a large financial penalty for late payment of a toll. MTC also suspended its practice of putting car registrations on hold as a result of nonpayment of fines and fees, so people who missed payments would not have to pay any debts owed before re-registering their vehicle.

During the pandemic, MTC also made significant improvements to multiple parts of their customer service system. Recognizing the potential for new problems with a now entirely electronic tolling system, MTC ramped up their investments in customer service. They opened a new call center with a focus on multilingual customer service, to improve access for individuals who spoke languages other than English. MTC also made improvements to their online payment system, simplifying the process of paying online and making web materials available in multiple languages. MTC is also in the process of developing a smartphone app to help customers more easily manage their FasTrak accounts and is in the process of reducing the cost drivers pay to acquire FasTrak transponders and the minimum balance required for FasTrak.

These changes were exactly what was needed during the pandemic and should serve as the metric by which we measure future changes to improve accessibility and reduce the harms caused by missing a toll payment. Investing in customer service, accessibility and systems improvement and moving away from punitive structures to invest in collaborative practices are essential to building equitable and sustainable systems that can work for everyone.

4 FasTrak, "What Are the Penalties and Late Fees for a Notice of Toll Evasion?", <https://www.bayareafastrak.org/en/support/tv-general-information-faq1.shtml>

5 "Changes Coming to Bay Area Toll Bridges Friday," Bay City News, December 29, 2020, <https://www.ktvu.com/news/changes-coming-to-bay-area-toll-bridges-friday>

MTC's Equity Platform

In 2019, MTC adopted its first Equity Platform.⁶ It commits the agency to “meaningfully reverse disparities in access and dismantle systemic exclusion” and to “advance equity through carefully considered investments and policies directed at historically underserved and systemically marginalized groups, including people with low incomes and communities of color.” As part of the effort to incorporate equity into its work, MTC has begun the process of evaluating its bridge toll program. The toll program is one of the largest programs through which it interacts directly with historically underserved and systemically marginalized groups, including people with low incomes and communities of color, who are likely commuting into San Francisco for work from more affordable cities. This makes the program particularly ripe for re-evaluation under the new Equity Platform.

FIGURE 2
Unpaid bridge toll notifications rely on mailed notices and jumps in consequences.
Current Bay Area system for unpaid tolls

Source: Bay Area Tolling Authority (2021). “Transition to All Electronic Tolling at MTC Bridges,” <https://mtc.legistar.com/View.ashx?M=F&ID=9169385&GUID=55AA6A26-07E8-4A7E-B0B1-1F3AFE1469EE>



⁶ MTC, “Equity Platform,” <https://www.mtc.ca.gov/about-mtc/what-mtc/equity-platform>

The Problem: Extreme Tactics and Lack of Information

The current system for dealing with missed toll payments does not produce equitable outcomes for all drivers. The system is too punitive and relies on a notification system that is not up to the task of reaching drivers, and the current data collection and publication systems, which largely do not track or publish the information necessary to evaluate impacts, leave too many unknowns about who exactly is affected by the fines and fees for unpaid tolls. This makes it difficult to understand the breadth and depth of the problem and to design solutions.

The current unpaid toll system relies on fines and fees that are too high for many drivers. Each time a person drives through a toll plaza and fails to pay the toll, they can generate \$70 in fines and fees. People can easily find themselves with debts of hundreds or thousands of dollars that they have no way to pay. For many lower-income residents, the consequences of these debts are enormous. People are forced to forgo necessary expenses, such as rent or utility bills, to pay down debts generated by fines and fees almost 12 times higher than the original toll. Debts accrued in this way can dog people for years and force them to choose between breaking the law or going to work. Recently MTC recognized the problem caused by its high fines and fees and voted to reduce them to \$15, a more than 70% decrease. The new fines and fees, however, are still more than three times higher than the cost of the toll and can cause significant debts to individuals.

As MTC saw and quickly acted on, the pivot to automated tolling exacerbated the problem. Drivers now must navigate paying tolls in entirely new ways. The COVID-19 pandemic has also exposed many lower-income people to the high costs of fines and fees because low-income workers in essential industries are required to perform in-person work while navigating reduced transit services. This has left many people commuting by car and using tolled bridges, creating a perfect storm for accumulating high fines and fees while struggling through an unknown system.

Two additional problems plague the toll violation system: how missed toll payments are communicated and how they are adjudicated. Such problems existed before the pandemic, but the harms caused by an antiquated notification system have become more widespread today because of all-electronic tolling. The system for notifying people that they haven't paid a toll relies on mailed notifications. If people don't live at the address associated with their license plate, or if mail is lost or undelivered, those who didn't pay a toll receive notifications late or not at all. Many don't realize they've gotten a fine until their registration is put on hold. When all-electronic tolling was originally instituted as an emergency measure in March 2020, MTC temporarily waived all missed payment penalties, as well as the escalation of outstanding payments.⁷ However, all-electronic tolling was made permanent across all bridges in the Bay Area on January 1, 2021, and fines and fees were reinstated.⁸ With the return of the enforcement system, evidence from MTC showed an increase in

⁷ MTC, "Cash Toll Collection Suspended at Bay Area Bridge," March 20, 2020, <https://mtc.ca.gov/whats-happening/news/cash-toll-collection-suspended-bay-area-bridges>

⁸ MTC, "New Year Brings New Toll Collection System to Bay Area Bridge," December 28, 2020, <https://mtc.ca.gov/whats-happening/news/new-year-brings-new-toll-collection-system-bay-area-bridges>

violation rates in January 2021 as 14% of all bridge-crossings resulted in violations of one kind or another, compared to 7% in March to December 2020.

The use of car registration holds has only compounded the problem with the toll violations system. Car registration holds are the result of a collaboration between MTC and the DMV, where, at MTC's request, the DMV will place a hold on a car's registration until any unpaid tolls, fines and fees are repaid. This practice can have unwarranted downstream effects for lower-income drivers. Large debts are difficult for people to pay, and lower-income households are much less likely to be able to pay unexpected expenses in the hundreds or thousands of dollars. This forces drivers to either illegally drive a car with an expired registration or stop driving altogether until they can find a way to pay the debts. Low-income drivers facing registration holds are unlikely to be able to stop using their car while resolving the hold. Instead, they are obligated to continue driving — to get to work, the doctor's office or another important appointment — despite their lapsed registration, effectively forcing them to break the law. For those who are living out of their vehicle, a lapsed registration also creates a risk of losing their only shelter.

The past use of collection agencies in the toll violation process is also particularly harmful for lower-income households. Collection agencies can take a range of legal actions in pursuit of toll debts, including harming people's credit scores, which can hinder their ability to secure housing, as well as pursuing garnishments against their wages, which can take vital money out of the pockets of vulnerable people. These harms are vastly disproportionate to the original offense of failing to pay tolls. For not paying their \$6 tolls, drivers whose accounts are sent to collection agencies could face barriers to establishing or maintaining a basic standard of living — impacted credit scores can lead to rejected applications for housing or jobs. Through these legal actions, collection agencies cause lasting and deep-cutting damage to drivers' lives in areas outside of their commutes.

The lack of information around violations, the surrounding circumstances and even who uses bridges is a significant barrier to identifying meaningful solutions to the problem. While hundreds of thousands of violations are administered annually, there is little known about who is exposed to toll system fines and fees. The only information currently reported on missed toll payments is the number of total missed payments and at what step in the process they are paid. Not reported are details on where unpaid tolls occur, demographic details on who is not paying tolls, what communities people with unpaid tolls come from and the frequency of unpaid tolls. More complicated questions such as why people have not paid their tolls, how they navigate the toll violation system and what would help them pay their tolls are not asked during the toll violation process and thus are not reported. Similarly, a lack of information on who uses toll bridges has contributed to a lack of understanding on how the toll violation system impacts people. Without understanding what is happening when people fail to pay tolls and who is exposed to the existing system, it is difficult to build an effective and equitable system.

