

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HOUSE BILL 1001

Baltimore City - Workforce Development Automobile Insurance Subsidy Program

TO: Members of the House Economic Matters Committee

FROM: Christopher Dews, Policy Consultant

DATE: March 9th, 2023

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. We strongly support House Bill 1001 to increase transit access for jobseekers in Baltimore, Maryland.

Mobility is key in Maryland's regional economy. The Census Bureau reported that [almost 50% of Marylanders travel outside of their county for employment](#). This statistic is more pronounced for lower-income communities in Baltimore, where there is a scarcity of jobs available by public transit. In fact, [only 9% of jobs in the Baltimore region can be reached within one hour, one way by public transit](#). Thus for economic sustainability, both a vehicle and affordable auto insurance are necessary.

There are approximately [2700 graduates of Workforce Development Programs in Baltimore City each year](#) (pg.4) in a variety of different vocations including construction, tech, healthcare, logistics, business services, and more. The vocational training providers work for months getting trainees- primarily from lower-income communities- certified in both hard and soft skills so that they can effectively transition into their chosen profession ready to perform. However, once the job placement has been secured, they often run headfirst into the barrier of unaffordable auto insurance.

Maryland law mandates that all drivers have auto insurance when operating their vehicles. Specifically, [Maryland Code Ann., Transportation §17-707](#) states that driving without auto insurance in Maryland is a crime punishable by up to (1) one year in jail, a \$1000 fine, or both for the first offense. Yet, the [Insurance Resource Council announced that 14.1% of Maryland's 4.3 million drivers drive uninsured](#). This means that every day, over 600,000 Marylanders risk incarceration due to the lack of affordable insurance. Roughly [11% of uninsured drivers emerge from Baltimore City](#) (pg.39), where access to employment is needed most.

There have been a variety of studies examining methods of reducing the number of uninsured motorists, but few solutions have been created to mitigate the somewhat extreme auto insurance pricing that exists in lower-income communities. In 2014, The Maryland Consumer Rights Coalition (MCRC) did a [study](#) examining the disparate impact the use of zip code can have on an individual's insurance premiums. They found that a single 30-year-old man in Baltimore City pays, on average, **\$500 more** than he would pay for

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the same insurance in Montgomery County. They go on to show that many drivers pay \$150 - \$700 more for car insurance in one neighborhood than they would pay in an adjacent neighborhood. When examining the cost of Geico's insurance rates by zip code, they found that holding all factors constant, a resident of Southwest Baltimore City's zip code of 21223 pays **\$674 more** for the same coverage than a resident of Baltimore County's 21227 zip code (\$1314 vs. \$640). If the same driver lived in Howard County, her insurance would cost **\$400 less** than if she moved five miles into Baltimore County. This is primarily because more accidents occur in these areas leading to more claims being taken out increasing the risk pool for other drivers and raising the cost.

One massive externality of the higher premiums is that the majority of attendees in Baltimore's Vocational Training Programs live in these same zip codes and thus can't afford their auto insurance premiums upon graduation. So after months of skills training, they can't accept their job placement due to unaffordable auto insurance. This harms the graduates, training providers, businesses, and the governing bodies that lose out on an increased income tax base.

HB1001 is a targeted bill that addresses this issue by allowing an auto insurance subsidy to graduates of workforce development programs in Baltimore City. If someone graduates from a vocational or technical training program in Baltimore City, they will qualify for a \$150 monthly reduction in auto insurance costs for their first year of post-graduation employment. This appropriation is a pilot program that will last for exactly five years, giving the General Assembly a chance to study its impact on Baltimore City's workforce. JOTF sees this as a step in the right direction toward supporting transit access for workers in Maryland. For these reasons, we respectfully urge a **favorable** report on House Bill 1001.

The Undersigned Organizations/Individuals Support of HB1001

1. Baltimore City
Comptroller's Office
2. Cornerstone Full
Gospel Church
3. BetterU Construction
Training
4. Economic Action
Maryland
5. CASH Campaign
MD
6. Consumer Auto
7. Consumer Federation
of America
8. Vehicles for Change
9. GrowHomes MD
10. JARC
11. Civic Works Center
for Sustainable
Careers
12. Project Jumpstart
13. Center for Urban
Families
14. Maryland New
Directions
15. Goodwill Industries
16. PIVOT Baltimore
17. Helping Oppressed
People Excel
(H.O.P.E.)
18. Out for Justice Inc.
19. The People's
Commission to
Decriminalize
Maryland
20. Maryland Alliance
for the Poor
21. NAACP Baltimore
22. Octavion Thomas
23. Randolph Johnson
24. Christopher Royster
25. Jeremiah Harper
26. Tasson Gibson
27. Travis benjamin

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ADDAMS
RESOURCE
CORPORATION
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ECONOMIC
ACTION MD



Consumer Federation of America
(CFA)



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