

Public Hearing of the Fix DMV Commission
Testimony of Nancy Fishman, New Jersey Institute for Social Justice
October 21, 2008

Good afternoon.

I would like to start by thanking Commissioner Fox and members of the "Fix DMV Commission" for providing this opportunity for public participation in the Commission's important work.

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 talk about a major barrier to economic opportunity and self-sufficiency facing urban residents and others in New Jersey: the suspension of driver's licenses for reasons unrelated to public safety. While we recognize that DMV shares responsibility for how and why suspensions occur with the legislature and the courts, we believe that as the Commission reviews the policies and practices of the DMV, it must examine and address this very serious problem and the ways the DMV can be part of the solution.

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.

We did not arrive at this issue out the blue. A significant piece of our work to date has focused on maximizing the economic development potential for Abbott district residents of the \$12 billion of school construction set to take place over the next 10 years. We developed and now run, for example, a model pre-apprenticeship program to get urban Essex County residents into the construction trades unions. Through these activities, we have developed partnerships with workforce development programs in Newark and around the state. They all began to tell us a similar story: they could provide training, job readiness, linkage to employers, but found that significant percentages of their successful graduates were disqualified from or were unable to reach the jobs for which they'd trained because their licenses were suspended.

For example, I have attached here a letter from Richard Liebler, President and CEO of Hillside Auto Mall, who started the Youth Automotive Training Center with New Community in Newark. The year-long program, which was adopted

and underwritten by the Ford Motor Company, targets at-risk youth and trains them for skilled, stable jobs in automotive technology. The success of this innovative program, which has been replicated throughout the country with Ford sponsorship, has been seriously undermined in New Jersey because so many of the graduates are disqualified from high quality employment opportunities because their licenses are suspended and they cannot get the jobs which would allow them to pay down their debt without a driver's license.

When we looked more closely at this problem we found some shocking numbers. Of the almost 900,000 suspensions imposed in the year 2000, more than half were imposed solely for financial reasons: failure to pay insurance surcharges (the largest amount, a quarter of all suspensions), parking tickets, court fines, child support. Other significant categories of suspension were driving under suspension, failure to appear in court and charges under the Comprehensive Drug Act. In contrast, only 3 percent were for DUI and less than 2 percent were for excessive points. 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.

We make a number of recommendations in our report, which we have already submitted to the committee. With the state spending millions of dollars on workforce training, we believe it is incumbent on the DMV to take steps to ensure that those seeking jobs not be precluded from getting them due to the barrier of license suspension. Several of the important policy changes that Fix DMV should authorize are described below.

1) **Changes to the Insurance Surcharge system:** Insurance surcharges are the largest single source of suspensions in the state. There is a fifty percent default rate, and fines can very quickly escalate. Suspension for failure to pay either the full amount or a single installment is mandatory. Payment plans that permit suspension to be avoided are limited by statute to one year. There is no flexibility in the system to facilitate payment by low-income individuals who need their licenses to work. While large scale changes – up to and including elimination – in the system may be warranted, we think that there are some relatively straightforward alterations which would not only make the system fairer but could potentially lead to increased collections:

A. Make suspension for failure to pay surcharges discretionary, not mandatory. This would allow the DMV the flexibility to respond to cases of hardship, and potentially work out a deferral, an installment agreement, or other payment options.

B. Lift the 12 month time limit for installment agreements. The one year limit on payment plans to avoid suspension is often just not workable for those with low-paying jobs, or who are trying to get back to work and pay off a large outstanding debt. With a lifting of the one-year limit, and DMV discretion to respond creatively to hardship cases, the agency could play an important role in making it possible for individuals to come into compliance and begin becoming productive, tax-paying members of the community. It won't help to keep tacking on interest and other charges if they're never collected.

2) **Insurance Surcharge Amnesty:** according to the Department of Treasury there is about \$1 billion outstanding in insurance surcharges, with a good percentage of that coming from interest and court costs. A one time amnesty, which waived the interest and court costs for those who came forward, COMBINED with the measures I just described, could produce significant revenue while helping individuals to get their licenses back.

3) **Conditional licenses or limited driving privileges:** Over half the states in the country offer some kind of conditional license for work, schooling or medical reasons. In New Jersey, adult licenses are an all-or-nothing proposition. Providing a conditional license option for those suspended for reasons unrelated to public safety, or simply limiting driving privileges instead of suspending them altogether, would permit DMV to be part of the state's effort to promote work and responsibility.

4) **Data Collection:** Because license suspension has the potential to curtail severely access to employment, school, and other important life functions, it is important that the state collect accurate data to track how the sanction is being applied, to whom, and for how long. Data such as the geographic distribution of suspensions, by cause of suspension, the length of suspension by cause of suspension, and the race, age and gender breakdown of those suspended are necessary to inform policymaking. At present, we know that suspension is common, and appears in statutes addressing everything from graffiti to drugs to child support. Until now, despite this widespread use, the impact of its use as a sanction has not been tracked, and should be.

5) **Openness to Innovation and Collaboration.** Finally, we are excited that we will be working with the DMV on an innovative pilot program in the Essex County Municipal Court, which will allow for fine consolidations, affordable payment plans, and advocacy assistance. We would encourage the DMV to remain open to these kinds of collaborative, innovative programs, which can increase the effectiveness and accessibility of the agency.

I would be happy to answer any questions from the committee.