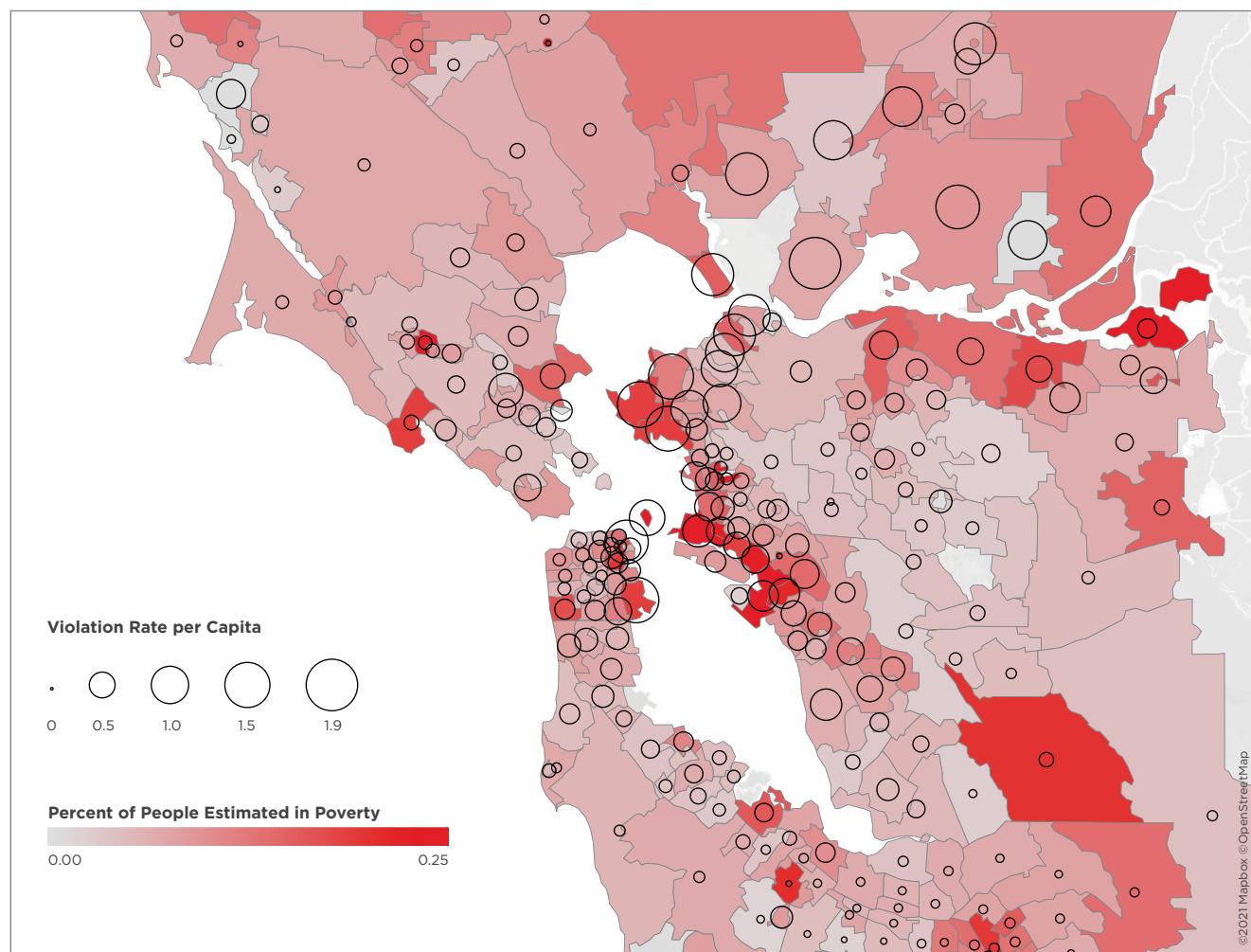
Where Unpaid Tolls Are Happening

The problems with the current tolling system are placing disproportionate harm on low-income drivers in the Bay Area. As seen in Figure 3, many of the Bay Area ZIP codes with the highest

rates of unpaid tolls also have high poverty rates. Hunters Point in San Francisco and the City of Richmond stand out on both of these metrics (see also Figures 7–9 in Appendix C). The evidence suggests that there is a sizable population of low-income drivers who are particularly vulnerable to tolling inequities. Poverty rates in four of the five ZIP codes with the highest number of unpaid tolls (Figure 4) are higher than the Bay Area average of 8.5%, calculated using poverty rate estimates and population data across the nine Bay Area counties. Four out of five of these ZIP codes are majority nonwhite, with large Latinx, Black and Asian populations.

FIGURE 3
Low-income communities have much higher rates of unpaid tolls than wealthier ZIP codes.
 Rate of violations per capita by Bay Area ZIP codes, as compared to poverty rates by Bay Area ZIP codes

Source: Authors' analysis of MTC toll violation data and the Census Bureau's 2019 American Community Survey 5-year estimates.⁹ <https://www.census.gov/programs-surveys/acs/news/updates/2020.html>



⁹ ZIP codes with violation rates greater than two violations per capita were considered outliers and were excluded from our analyses. These include the ZIP code associated with San Francisco International Airport (94128), one ZIP code in downtown San Francisco (94104), and three ZIP codes for Vallejo (94589, 94590 and 94591). While we were unable to explain definitively why these ZIP codes had such high violation rates, we suspect that several factors come into play, including the influence of small populations, corporate fleets and rental companies.

FIGURE 4

Most ZIP codes with the most unpaid toll violations are majority non-white, have higher rates of limited-English speaking households and have higher rates of poverty than the region as a whole.

Selected toll, violation and demographic data for the ZIP codes with the greatest number of toll violations

Source: Authors' analysis of MTC toll violation data and the Census Bureau's 2019 American Community Survey 5-year estimates, <https://www.census.gov/programs-surveys/acs/news/updates/2020.html>

ZIP CODE	CITY	VIOLATIONS (2019)	% OF PEOPLE IN POVERTY	RACE/ETHNICITY	% LIMITED ENGLISH-SPEAKING HOUSEHOLDS
94806	San Pablo, Richmond	92,030	12.0%	52% Latinx 18% Asian 14% Black 11% White	14.2%
94533	Fairfield	83,977	11.0%	35% Latinx 26% White 17% Black 15% Asian	6.6%
94804	Richmond, El Cerrito	57,930	18.8%	40% Latinx 25% Black 17% White 12% Asian	9.4%
94510	Benicia	53,434	7.0%	65% White 13% Latinx 11% Asian 3% Black	1.8%
94124	San Francisco (Hunters Point)	52,282	18.7%	36% Asian 27% Black 24% Latinx 8% White	15.0%

A Discouraging System

The current toll notification and violation systems are not up to the task of effectively and equitably dealing with toll debts. When administering costly fines and fees, data on toll violations show a majority of violations are sent to the DMV or to a collection agency, the final step in the violation process. When fines and fees were paused in 2020, there was a significant increase in the share of people paying tolls at the first late notice. In 2021, when fines and fees were once again implemented, a majority of toll violations were sent to the DMV or for collection. This increase is evidence of the current notification system's inability to reach people in a timely manner and the discouraging effect on payment that fines and fees have. As MTC has moved to an all-electronic toll collection system, increasing the reliance on physical notifications for drivers who would otherwise have paid with cash and the likelihood of people entering the toll violation process, evaluating the current system's struggles is more important than ever.

In 2019, 70% of all unpaid tolls were resolved at the DMV or collection agency stage (Figure 5). An analysis revealed that 1.2 million cases were referred to the DMV or to a collection agency, with each violation accruing at least \$70 in fines and fees for a \$6 toll. That amounts to tens of millions of dollars in fines and fees being imposed by MTC. During the same period, 22% of all cases were paid at the first violation notification, when a \$25 fine is attached, and just 8% paid at the second violation notice, when an additional \$45 fee raises the amount owed to \$76. This indicates

that the second violation notice, which comes with an additional \$45 fee, had almost no impact on drivers paying.

By contrast, in March to December 2020, when MTC temporarily suspended issuing fines and fees, just 43% of all violations reached the DMV or collections stage (Figure 5). This is a 27 percentage point decline from 2019. In 2020, 29% of all unpaid tolls were paid at the first violation notice, and 14% paid at the second violation notice. Both of these are significant increases in the share of tolls paid at the notification stage. These increases, coupled with the dramatic decline in unpaid tolls reaching the DMV or collection stage, is indicative of the discouraging effect that large fines and fees have on payment.

In January 2021, the first month of MTC reinstating its fines and fees policy, 55% of all violations reached the DMV or a collection agency stage of the process (Figure 5). This 12 percentage point increase in the share of people reaching the final stage of the violation process is again indicative of the discouraging effect fines and fees have on payment. In the same period, payment at first violation notice fell 8 percentage points, and payment at the second violation notification, when fines and fees hit their highest amount, declined by half.

The combination of an inability to pay expensive fines and fees and an outdated notification system is the likely cause of the high rate of unpaid tolls reaching the final, and most punitive, stage of the violation process. For many drivers, a DMV hold or call from a collection agency may be the first time they learn of their debts. Toll debts appear on DMV bills as a line item on their registration renewal, something people must pay in order to legally drive their car. Collection agencies employ more effective communication techniques than physical mail. They have access to databases with phone numbers and other contact information that helps them reach people with debts. The large share of people paying their tolls at this final stage, even when fines and fees were not being used, is indicative of a system that does not effectively reach people until they interact with a third party.

This is particularly concerning because all-electronic tolling has been made permanent. With the removal of cash payments, people who previously paid by cash now have to rely on mailed notices for payment. If an address is out of date, a letter is lost or any number of other problems arise, they can find themselves in violation of the tolls. When the Golden Gate Bridge implemented all-electronic tolling in 2013, a quarter of a million people were hit with penalties in that first year, representing a fivefold increase from before all-electronic tolling.¹⁰ No waivers are granted for the penalties, resulting in significant fines and fees for drivers.¹¹ Drivers interviewed for this study reported not knowing they had accumulated these debts, never receiving mailed notifications and being shocked to find they owed large sums of money. The recent switch to all-electronic tolling by MTC is showing signs of having a similar effect as what happened after the Golden Gate Bridge implemented all-electronic tolling: the latest figures show that the share of violations among all transactions has doubled from 7% in March through December 2020 to 14% in January 2021.

