

CFPB Report Shows Criminal Justice Financial Ecosystem Exploits Families at Every Stage

Report Finds Products and Services Rife with Burdensome Fees and Lack of Choice

JAN 31, 2022

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today published a review of the financial issues facing people and families who come in contact with the criminal justice system. The report, [“Justice-Involved Individuals and the Consumer Financial Marketplace,”](#) describes an ecosystem rife with burdensome fees and lack of choice, and where families are increasingly being forced to shoulder the costs. It walks through the financial challenges families encounter at every stage of the criminal justice process, and the ways in which providers – often for-profit private companies – are leveraging a lack of consumer choice and their own market dominance to impose hefty fees at families’ expense.

“Many incarcerated individuals and their families pay exorbitant fees for basic financial services,” said CFPB Director Rohit Chopra. “Today’s report describes how private companies undermine the ability for individuals to successfully transition from incarceration.”

Contact with the criminal justice system is extremely common in the United States. In 2019, 2.1 million adults in America were in jail or prison, another 4.4 million were under community supervision (such as probation), and 1 in 3 adults – or 77 million Americans – had a criminal record. Those figures do not reflect the family members and friends who often provide financial support to people who have been arrested, incarcerated, or released from jail or prison, and who are also affected by shoddy financial products and services entwined in the criminal justice system. The burdens of the criminal justice system – and its financial impacts – fall most heavily on people of color, and women and people with lower incomes of all races and ethnicities. Surveys have repeatedly found women, and specifically Black women, disproportionately shoulder the costs of staying in touch with loved ones in prison and paying court-related debt for family members, sometimes spending up to a third of their income on such costs and even forgoing basic necessities for themselves.

Today’s report examines the financial burdens that can occur from arrest to incarceration to reentry. It shows that as soon as families come into contact with the criminal justice system, they are confronted with numerous financial challenges, and that for-profit companies are embedded throughout. Specifically, the report raises issues about:

- **Burdensome fees:** Many local, state, and federal governments impose criminal justice debt on the people who interact with it in the form of fines, fees, and restitution. The consequences of failing to pay fines and fees can be severe, forcing people to choose between making payments they may

struggle to afford and risking arrest, prosecution, detention, or reincarceration. States are also increasingly using third-party debt collectors to collect criminal justice debt. These debt collectors can tack on additional fines and fees that, if not paid, can result in incarceration.

- **Lack of consumer choice:** For incarcerated people and their families, the choice of financial service providers is limited throughout the criminal justice system. In a normal functioning market, products compete on price and quality, but all too often, government contracts in the criminal justice system mean just one choice for consumers. For example, to transfer money into a loved one's prison account, families typically have one option of a private firm, and that firm may charge steep prices. People exiting prison or jail also have little to no choice in how to receive owed funds upon release, can incur high fees to access their money, and may have difficulties resolving errors.
- **Shifting financial burdens:** Increasingly, governments are shifting the cost of incarceration to people who are incarcerated and their families, forcing individuals to pay for charges related to court operations, a court-appointed public defender, drug testing, prison library use, and probation supervision. People are also charged "pay-to-stay" fees for expenses related to their custody and care, like room and board, or medical copayments. When services are outsourced to private companies, the prices set by those companies are often wildly inflated over typical market costs. For example, in 2018, an average 15-minute phone call from a jail cost \$5.74. While incarcerated people may work for pay, the earnings are too low to cover their expenses; the average nominal daily wage paid to incarcerated workers was \$0.86 in 2017. The burden to pay the steep prices of being in prison often falls on loved ones.

Today's report is the CFPB's first study of the criminal justice financial ecosystem. In 2021, the CFPB released a free printable and downloadable guide, "[Focus on Reentry: Criminal Justice](#)," as part of its *Your Money, Your Goals* financial empowerment resources. The guide is designed to help frontline staff – such as those working at nonprofits or government agencies – address the unique financial challenges of individuals involved in the criminal justice system.

In October 2021, the [CFPB took action against the prison financial services company JPay](#) for taking advantage of people transitioning out of the corrections system by charging them fees to access their own money on prepaid debit cards they were forced to use and requiring consumers to sign up for a JPay debit card as a condition of receiving government benefits.

The CFPB will continue to use all its tools and authorities – including rulemaking, supervision, enforcement, research, and consumer engagement – to promote fairness for all people in the financial marketplace.

The CFPB also invites people and families in contact with the criminal justice system to use the Bureau's "[Tell Your Story](#)" tool to share positive or negative experiences they have had with the financial products and services.

[Read the report, "Justice-Involved Individuals and the Consumer Financial Marketplace."](#)

###