

**New Jersey General Assembly
Transportation Committee
Hearing on Assembly Bill A204
Testimony of Nancy Fishman, New Jersey Institute for Social Justice
October 21, 2008**

Good morning.

I would like to thank Chairman Wisniewski and Vice Chairman Caraballo, and members of the Transportation Committee for the opportunity to address you today on this very important issue.

My name is Nancy Fishman and I am the Senior Law And Policy Analyst at the New Jersey Institute for Social Justice, located in Newark. The Institute for Social Justice is a non-partisan urban research and advocacy organization; we work to promote the economic vitality of urban communities, and to challenge policies and practices that prevent urban New Jerseyans from achieving their full potential. We are here today to express our support for Assembly Bill A204, which makes driver's license suspension for failure to pay insurance surcharges discretionary instead of mandatory, and expands the payment options where suspension will cause an undue hardship.

This is an incredibly important bill, and will begin to address what has become a major barrier to economic opportunity and self-sufficiency for low-income New Jersey residents. My testimony today will highlight both the seriousness of this problem and the importance of moving forward as soon as possible.

The Institute has spent the past three and a half years analyzing and working with public agencies and private organizations around the state to lessen the impact of driver's license suspension as a barrier to employment. In October, 2001, the Institute released a report [attached] entitled "Roadblock on the Way to Work". The report details how the existing network of laws, regulations and policies using driver's license suspension as a sanction for failures which have nothing to do with dangerous driving has had the unintended consequence of undermining state efforts to promote work and economic development, link urban residents with suburban jobs, and reduce recidivism for ex-offenders.

In preparing this report we analyzed a years worth of data provided by the Department of Motor Vehicles and the Department of Treasury. What we found was shocking: there were almost 900,000 suspensions in one year, and more than half of them were imposed solely for financial reasons. The single largest cause of suspension was failure to pay insurance surcharges: in fact, one quarter of all suspensions arose from insurance surcharges. By comparison, only three percent of suspensions were for DUI, and about one percent were for excessive points. According to the Department of Treasury, the average default rate on surcharge payments for the prior five years was about 50%. Overall, at the time of the report, of the \$2.6 billion in surcharges billed, \$900,000 million remained outstanding, owed by 365,000 licensed drivers. The average amount owed was \$2465, not including court costs and interest.

When we surveyed participants in job training programs in Newark; we found that 80 percent in some programs had suspended licenses. Similarly, when the Department of

Labor looked at their records for Work First participants, they found less than 25 percent had valid drivers' licenses.

The significance of this barrier for access to economic opportunity should not be underestimated. All of the building and construction trades require a valid license just to take the tests for their apprenticeship programs. Many of the other entry-level jobs in fields with substantial current labor needs require a license: other skilled trades, automobile mechanics, commercial driving, security. Moreover, many of the good jobs cannot be reached without a license: two thirds of all job growth in the state is occurring in suburban areas that are poorly served by public transportation. Fully 90 percent of the job opportunities listed by employers at the state's One Stop Career Centers are not accessible by public transportation. Quite simply, if you take away a license, you are severely curtailing the ability to get and get to a job in this state. This not only hurts workers, but also hurts businesses in need of labor, and the state, in need of businesses.

Because the impact of license suspension on employment and economic development is so significant and pervasive, we were commissioned by the New Jersey Department of Labor last year to develop a manual for workforce development professionals, treatment providers and others on how to assist people to get their licenses reinstated. We have now distributed almost one thousand of these guides, called "Getting Back on the Road", and trained hundreds of people around the state, including staff at all of the One Stop Career Centers, community and faith-based organizations, parole and probation officers and corrections staff. The Motor Vehicle Commission's website now links individuals with questions about suspension to this manual.

Insurance surcharges are unquestionably the biggest, most immovable barrier that people trying to get their licenses back and get to work are facing. As I've spoken to individuals at these trainings around the state, and counseled many more who call into our office, I've been confronted again and again by the significance of the insurance surcharge burden and the fact that there is almost nothing I can tell people to do to remedy this problem except to win the lottery or declare bankruptcy. Individuals find themselves in a catch-22 situation: they cannot pay the amounts they owe without a job, and they cannot get the job or get to it without a license. The current statute does not provide any discretion on the part of the agency to address cases of hardship, or to create appropriate solutions that will both encourage payment and responsibility and make employment possible.

Despite broad consensus that this system needs to be fixed, there has been no serious effort to address it. Over two years ago, we, along with many others, testified in front of the Fix DMV Commission created by Governor McGreevey about the impact of license suspension on the employment opportunities for low income residents, and the particular burden of the inflexible and expensive insurance surcharges. The final report of the Commission devoted a section to the socio-economic impact of suspension. A task force was created by statute to study and make recommendations for change. The New Jersey Institute for Social Justice is, by statute, part of that task force. In two years, it has never met. A study to reconfirm everything I just told you was commissioned, as of the beginning of this year, to take another two years. These steps, while undoubtedly well-intentioned, have now become an excuse for delay.

There is no reason why some of the fundamental problems with the insurance surcharge system cannot be fixed right now. This statute, A204, begins that process. First, by changing “shall” to “may”, it returns some discretion to the agency not to suspend where good cause is demonstrated. Appropriate agency regulations can provide guidance as to when such circumstances exist. Second, it extends the time period for payment of surcharges. This is an area needing greater clarity: the time limit appears to be intended to apply to each installment of the three years of payments, allowing each years payment to be paid out over the course of the year, but it has been interpreted by the agency to limit the length of installment plans to pay down arrears.

Finally, the statute provides reasonable options where suspension would cause undue hardship to the driver or to the driver’s family: partial waiver, deferment and installment agreements. Currently, an individual with several thousand dollars of surcharges without the income to pay them simply won’t at all, although they may keep driving, without a license, which can potentially lead to more tickets for driving while suspended, more surcharges. While we would like to see the statute clarify that interest will not accrue during periods of deferment, we think that A204 provides a promising approach to removing what has become an unsurmountable barrier to driving legally and accomplishing the basic tasks of life: getting to work, to daycare, to school, to the doctor, to buy groceries.

These changes, which aren’t radical and which are based on common sense, should be made now. This will provide an immediate benefit both for individuals, who can become productive, and for the state, which will benefit from their productivity.

Thank you very much for taking the time to listen to me today.