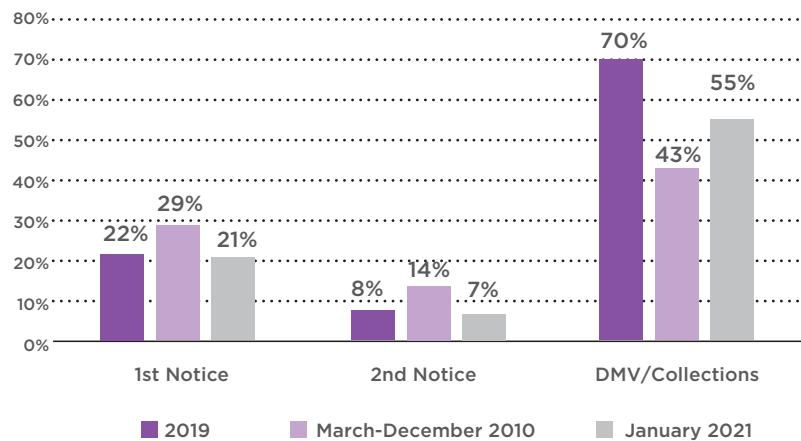
¹⁰ Renee Koury, "FasTrak Wants to Keep Secret from the Public About How It Handles Tolls and Penalties," ABC7 News, December 16, 2019, <https://abc7news.com/fastrack-bay-area-fastrak-toll-fast/5760741/>

¹¹ Gutride Safier LLP, "Bay Area Tolls: Sued Over Outrageous Untimely Toll-Related Fines," August 22, 2014, <http://www.gutridesafier.com/press-room/BAY%20AREA%20TOLL%20Sued%20Over%20Outrageous%20Untimely%20Toll-Related%20Fines/62/>

FIGURE 5**Eliminating fines and fees increased toll payments at the first and second notice.**

Analysis of unpaid toll repayment at points of contact in 2019, March–December 2020 and January 2021

Source: Authors' analysis of MTC toll violation notice data.



How Fines and Fees Are Harming People

To better understand the direct and personal impact of the trends discussed so far, our team conducted interviews with attorneys and advocates who have worked with low-income drivers put in financial harm by the fines and fees incurred by their unpaid tolls. The attorneys we spoke with were from Bay Area Legal Aid, the East Bay Community Law Center, and the Lawyers' Committee for Civil Rights of the San Francisco Bay Area; our other contacts included those at the University of California, Berkeley, School of Law's Policy Advocacy Clinic.¹² Our conversations led to the discovery of a number of key pressure points that inhibit some violators from paying their tolls and subsequent fines, each of which, if remedied, could lead to a reduction in toll noncompliance. While our discussion of potential solutions will come later in this report, we start by laying out four key factors in involuntary noncompliance: mailing address errors, accessibility barriers, high fines and fees, and a lack of payment plan options.

Inadequate Notification System

The current notification system is not sufficient for notifying people of their toll debts prior to accruing violations. The notification system relies entirely on physical mailing, with addresses generated from FasTrak accounts and collaborations with the DMV. If people do not receive the letters, they are exposed to significant fines and fees. The switch to all-electronic tolling dramatically increases the risk of people accumulating fines and fees because of an out-of-date notification system.

The current notifications system can cause significant financial harm to people. In situations where a person moves and does not update the address on their FasTrak payment account, or when they lose their housing and no longer have a permanent address, they can miss all notifications. With a mail-only alert system, one small obstacle in the delivery of a notification can cause outsized financial harm by beginning the violation process. If multiple mailed notifications are not received, people can accrue \$70 debts for every toll crossing. For many lower-income people, these debts can be devastating, and they come entirely from a notification system that is not up to the task.

For people who miss notifications and accrue violation debts, often the first indication that they have unpaid tolls is the hold placed on their vehicle registration when they attempt to renew that registration with the DMV. At this point, the drivers could have easily crossed bridges for months. In addition, after MTC has requested a registration hold by the DMV, it becomes increasingly difficult for MTC to resolve any potential issues or waive any fines and fees due to legitimate errors such as incorrect addresses.

¹² See Appendix A for a list of our contacts; see Appendix B for our guide to these interviews.

During interviews, some people reported that they did not receive any notices until their vehicle's registration was placed on hold, even when FasTrak already had their most up-to-date address. People who do not receive their toll notices frequently accrue multiple toll violations without realizing that they are not paying their tolls, sometimes resulting in thousands of dollars of debt. A notification system that relies entirely on mailed notices is inadequate, particularly when paired with costly fines and fees.

Institutional and Accessibility Barriers

A set of barriers hindering drivers' ability to effectively communicate with FasTrak and toll authorities to address their violations makes navigating the toll violation process impossible for many people. Based on our conversations with attorneys, we find these barriers generally fall into two categories: accessibility barriers and institutional barriers. Addressing these barriers is essential to building an equitable system.

A historic overreliance on technologies that many drivers do not have, particularly lower-income drivers without access to computers or smartphones, has created a barrier to information. People without either reliable internet access at home or a smartphone have difficulty obtaining more information on tolling, FasTrak accounts, and finding the proper contact information to try to address or contest their violation notices. People who are only able to fund their FasTrak account with cash or who do not have a FasTrak account face difficulties in discovering what locations they can visit or mail their payments to, whether trying to create a positive account balance or pay off unpaid tolls and fines. Although technological barriers do not seem to frequently arise, they represent a serious complication for any driver who does not have reliable internet access or a smartphone.

If a person manages to find the appropriate customer service number to call regarding a toll or violation notice, they still face significant hurdles to resolving their issues. In April 2021, following the full implementation of electronic tolling, there were more than 700,000 calls placed to the FasTrak customer service center in one month.¹³ This was more calls than in any other month in the two years prior. The average wait time for calls has also increased dramatically, going from under a minute in 2019 to more than 20 minutes in 2021. Interviews revealed that waits can sometimes be over an hour, that some had difficulty navigating the FasTrak phone trees, and that others did not have time to wait an unpredictable amount of time for a representative to answer the call. Drivers reported feeling discouraged after repeated attempts to reach a representative failed.

A sometimes counterintuitive institutional system can also leave people with violations confused as to which entity to contact to pay their toll and how to go about paying it. Many report they are under the assumption that they would immediately go to court to dispute or pay a fine, believing that a toll violation would be treated like other traffic violations. By the time they realized that FasTrak is the entity they must work with to comply with their toll notice, and that it is not merely the team operating the toll gates themselves, people had incurred additional fines and

¹³ Bay Area Toll Authority, "FasTrak Customer Service Center State of Operations," June 9, 2021, <https://mtc.legistar.com/LegislationDetail.aspx?ID=4974207&GUID=7D289935-FOA5-46C2-A91B-0B31188FE66E>

penalties and the debt had been referred to the DMV, at which point FasTrak customer service reportedly had limited ability to intervene or even track payment.

People who incur a DMV-registration hold or are sent to a collection agency face the added difficulty of navigating various agencies with different requirements. Those whose vehicles are placed under DMV holds can often have their tolls bundled into their registration renewal fee — a step that can leave low-income drivers in a position of figuring out how to pay bills suddenly many times larger than what was anticipated.

People who have toll violations sent to collection agencies often face long delays and challenges in confirming which entity to communicate with to settle their balance. A systematic distrust of private collection agencies, our interviewees informed us, leads many low-income commuters to avoid notices and calls from collection agencies. In the cases where people are aware that these agencies are pursuing them for unpaid tolls, some drivers will try to contact FasTrak to come to an agreement, but they are often directed back to the collection agency.

CASE STUDY 1

A Navigation Nightmare

A client of one of our interviewees was shocked when she discovered that someone had attached a wheel clamp to her car. All of a sudden, she had lost access to her vehicle and had a mere 48 hours to produce close to \$1,000 in order to get her property back before the fees doubled.

A single mother and a clinical research coordinator who commuted from Daly City to San Francisco every day, she had done her due diligence one month prior to renew her car registration and pay off parking tickets, registration fees and FasTrak violations at the DMV kiosk — or so she thought. It turned out that even though she received the registration tag for her license plate from the DMV, her registration renewal was not officially finalized due to interagency processing delays from the fees she had just paid off and a few additional unpaid fees that she was unaware of. The DMV would not refund the amount she had paid for her car registration until she worked individually with each agency to clear her accounts with FasTrak and the parking agencies in Daly City and San Francisco. Put in an impossible bind, she sought legal assistance and was able to settle the case and pay reduced fees.

This case demonstrates that even a capable, working professional can have great difficulty navigating a complex, multiagency public-private system.

Fine Levels

Disproportionately large fines and fees are having an outsized impact on lower-income drivers, generating costs that can reach thousands of dollars. Fines are assessed for each individual violation, creating a situation where people who have a deficient FasTrak balance or transponder can miss multiple toll payments. For example, if a commuter drives into San Francisco for work 10 times, a total cost of \$60 in tolls, but misses the mailed notifications for toll payment due to an address change, they would face a total bill of \$760 if they did not pay until after a second notice had been mailed out. Interviews indicated that some people accrued thousands of dollars' worth of toll-related fines and fees, only learning about these fines and fees long after the initial unpaid toll when they attempted to renew their vehicle's registration or were contacted by a collection agency. An analysis by MTC showed that in the month of January 2021 alone there were more than 17,000 people who accrued 10 or more violations. More than 40,000 people accrued between two and 10 violations in that same month.¹⁴ Each month there is the potential for tens of thousands of people to be exposed to hundreds, if not thousands, of dollars in fines. For lower-income drivers, these amounts prove to be far beyond any savings available.¹⁵

Faced with this impossible burden, many of these low-income drivers cannot comply with notices to pay and end up encumbered with a never-ending registration hold on their vehicle, risking future traffic tickets, encounters with police and potentially greater penalties. While MTC recently voted to reduce the total fines and fees for each unpaid toll, the amount remains too high for many lower-income people to easily pay.

