



Testimony to the House Economic Matters Committee
HB1001: Baltimore City - Workforce Development Automobile Insurance Subsidy Program
Position: Favorable

March 9, 2023

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing in strong support of HB1001. This bill would create a Baltimore City Workforce Development Automobile Insurance Subsidy Program within the Division of Workforce Development and Adult Learning to provide a monthly \$150 auto insurance subsidy for graduates of vocational training programs in Baltimore City starting in FY25. The goal is to reduce the cost of auto insurance for our graduates and build Baltimore's skilled workforce.

Mobility is key in Maryland's regional economy. The Census Bureau reported that almost 50% of Marylanders travel outside of their county for employment.¹ 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.² Thus, a vehicle and affordable auto insurance are necessary for economic sustainability. Being able to drive significantly improves economic opportunities for low-income Marylanders, and without insurance people are either forced to rely on public transportation or to drive illegally without coverage, driving up costs for everyone.

Maryland law mandates that all drivers carry auto insurance when operating their vehicles, and driving without insurance in Maryland is a crime punishable by up to one year in jail, a \$1000 fine, or both for the first offense.³ While Maryland has increased coverage limits, allows insurance companies to use a number of rate-factors that drive up the cost for low-income people, and has passed a number of policies to enforce the law requiring drivers to purchase insurance, the state has done very little to make auto insurance more affordable to enable low-wage workers to comply with the law. We can require that drivers carry insurance, but it is poor public policy if we create a system that can jail someone for failure to carry insurance, yet does nothing to make sure that low-income drivers can afford to comply with the law.

The Federal Insurance Office's study on auto insurance affordability assessed the cost of auto insurance in underserved communities throughout the nation. FIO found that over 339,000 people live in underserved ZIP codes in Baltimore where auto insurance is currently unaffordable.⁴

¹ <https://data.census.gov/table?t=Commuting&g=0400000US24&tid=ACSS1Y2019.S0801&hidePreview=true>

² <https://www.baltimoresun.com/opinion/editorial/bs-ed-1214-transit-grade-baltimore-20201211-omp76olc7bbal-moridbj4a5jqh-story.html>

³ https://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gtr§ion=17-107&enactments=False&arc_hived=False

⁴ https://home.treasury.gov/system/files/311/FINAL%20Auto%20Affordability%20Study_web.pdf



Average Cost of Auto Insurance by Baltimore City District *red arrows indicate a premium cost twice as high as the FIO affordability standard of 2%

District	Average Annual Premium	Median Household Income	% of Income Spent on Premium
District 40	\$2,009	\$33,900	5.93% [^]
District 41	\$1,978	\$47,200	4.19% [^]
District 43	\$1,958	\$47,600	4.11% [^]
District 45	\$1,909	\$39,600	4.82% [^]
District 46	\$1,715	\$59,400	2.89%

The average cost of premiums in all Baltimore City Districts are considered unaffordable by the FIO standard. Unaffordability is driving up the rate of uninsured drivers in the state. Currently, 14.1% of Maryland's 4.3 million drivers drive uninsured which means that every day, over 600,000 Marylanders risk fines or incarceration due to the lack of affordable insurance.⁵ Baltimore City drivers make up a disproportionate amount of the state's uninsured population with roughly 11% of the total uninsured population based in the city.⁶ Baltimore is also where access to employment is needed most.

There are approximately 2700 graduates of Workforce Development Programs in Baltimore City each year in a variety of different vocations including construction, tech, healthcare, logistics, business services, and more.⁷ 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, graduates are faced with the barrier of unaffordable auto insurance.

HB1001 addresses this issue by granting 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 five years, giving the General Assembly a chance to study its impact on Baltimore City's workforce.

This is a step in the right direction towards supporting transit access for workers in Maryland. For these reasons we support HB1001, and urge a favorable report.

Respectfully,
Isadora Stern
Policy Manager

⁵ <https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists>

⁶ <https://dls.maryland.gov/pubs/prod/BusTech/Uninsured-Motorist-Final-report---July-2016.pdf> . pg.39

⁷ https://abell.org/wp-content/uploads/2022/02/Scaling20Workforce20Development_092419.pdf . pg.4