

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-01463-0140

Date: March 16, 2022

To: The Mayor
The City CouncilFrom: 
Matthew W. Szabo, City Administrative OfficerSubject: **INNOVATION FUND RECOMMENDATION – L.A. EXTRACTIVE FINES AND FEES DIGITAL PLATFORM****RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor:

1. Establish and appropriate a new appropriation account entitled Controller's Office – L.A. Extractive Fines and Fees Digital Platform in the amount of \$160,000 within the Innovation Fund No. 105/10 from the available cash balance of the Innovation Fund.
2. Transfer \$160,000 from the Innovation Fund No. 105/10, Account entitled Controller's Office – L.A. Extractive Fines and Fees Digital Platform to Fund No. 100/26 as follows:

<u>Fund/Dept.</u>	<u>Acct No.</u>	<u>Account Name</u>	<u>Amount</u>
100/26	003040	Contractual Services	\$ 70,000
100/26	001070	Salaries, As-Needed	90,000
			Total: \$160,000

3. Request the Office of the City Controller to:
 - a. Separately track all encumbrances and expenditures of Innovation Fund monies so that unspent funds can be returned to the Innovation Fund at the end of the fiscal year;
 - b. Report to the Innovation and Performance Commission with an accounting of the funds, the lessons learned, and any obstacles faced;
 - c. Report to the Innovation and Performance Commission if, after the receipt of funds, the scope of the funded item differs from the scope approved for funding by the Mayor and the City Council; and,
 - d. As appropriate, include acknowledgment of the Innovation and Performance Commission on public materials, such as press releases or websites, that reference the L.A. Extractive Fines and Fees Digital Platform project.
4. Authorize the City Administrative Officer to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

SUMMARY

The City Administrative Officer herewith transmits the recommendation of the Innovation and Performance Commission (IPC) to approve funding in the amount of \$160,000 from the Innovation Fund (IF) for the Controller's Office – L.A. Extractive Fines and Fees Digital Platform pilot project. Please note, as with all IPC recommendations, this report presents the idea as submitted by the Controller's Office and approved by the IPC along with the necessary recommendations to implement the idea as presented. If the scope of the Innovation Fund item changes after the Controller receives funding, the Controller must return to the IPC to present the revised scope to the Commission to determine whether alternative recommendations are required.

With the L.A. Extractive Fines and Fees Digital Platform pilot project, the Controller's Office proposes to create the City's first open data portal to assess the number and distribution of City-administered fines and fees. The free online tool will collect, analyze, and visualize data with the goal of being able to determine if this revenue disproportionately impacts certain communities in the City. The Controller's Office suggests that research has demonstrated fines and fees place a greater burden on low-income communities and residents of color. The compounded effects of seemingly small fines can result in debt accumulation and further punishment such as driver's license suspension and jail time. The Controller proposes that escalation of repercussions can keep individuals who face systemic inequities in cycles of debt and poverty. Drawing from studies that show fines and fees can contribute to financial insecurity and inequity, the Controller's Office would like to create a tool that can influence future policies and deterrence strategies.

The Controller's Office would combine publicly available demographic data and City-administered fines and fees data within the proposed data portal. In order to select the specific fine and fee revenue streams, the Controller will first conduct a review of existing data available in the Financial Management System and the Controller's existing Control Panel LA online application. The Controller's Office intends to coordinate with relevant departments who assess these fines and fees to collect additional data, and also intends to collaborate with the Civil and Human Rights and Equity Department to identify the fines and fees that impact Angelenos most. These efforts will inform and help the Controller's Office select the final set of fines and fees that will be used for the project.

The total budget for the project is \$160,000. The budget includes spending \$50,000 for a vendor to create the custom online application, \$90,000 for three part-time student workers to assist with research and data collection, and \$20,000 for additional technical costs associated with data normalization, design and development, and testing. The estimated timeline for completion, once the project is approved, is six months. The Controller anticipates limited on-going costs for the application once it is developed, as data would be updated on annual basis by existing departmental staff.

The Controller's Office will measure the pilot project's success in two ways. The first measure of success will be the completion of the tool. The second measure of success will be the engagement and usage of the tool by stakeholders. The Controller's Office suggests that the primary measure of the tool's success will be its utilization by City stakeholders, local

organizations, and community members. The Controller's goal is for the various stakeholders, including City policymakers, to use the tool to evaluate policy proposals and new initiatives.

FISCAL IMPACT STATEMENT

Approval of these recommendations will allocate \$160,000 of the remaining \$826,112 Innovation Fund 2021-22 available balance. The \$160,000 will be transferred to the Controller's Office to begin implementation of the pilot project that has been approved by the Innovation and Performance Commission. In some cases, departments will incur ongoing costs.

FINANCIAL POLICIES STATEMENT

The recommendations of this report are in compliance with the City's Financial Policies as Innovation Fund monies are being utilized for an eligible project which will improve the quality, efficiency and effectiveness of City service through innovation, productivity, and performance measurement.

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