Lack of Payment Plan Options

Once drivers are able to access and understand their toll violation, fines and fees, and the balance they owe from those violations, a major obstacle still stands in the way of their compliance: paying these large sums. Currently, there is no formal payment plan option for people who are struggling to pay costly fines and fees, nor are there fine reduction policies for low-income people. While we have heard anecdotal evidence that some low-income drivers have been able to negotiate a payment plan system with friendly FasTrak personnel who contact them, the attorney we spoke with at the East Bay Community Law Center confirmed that this was by far the exception rather than the rule in their experiences with low-income drivers. Interviews with MTC staff indicate that MTC does not have an official payment plan program. As mentioned before, many low-income drivers do not have the savings to be able to pay off the large fine amounts that accrue after a set of violations, so the lack of payment plan options in effect prevents them from complying with the toll notices even when the driver would otherwise seek to rectify their balances. This absence of payment plan options confuses both drivers and the attorneys we spoke to, particularly because the California Vehicle Code requires courts, upon request, to provide payment plans for traffic violations and any associated fees.¹⁶

¹⁴ Bay Area Toll Authority, January 2021, tolling analysis.

¹⁵ While savings amounts and rates vary per household, the Federal Reserve estimates that in 2019 the median savings for the lowest earning quintile was \$810, while the second quintile had median savings of \$2,050. Board of Governors of the Federal Reserve System, "Survey of Consumer Finances (SFC)," U.S. Federal Reserve, https://www.federalreserve.gov/econres/scf/dataviz/scf/table/#series:Transaction_Accounts;demographic:incat;population:all;units:median Accessed: October 18, 2021.

¹⁶ California Vehicle Code, Section 42003(c), https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=VEH§ionNum=42003.

CASE STUDY 2**Fines Can Perpetuate the Cycle of Poverty**

One of our interviewees is an attorney serving a client whose MTC debt has ballooned to more than \$5,000 due to the fines and fees added to unpaid tolls previously accrued.

Despite showing that the client earns no income other than Supplemental Security Income, our interviewee has so far been unable to secure a reasonable fine reduction for the client. To put this into perspective, the maximum amount of Supplemental Security Income that an individual in California is eligible for is \$955 a month.¹⁷ This is not enough to cover basic living expenses in California, let alone provide someone with the chance to save money for unexpected emergencies.

Low-income people commonly spend all of their monthly income on basic living expenses such as food and shelter, and many don't have enough money to cover these critical expenses. This can leave low-income people in a tough position of forgoing payments for essential services and care, including utility payments and life-saving medications. Given this reality for so many people, a \$5,000 debt for unpaid tolls can be simply impossible to pay off.

Unfortunately, FasTrak continues to demand the debt be paid in full and is not providing any recourse to a payment plan. Without the option of a payment plan, the client will continue to be in debt, given that they will likely never have the resources to pay off the toll debt. This toll debt will further entrench the client in poverty over their lifetime, impacting their ability to secure employment, apply for housing and receive loans.

¹⁷ Supplemental Security Income (SSI) in California, <https://www.ssa.gov/pubs/EN-05-11125.pdf>

Literature Review and Best Practices Analysis

We conducted a literature review to understand the full scope of potential solutions that could eliminate the harms low-income drivers are experiencing from the current tolling system. As part of this process, we researched how other tolling authorities in the United States have implemented cashless tolling. We then looked outside of the tolling industry to see how comparable sectors provide assistance to low-income individuals. The existing programs to support low-income individuals with their traffic fines and fees, utility payments and transportation costs are notable and serve as a valuable model for bridge tolls, fines and fees.

Cashless Tolling

The COVID-19 pandemic has accelerated the adoption of cashless tolling across many states. In addition to reducing the risks of virus transmission, such a system is desirable for many reasons, including reducing congestion and lowering the number of crashes. Prior to the pandemic, tolling authorities were already seeing the benefits of a cashless tolling system and had rolled out notification systems and payment options to improve compliance and increase tolling transparency. These measures are critical for facilitating and promoting toll payments, because the switch to an automated system runs the risk of increasing toll nonpayment, especially among drivers who used to pay in cash. This section focuses on programs that tolling authorities in New York, New Jersey and Illinois have implemented to aid the switch to cashless tolling, from pre-pandemic times to 2021.

In New York, when the Verrazzano-Narrows Bridge, which connects Staten Island with the rest of New York City, and other locations adopted cashless tolling in 2017, drivers had the option to sign up to receive mobile alerts and stay on top of their account balances and tolling transactions. They could also elect to receive other kinds of updates and alerts, including: failed payments, successful replenishments, increased replenishment amounts and payment method expirations.¹⁸

In 2020, New York's E-ZPass released a phone app called TollsNY, where drivers can log on to manage their accounts.¹⁹ Within the app, users — including those who do not use E-ZPass — can pay their Tolls by Mail invoices. Drivers who do not have access to a smartphone have the option to go online, search for their license plate, and pay for their tolls that way.

In May 2021, the New Jersey state legislature passed S1654, requiring tolls operators to provide drivers with the ability to opt in to an email, text or app notification system, where they can be notified within a day of being tolled.^{20,21} Lawmakers saw this as necessary, not only because drivers

¹⁸ Diane C. Lore, "Officials: E-ZPass Needs to Find New Way to Alert Drivers of Low Balance," *Staten Island Advance*, August 29, 2017, https://www.silive.com/news/2017/08/e-zpass_where_did_the_notifica.html

¹⁹ Sarah Taddeo and Jon Campbell, "Thruway Cashless Tolling Gegrins Saturday: Here's What You Need to Know to Avoid Late Fees," *Democrat & Chronicle*, November 12, 2020 <https://www.democratandchronicle.com/story/news/2020/11/12/cashless-tolling-new-york-thruway-e-z-pass-what-you-need-know/6249219002/>

²⁰ John Reitmeyer, "NJ E-ZPass Tolls: How About a 24-Hour Electronic Reminder of Charges?," *NJ Spotlight News*, February 3, 2021, <https://www.njspotlight.com/2021/02/nj-e-zpass-tolls-push-email-text-electronic-notification-within-24-hours/>

²¹ New Jersey Office of Legislative Services, Bills 2020–2021, <https://www.njleg.state.nj.us/bills/BillView.asp?BillNumber=S1654>

have a right to be better informed but also to ensure that any mistakes or incorrect charges can be detected sooner.

Illinois switched over to complete cashless tolling in 2021. To aid the transition, Illinois Tollway is expanding the I-PASS Assist program, which is designed to lower the costs of obtaining and using an I-PASS transponder for income-eligible drivers. In order to qualify for the program, one's household income has to fall below 250% of the Federal Poverty Level. Instead of the original \$30 (\$10 transponder deposit + \$20 prepaid tolls), program enrollees put down only \$4 (\$0 deposit + \$4 prepaid tolls) to enjoy the 50% tolls discount that comes with using a transponder. To lower the barriers even further, the automatic account replenishment amount is lowered from \$10 to \$4.²²

Traffic Fines and Fees

Besides expanding the I-PASS Assist program, Illinois Tollway also revised their process for resolving unpaid tolls and implemented a “Violation Relief” program. According to the revised schedule, which the authority adopted in June 2020, following a 14-day grace period, all vehicle owners pay an “initial invoicing fee” that corresponds to their vehicle class, starting at \$3 for passenger vehicles (representing an 85% reduction in initial costs). In addition, the original \$20 violation fine is deferred by several months, as drivers only commit a “violation” if a notice remains unpaid after 90 days.²³ On the other hand, the “Violation Relief” program gives drivers the chance to settle their past unpaid toll violations at a significantly discounted rate. For a period of 18 months, from March 2020 to August 2021, all toll violation fines in existing notices dated before March 9, 2020, were reduced to \$3, including ones that had been sent for collection.²⁴

Traffic fines and fees are a valuable comparison for bridge tolls, as both are related to behaviors while driving. Low-income people who receive traffic citations in the Bay Area are eligible for payment plans, reduced citation amounts and other relief. This provides people with a range of opportunities if they are not able to afford the violations. In San Francisco, for example, if you are unable to pay your traffic ticket or fine, you have the right to ask the court to consider your financial circumstances, which can result in your fines and fees being reduced by 80% or more.²⁵ Individuals who are unable to pay their tickets can access a website where they can request, and be approved for, a reduction in fines and fees and a payment plan without ever having to go before a judge.²⁶ Similar programs exist for transit and parking citations in San Francisco, where people who have incomes at or below 200% of the Federal Poverty Level are eligible for fine reduction, fee waivers and payment plans for their parking and transit citations.²⁷

22 Illinois Tollway, “Illinois Tollway Significantly Expands I-Pass Assist Program,” June 23, 2021, <https://www.illinoistollway.com/documents/20184/e4553899-93d9-e712-4723-4aafca37578e>

23 Illinois Tollway, “Tolling 2020,” <https://www.illinoistollway.com/tolling2020>

24 Illinois Tollway, “Tolling 2020,” <https://www.illinoistollway.com/tolling2020>

25 Superior Court of California, “Can’t Afford to Pay,” <https://www.sfsuperiorcourt.org/divisions/traffic/cant-afford-pay>

26 “Mayor London Breed, The Financial Justice Project, and the SF Superior Court Announce the Launch of MyCitations—A New Online Tool for People Struggling with Traffic Court Debt,” December 15, 2020, <https://sfgov.org/financialjustice/newsletters/launch-sf-mycitations-people-struggling-traffic-court-debt>

27 San Francisco Financial Justice Project, “Can’t Afford to Pay Your Fine, Fee, or Ticket in San Francisco?”, <https://sfgov.org/financialjustice/find-discounts>

Means-Based Utility Payments

To combat the effects of energy poverty and energy insecurity, many utility companies provide rate discounts for low-income and disadvantaged households. Like transportation, energy needs often constitute non-negotiable costs and take up a larger proportion of income for low-income households. We highlight the following means-based utility programs to illustrate best practices for increasing equitable access to essential services. These utility programs are often more developed and have been evaluated for their equity outcomes, while such data for means-based tolling remains unavailable. In general, utilities that provide means-based programs enable more low-income households to be paying customers, something that could also happen for tolling agencies. As long as utilities or tolling agencies charge more than it costs to provide the service, the increased revenue from low-income customers who can afford to pay the reduced rates can help pay off fixed infrastructure costs, lowering systemwide costs for all ratepayers.²⁸

The federally funded Low Income Household Energy Assistance Program (LIHEAP) provides financial assistance to households that fall below 150% of the poverty line or 60% of the state's median income, whichever is higher. Households that receive benefits such as food stamps or Temporary Assistance for Needy Families benefits are also eligible.²⁹ Households participating in LIHEAP have been shown to have significantly lower levels of energy insecurity when controlling for factors such as race, number of household members and household income.³⁰

In addition to federal programs, state programs have also prioritized the energy needs of low-income households. In California, the California Public Utilities Commission mandates Pacific Gas & Electric to provide discounts for low-income households through the California Alternate Rates for Energy Program (CARE) and Family Electric Rate Assistance Program (FERA). CARE provides a discount of 20% or more on gas and electricity, while FERA provides a discount of 18% on electricity for households with three or more people. These two programs provide substantial savings, and together have helped 1.4 million low-income customers keep their lights on.³¹

Clipper START Reduced Fare Pilot Program

Clipper START is a currently operating pilot program that provides single-ride transportation discounts to eligible riders in the Bay Area.³² The discounts are either 50% or 20%, depending on which transit system the rider is using. The pilot program covers most of the major Bay Area transit systems, including Muni, Caltrain and BART. To qualify for the pilot program, you must be a resident of the San Francisco Bay Area, be between 19 and 64 years old, not have an RTC Clipper Card for those with disabilities, and have a household income of 200% of the Federal Poverty Level or less.

Several transit operators, like San Francisco Municipal Transit Agency (SFMTA), also have their

28 K.W. Costello, "Features of Good Utility-Initiated Energy Assistance," Energy Policy, 2020.

29 Libby Perl, "LIHEAP: Program and Funding," Congressional Research Service, June 22, 2018, <https://fas.org/sgp/crs/misc/RL31865.pdf>

30 Bradford Mills and Anthony Murray, "The Impact of Low-Income Home Energy Assistance Program Participation on Household Energy Insecurity," *Contemporary Economic Policy*, 2014.

31 "Apply for a Monthly Discount Through CARE or FERA," https://www.pge.com/en_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/care.page?WT.mc_id=Vanity_carefera

32 MTC, "FAQ," <https://www.clipperstartcard.com/s/faqs>

own means-based fare programs. SFMTA offers a monthly Lifeline Pass for \$40, a 50% discount off the standard adult monthly pass price, for individuals with a gross annual income of 200% of the Federal Poverty Level or less.

Being mobile is essential for individuals to participate in society, and it can affect a person's ability to secure education, employment and medical services. Reduced fare programs help increase mobility while decreasing the burden of transportation expenses for low-income individuals.

FasTrak START Means-Based Express Lanes Pilot Program

Building on Clipper START, the Bay Area Infrastructure Financing Authority (BAIFA) is currently developing a means-based toll discount pilot for the Interstate 880 express lane.³³ While the pilot program's details are still in development, BAIFA aims to co-create the pilot with community-based organizations, service groups and low-income individuals. Planning, program design and community engagement will continue to be conducted throughout 2021, with plans to begin operations in 2022.³⁴ More broadly, BAIFA staff aim to create a program that, along with Clipper START, paves the way for an "integrated regional mobility account" that streamlines the use of transportation services across multiple agencies and types of transit.³⁵ This could create a model for expanding means-based tolling to all express lanes, as well as to bridge tolls.

³³ SPUR is a member of the task force advising the design and implementation of this pilot program.

³⁴ Bay Area Infrastructure Financing Authority, "FasTrak START Pilot: Customer Engagement Plan," March 24, 2021, <https://mtc.legistar.com/View.ashx?M=F&ID=9244133&GUID=F88A59F0-4FOA-4425-B705-6FE40F2279CO> (pdf download)

³⁵ Bay Area Infrastructure Financing Authority, "BAIFA Express Lanes Means-Based Toll Discount Pilot," December 16, 2020, <https://mtc.legistar.com/View.ashx?M=F&ID=9009344&GUID=BB7E302A-5EAD-4ED0-92E3-5F6CB242EAEO> (pdf download)

Recommendations

MTC has committed to reforming its current system for toll violations. The system, as it stands, is too punitive and harmful for lower-income drivers and too difficult to navigate, and violations quickly become extremely expensive. The following recommendations include actions that MTC can take immediately, as well as some longer-term actions that will take time to implement. MTC should build on the successes of its response to the pandemic and seek to build the kind of short-term solutions that can give the commission the space and time it needs to fully evaluate the region's tolling systems.

Recommendation 1

End high-pain, low-gain fines and fees, and cap total fines per driver per year.

MTC should end the use of high fines and fees to promote toll payment. The system's fines and fees disproportionately harm lower-income drivers and are set at maximum amounts that are greater than 12 times larger than the original toll amounts. MTC began this process in October of 2021 by reducing the total possible fines and fees from \$70 to \$15. MTC should seek to go further by ending the use of fees and reducing fines.

MTC should immediately reduce all fines to no more than half of the original toll (currently \$3 for cars, based on a \$6 toll), similar to what was done in Illinois. This would reduce the outsized impact of fines and fees, while also allowing the agency to recoup some of the cost of pursuing debts. We also recommend that MTC end the use of all fees. The \$45 fee is extremely expensive, and the data clearly shows that it has barely any impact on payment (only 8% of violations are paid after the late fee is levied and before a DMV hold or referral to a collection agency).

MTC should also set the maximum annual amount of fines and fees that can be accrued per driver per year at \$100 or less. This is a particularly important policy change while the agency grapples with a system that is not up to the task of effectively notifying and adjudicating toll violation cases, as tens of thousands of people accrue toll violations every month.

In addition, MTC should immediately stop fining low-income drivers who miss a toll payment. MTC should implement a system by which people who are eligible have all of their existing fines waived. For the sake of a faster rollout of such a waiver, and also to reach the people who will benefit the most from this program, we recommend that MTC automatically consider all drivers who can produce a proof of enrollment in a public benefit program (such as CalFresh, Medi-Cal or Section 8 Housing) or MTC program (namely, Clipper START and FasTrak START) to be eligible. In addition to enrolling those who are already receiving public benefits, eligibility should be set at 200% or below of the Federal Poverty Level. Setting eligibility at this level is consistent with other transportation programs in the Bay Area, such as SFMTA and Clipper START.

FIGURE 6

Income-based tolling could reduce the burden on low-income households.

200% of Federal Poverty Level by household size, as currently used by MTC for reduced fare programs.

Source: San Francisco Municipal Transportation Agency, 2021, <https://www.sfmta.com/how-access-low-income-transit-fares-and-fee-waivers>

INCOME DEFINITION	1 PERSON HOUSEHOLD	2 PERSON HOUSEHOLD	3 PERSON HOUSEHOLD	4 PERSON HOUSEHOLD	5 PERSON HOUSEHOLD	6 PERSON HOUSEHOLD
200% of Federal Poverty Level	\$25,520	\$34,480	\$43,440	\$52,400	\$61,360	\$70,320

We recommend that MTC err on the side of generosity regarding the required documents considered appropriate in this verification process. A driver's self-provided pay stubs or tax forms (Internal Revenue Service Forms W-2, 1099, etc.) or a letter certified under penalty of perjury from the driver attesting to a lack or low-level of income should all be considered among acceptable proofs of eligibility for this fine-and-fee waiver. This is commonly used in legal proceedings related to traffic citations.

Recommendation 2

End the use of collection agencies.

MTC should end the use of collection agencies. MTC's current use of collection agencies for collecting unpaid toll violations adds unnecessary complexity to the process and can have undesired negative effects on low-income drivers. Ending the use of collection agencies would, in conjunction with other changes, allow the agency to build out a more equitable system that could achieve the same, or better, outcomes with fewer harms while also maintaining greater control over how they choose to handle a violation.

In many instances, interacting with a collection agency is the first time that a person learns of toll violations. This can create significant confusion for drivers and puts them in a position where they are unsure whom to contact and how to resolve their outstanding debts. Ending the use of collection agencies would reduce the number of involved parties drivers need to work with to resolve their violations. In addition, ending the use of collection agencies would give MTC more control over how to handle toll violations. In instances where violations were incorrectly administered, or people have income much too low to pay the full amount, MTC would be able to step in and make the decisions necessary to resolve the issue. Under the current system, they are unable to do so.

Currently, MTC's collection agency can take a broad range of legal actions to harm low-income drivers, including garnishing tax refunds that would otherwise provide essential infusions of cash. The collection agency can also bring people to court in an attempt to collect the balances they acquired from MTC — further damaging their ability to access housing, financial services and jobs.

Collection agencies also provide little financial return. In fiscal year 2019, MTC gained only about \$1 million from violation accounts sent to collection agencies. Replacing these agencies with more effective programs would likely increase revenue collection while ending the harms perpetuated by traditional collection practices. MTC can implement payment programs and processes that are responsive to the financial realities of low-income and working people. Such programs should provide multiple payment options (cash, online, in-person, the use of specific apps and others), flexible payment plans, payment amounts that meet people where they are and improved communication practices, such as phone calls and text messages.

Recommendation 3

Implement payment plans.

The large amount of money many low-income people owe from unpaid tolls can make these bills effectively unpayable. Many people lack the savings necessary to pay unexpected expenses. Research from the Federal Reserve has shown that at least 35% of people are unable to pay an unexpected charge of \$400.³⁶ The system currently does not allow for payment plans, where individuals can gradually pay down any debts accumulated without being subject to further penalties. This puts many people in the position where they have accrued a debt they cannot hope to pay, as they are unable to save the money necessary to pay the entire amount owed. To address this, we recommend creating a monthly payment plan system, free of charge, for all drivers. Commuters should be able to enroll in a payment plan at any point after their unpaid toll, as notification systems can have long delays between when the toll went unpaid and when the driver became aware of the violation. A simple-to-enroll payment plan would help ensure the accessibility of the program by removing administrative barriers and would likely only be used by people who have accrued large debts they cannot afford to pay in one step.

The payment plan system should also prioritize improved notification and flexibility. Notification models that rely solely on physical mail or phone calls are not nearly as effective as they once were. The new payment plan system should rely on a hybrid notification model, utilizing the technology available. A system of text, email, phone call and physical mail would promote compliance in a way that will better reach plan participants.

The payment plan should also be designed in collaboration with the person paying the debt and prioritize flexibility. For example, a payment plan that requires payment on the first of the month could end up being ignored as a person struggles to pay other bills, such as rent. A payment plan, designed with the participant, that requests payment in the middle of the month when a person expects to get paid with fewer immediate expenses, would likely promote better compliance. Additionally, allowing people to raise or lower their payment amounts based on their current expenses would ensure that people are likely to continue making their monthly payments while also being responsive to their other financial needs. A rigid plan that does not allow for changing

³⁶ Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2020 – May 2021," May 2021, <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-executive-summary.htm>

the amount can promote noncompliance and withdrawal from the payment plan when people are unable to make that specific dollar payment.

In order for this payment plan to truly promote equity, there should be no fees associated with participation or enrollment. In the same vein, no interest charge should be added onto the total owed amount. People who will benefit most from such payment plan options are more likely to be economically disadvantaged; adding extra costs to a large sum that enrollees are already having difficulty paying runs counter to the goal of promoting equity and compliance.

Recommendation 4

Improve notification system.

Attorneys in our interviews pointed out that the current notification system for toll payments and violations poses a significant barrier for compliance. Even when violators are able and willing to pay, they may not be fully aware of their fee obligations due to missed notices. Homeless or housing-insecure people are faced not only with tolls, fines and fees that place a high financial burden on them, but they are also more likely to be subjected to these compounding fees that result from missing notices being sent to addresses that do not reflect their transient and unstable living conditions. Low-income households move more frequently than higher income households and are more at risk of being harmed by the flaws in the current notification system.³⁷

As such, we recommend that FasTrak change the default notification system to include text messages, emails and physical mail. This approach would modernize the notification system and address the challenges of relying exclusively on getting physical notices to the right addresses. FasTrak would acquire drivers' phone numbers, email addresses and physical addresses when they sign up for FasTrak accounts or through other sources (continuing DMV registration files, as currently practiced, or developing contacts with other government agencies like Medi-Cal or CalFresh offices, as well as through private data vendors).

MTC should develop a mobile app for toll payment and notifications. This would provide users with yet another option and allow them to choose their own payment and notification method, depending on their unique preferences. An app would be less accessible to those without smartphones, however, and should not be considered an alternative to text notifications.

The updated notification system would have the following features:

- Users would be able to opt out of receiving text, email or mail notifications, depending on their preferences.
- Drivers would be notified of any bridge crossing within 24 hours from it being posted to their account, via text message, email, app notification and physical mail.
- Drivers would then be allowed 30 days to pay after they receive the notification, in order to increase payment flexibility.
- The text and email interfaces would allow users to receive notifications, with an option to

³⁷ Robin Phinney, "Exploring Residential Mobility Among Low-Income Families," *Social Service Review* 87, no. 4, 2013, pages 780–815, doi:10.1086/673963, <https://www.jstor.org/stable/10.1086/673963#:~:text=Although%20mobility%20is%20common%20across,%3B%20Nichols%20and%20Gault%202003> (accessed on August 5, 2021).

change the language of communication.

We want to highlight the need for MTC to do more to contact and notify people of their unpaid tolls, because currently it appears that MTC often relies on DMV holds (a measure that can have profound consequences) as a substitute for not being able to contact drivers through the mailing addresses on file.

Recommendation 5

Stop putting car registrations on hold, particularly for low-income drivers.

Car registration holds are a powerful tool for recouping lost toll revenue, but holds have harsh negative consequences for people who incur fines and fees but are unable to pay them. MTC should stop putting car registrations on hold until the notification system has been updated, fines and fees have been reduced or eliminated, payment plans have been put in place, and the toll violation adjudication system is changed. MTC should also not put car registrations on hold for lower-income drivers. Registration holds should no longer be used as a substitute for a notification system that fails to adequately contact or notify drivers with toll violations.

With no formal system for establishing payment plans or cost reductions for low-income people, registration holds ask people to perform the impossible task of paying for things they do not have the money to pay for. This impossible situation can force low-income drivers to choose between breaking the law or forgoing necessary parts of their lives, often forcing them to drive unregistered vehicles to do things like commute to work, bring their children to school and go to the grocery store. Driving an unregistered vehicle puts these individuals at risk of acquiring additional tickets, furthering the risk of accruing large financial penalties they cannot afford to pay. For homeless drivers who live in their cars, this registration hold also puts their only refuge from the elements at risk of being towed and impounded. Registration holds put drivers in the position where they feel as though they have no ability to appeal the toll violations and the accompanying fines and fees, as well as no ability to request a reduction so that they can afford them.

Finally, stopping car registration holds would remove the DMV from the list of agencies drivers need to work with to resolve their violations. This would give MTC more freedom to manage violations, putting them in the driver seat on decisions such as payment plans and fine reductions or eliminations. This would help streamline the clunky violation process and increase clarity for drivers.

Recommendation 6

Offer amnesty on all existing toll violations.

The MTC should immediately offer amnesty on all existing toll violation debts. As the agency reviews existing practices and implements new policies and procedures, debts administered under past, flawed systems should be eliminated. A toll violation debt amnesty program will also help people develop new trust for the agency, will help repair past harms and will demonstrate a commitment to

the policy changes being made. In providing this amnesty immediately, MTC should not require any onerous documentation or program participation and should notify those whose debts have received amnesty by whatever means available. Debts currently in the hands of a collection agency should similarly be forgiven. MTC should work with the DMV to remove all registration holds as part of this process and forgive any outstanding debts currently at this step in the process.

Recommendation 7

Collect demographic data on bridge users.

MTC should begin collecting and publishing demographic data on the Bay Area's bridge users in order to understand who uses their bridges and how the systems serve them. MTC should collect data on driver's income level, race and ethnicity, gender, age, housing status, occupation, home location, vehicle make, model and value, and preferred spoken language. They should also collect data on travel patterns — including origins and destinations, purposes of trips, number of passengers in the car, and use of other modes. MTC should also collect this data specifically on violators, as well as other data that will allow them to better understand this population. This data would fill a current void that prevents the agency and the public from knowing which populations use the bridges most and which populations accumulate the most toll violations. With access to demographic data, MTC would be better positioned to evaluate the impacts and effectiveness of their violation system. Several of the other recommendations within this report would benefit from having access to this type of data as well. For example, MTC would have access to valuable data on drivers' income levels before and after eliminating fines and fees and reducing the toll amount for low-income drivers. This would help MTC guarantee that they are effectively reaching the populations most in need of this type of assistance.

This demographic data should be collected through a combination of surveys sent out to drivers via text, email and physical mail after they have crossed a bridge, as well as data collected at the point of registration for a FasTrak or other account. Collecting this information on MTC's most important program would also go a long way to fulfilling its commitment to its Equity Platform Pillar of "Define and Measure," which is expressed as "We value what we measure, and we measure what we value. Using success metrics advances transparency and accountability, and new data will signal whether or not our policies are succeeding."

Recommendation 8

Discount tolls for low-income drivers.

To further aid low-income drivers and stop penalizing them for their commute patterns, we also recommend that MTC explore a means-based discount for low-income drivers similar to Clipper START. Means-based tolls would increase toll payment compliance rates and improve commuter equity in the Bay Area, without reducing the incentives lower-income drivers have to make sustainable travel choices given that lower-income drivers require a smaller financial incentive to change behavior. Drivers should only receive this discount if they create a FasTrak or a License Plate

Account, or sign up for Clipper START.

Because the current Clipper START pilot program is administered by MTC, there are many opportunities to combine our proposed discounted tolls with existing infrastructure. Combining these programs would allow low-income residents in the Bay Area to more easily take advantage of transportation assistance programs that they are eligible for and substantially increase MTC's reach.

As with FasTrak START, the program should be co-created with community-based organizations, service groups and low-income individuals. Given that means-based tolls could have a significant impact on the toll revenues that support bridge maintenance and regional transit — both critical for low-income drivers as well as the Bay Area as a whole — MTC could consider a small toll increase on the most polluting cars or during peak periods to make up for the lost revenue. This surcharge would likely need to be authorized by the state legislature.

Recommendation 9

Perform and publish an annual evaluation of toll payment systems.

MTC should perform and publish an annual evaluation of their toll payment systems that reflects their commitment to equity, sustainable transportation, and effective and efficient delivery of services. An annual investigation of toll payment systems will give MTC the information it needs to evaluate how the system is performing and determine where there are opportunities for improvement. This kind of reflection will ensure that the system being used accomplishes the goals of the agency and will provide the kind of multiyear perspective necessary for building better systems. This will also allow MTC to fully reflect on the toll systems and begin the process of a longer-term overhaul necessary to build an equitable and effective system.

Limitations

One major limitation of this study is the difficulty in characterizing drivers who accrue toll violations and the corresponding fines and fees. While we are able to make broad associations using violation frequency and median income data, there are limited metrics available for fully understanding violating drivers. Separating out drivers by income, vehicle registration address and repeat violations remains a challenge within the existing data infrastructure. Transactions and violations are accrued to individual license plates and accounts rather than individual drivers. Accounts may be tied to multiple license plates or vice versa. For this reason, we relied primarily on available data and insights from our interviews with attorneys and community advocacy groups.

The data limitations discussed here also influenced our ability to estimate potential revenue losses from tolls, fines and fees. Without understanding how many drivers would be eligible for fine and fee waivers as well as means-based tolls, it is difficult to estimate the true revenue implications. MTC could address these knowledge gaps by conducting a survey to better understand the demographics of all types of drivers crossing these bridges.

Another limitation is the lack of available analyses on toll levels and drivers' ability to pay. Since housing, transportation and demographic characteristics vary greatly by region, an analysis of this sort would have to be specific to the Bay Area. To the best of our knowledge, no such study currently exists. Therefore, it is difficult to estimate the effectiveness of means-based tolls on drivers' ability to pay. To address this knowledge gap, we turned to the wealth of literature on means-based utility billing to find best practices that could be applicable within the context of tolling. However, additional research is required to evaluate the full effects of means-based tolling.

Conclusion

MTC is in the unique position to become a national leader on tolling systems. As the commission commits to centering equity in its work, there is a special opportunity to make the unpaid toll system more collaborative, less punitive and aimed at repairing past wrongs. MTC has shown it understands the harm its unpaid toll system can cause by its decision to reduce fines and fees in October of 2021. MTC should go even further to pursue the most equitable outcomes possible. The changes recommended in this report are the first step in a lengthier process that evaluates and reimagines the tolling system in the Bay Area. Yet these simple steps would have a dramatic impact on the lives of hundreds of thousands of people across the Bay Area.

Ultimately, the Metropolitan Transportation Commission's goal is to provide transportation for the region. Our recommended policy changes are necessary to ensure that all Bay Area residents, regardless of income, can take advantage of and achieve that same level of mobility, sustainability and prosperity that the agency seeks to provide to those living and working in the region. MTC's implementation of these recommendations would position the agency to become a national leader on equitable tolling practices, potentially causing ripple effects with profound benefits to low-income individuals across the country.

Appendix A

List of Interviewees

Bay Area Legal Aid

- Rachel Haverkorn
- Rachel Hoerger
- Ocean Mottley

East Bay Community Law Center

- Asher Waite-Jones

UC Berkeley School of Law Policy Advocacy Center

- Stephanie Campos-Bui

Lawyers' Committee for Civil Rights of the San Francisco Bay Area

- Tori Larson

Appendix B

Interview Questions

Our conversations with the advocates and attorneys listed in Appendix A were lightly structured and changed based on the responses from each interviewee; however, we generally used the following questions to start and guide our conversations:

- Tell us about the experiences your clients have with unpaid bridge tolls, fines and fees in the Bay Area.
 - Where are these individuals commuting from? Where are they commuting to? What industries do they work in?
 - What are the demographics of your clients? Any noticeable trends?
 - Have you observed any correlation between increased toll fees and caseload? (The toll went up by \$1 in 2019, as it did in 2010.) Is there otherwise a temporal pattern that you have noticed (time of month/year)?
- What options (if any) do low-income individuals unable to pay the tolls and subsequent fines and fees have available to them to address their toll debt issue? How does your legal aid organization support these individuals?
- Can you tell us about the impacts a suspended car registration from unpaid tolls has had/is having on your clients?
- How does a low credit score caused from something like an unpaid toll impact your clients? (Ask them to elaborate on all of the ways this can impact someone, i.e., housing, employment, taking out loans, etc.)
 - How are these harms amplified by living in the Bay Area?
- Given your knowledge on this topic, how do you think MTC should handle bridge tolls, fines and fees? What changes do you think will best meet the needs and address the unique challenges faced by your clients?
 - Ask about the costs of the tolls and what happens after people receive tolls/fines/fees.
- Are you aware of any effective means-based payment systems or other low-income assistance programs that could serve as a model for bridge tolls in the Bay Area?

Appendix C

High-Violation ZIP Codes

FIGURE 7

Unpaid tolls are concentrated in San Francisco and Oakland's lower-income neighborhoods.

Violations per capita and estimated poverty level in San Francisco and other Peninsula ZIP codes

Source: Authors' analysis of MTC toll violation data and Census Bureau's 2019 American Community Survey 5-year estimates, <https://www.census.gov/programs-surveys/acs/news/updates/2020.html>

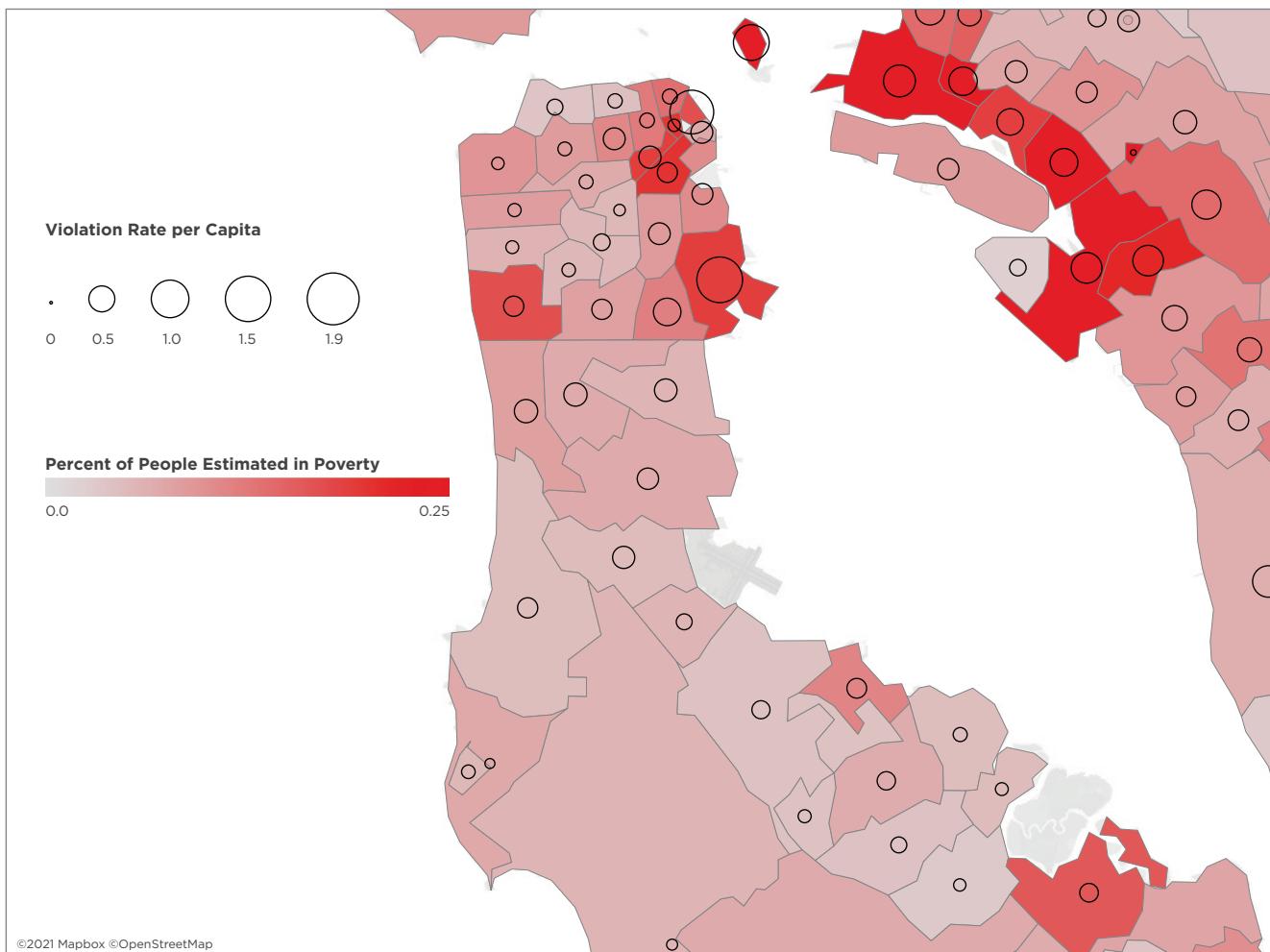


FIGURE 8

In the East Bay, lower-income ZIP codes are more likely to have a higher rate of unpaid tolls.
Violations per capita and estimated poverty level in Richmond, Oakland and neighboring ZIP codes

Source: Authors' analysis of MTC toll violation data and Census Bureau's 2019 American Community Survey 5-year estimates, <https://www.census.gov/programs-surveys/acs/news-updates/2020.html>

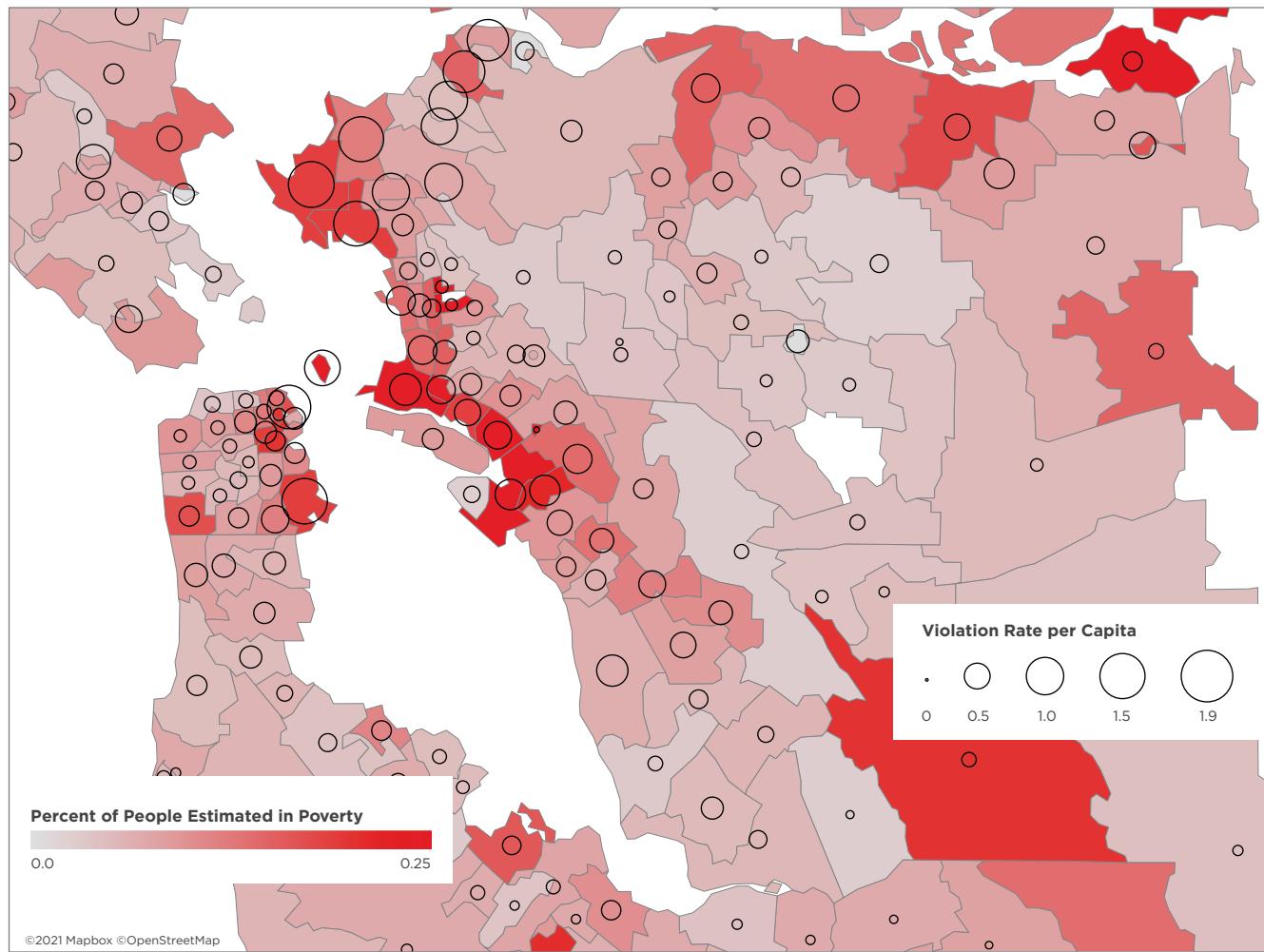
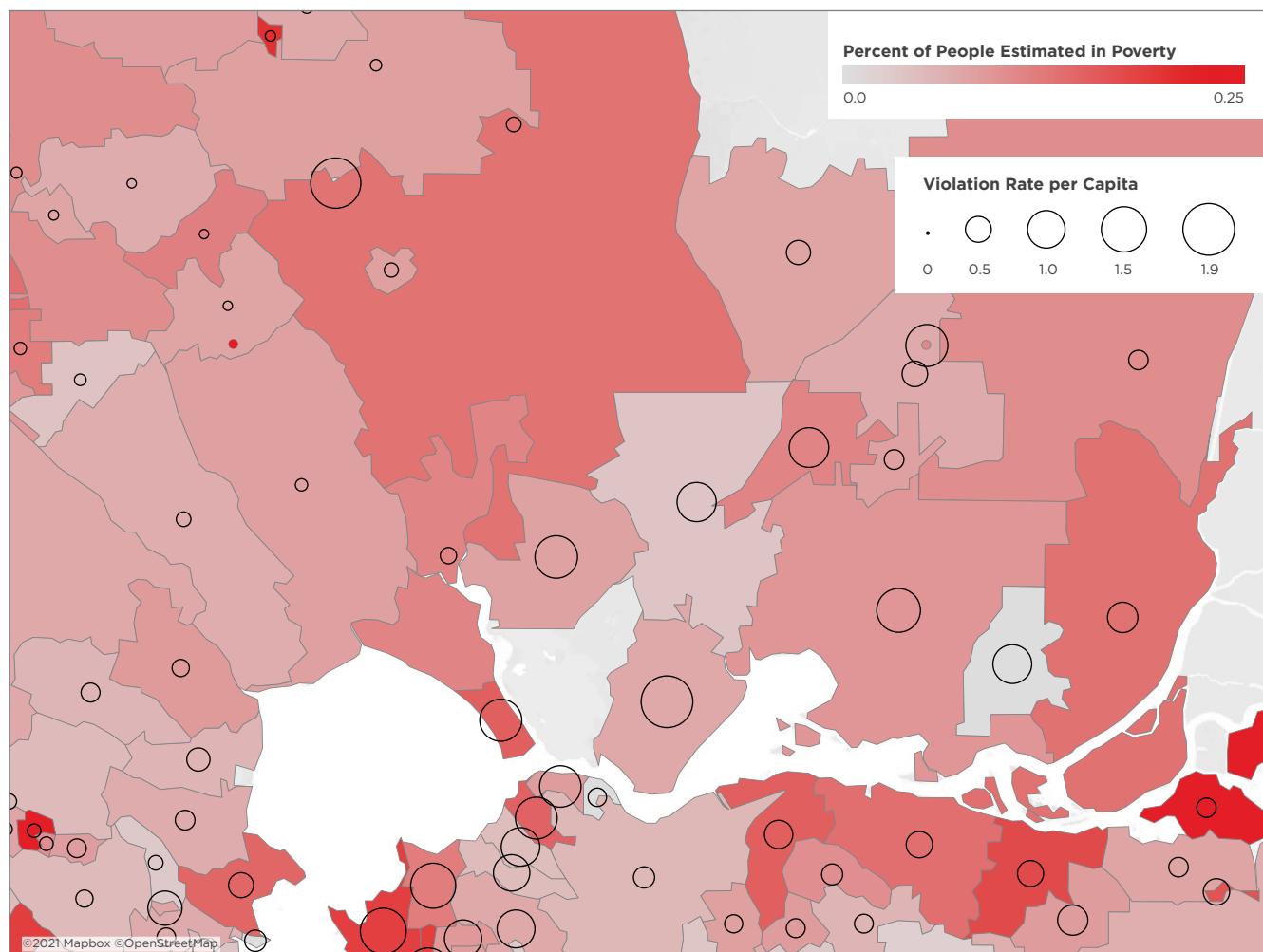


FIGURE 9**A large number of violations are concentrated in North Bay ZIP codes with lower incomes.**

Violations per capita and estimated poverty level in North Bay ZIP codes with higher rates of unpaid toll violations

Source: Authors' analysis of MTC toll violation data and Census Bureau's 2019 American Community Survey 5-year estimates, <https://www.census.gov/programs-surveys/acs/news/updates/2020.html>





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