REMOVING ROADBLOCKS TO ECONOMIC OPPORTUNITY

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OVERVIEW

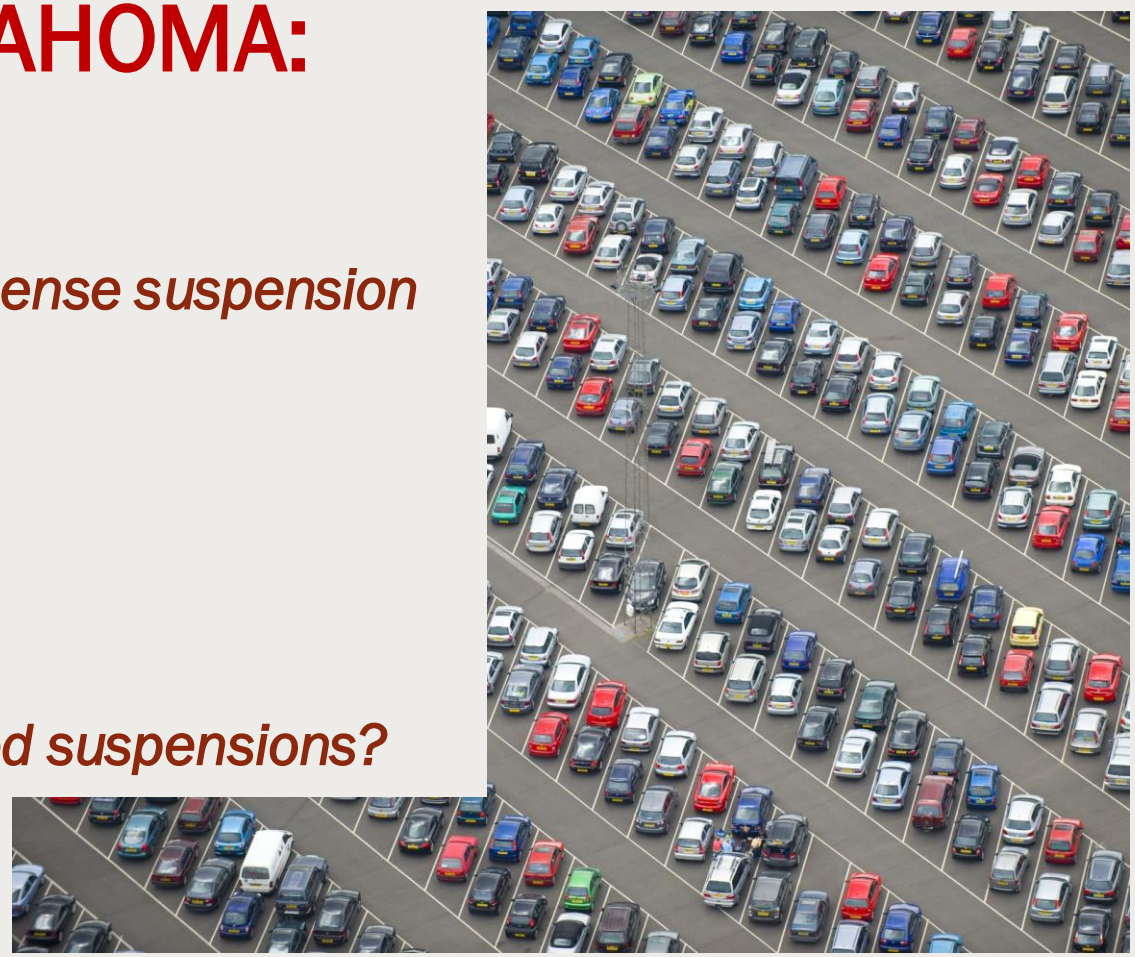

Introduction: debt-based driver's license suspensions
Hidden economic cost of suspensions
A suspension can quickly escalate
Case study: recent reform in Ohio

DRIVER'S LICENSE SUSPENSIONS IN OKLAHOMA: DEFINING TERMS

What are the different reasons for license suspension in Oklahoma?

-Failure to pay
-Failure to appear
-Financial Responsibility
-DUI Sanction
-Chemical Test Revocation

Which of these are non-driving related suspensions?



DRIVER'S LICENSE SUSPENSIONS FOR DEBT: AN OVERVIEW

-Limited effectiveness: Does suspension actually improve debt collection?

-Economic impact: How does losing a license affect employment, income, and the workforce?

-Policy trade-offs: Does the penalty create a pathway to repayment or make it harder?

<u>The policy question for lawmakers to consider</u>:
Does suspending a person's driver's license for non-driving related offenses achieve the intended outcome?

THE HIDDEN ECONOMIC COST OF LICENSE SUSPENSIONS

Without a valid license, Oklahomans cannot legally:

-Drive to work
-Take children to school
-Run errands, get groceries
-Reach necessary doctor's appointments

Employers suffer, especially those who need drivers





SUSPENSIONS CAN QUICKLY SPIRAL INTO MORE SERIOUS CHARGES

<u>Current law forces an impossible choice:</u> don't drive and risk losing work & being unable to provide for your family OR continue driving illegally

Continuing to drive with a suspended license can then lead to more fines and fees, criminal charges, and even jail time.



HOW ONE SUSPENSION CAN QUICKLY DERAIL A PERSON'S LIFE

CAN'T AFFORD TICKET → LICENSE SUSPENDED → CAN'T STOP DRIVING → NEW CHARGES → MORE DEBT

CAN'T AFFORD TICKET → LICENSE SUSPENDED → STOP DRIVING → LOSE JOB → MORE DEBT

The Result:
A policy intended to enforce payment can create more debt, more criminal consequences, and greater barriers to economic stability.

CASE STUDY: RECENT REFORM IN OHIO

-Federal Reserve Bank of Cleveland Economic impact study

-What the bill did

-Which groups supported it

-Snapshot survey: impact

-Results of retroactive application



Federal Reserve Bank of Cleveland Economic impact study

60% of all suspensions due to unpaid debt

Over 1.7 million Ohio drivers have over 3.2 million active debt-related suspensions

Major impact on the state's workforce + economy

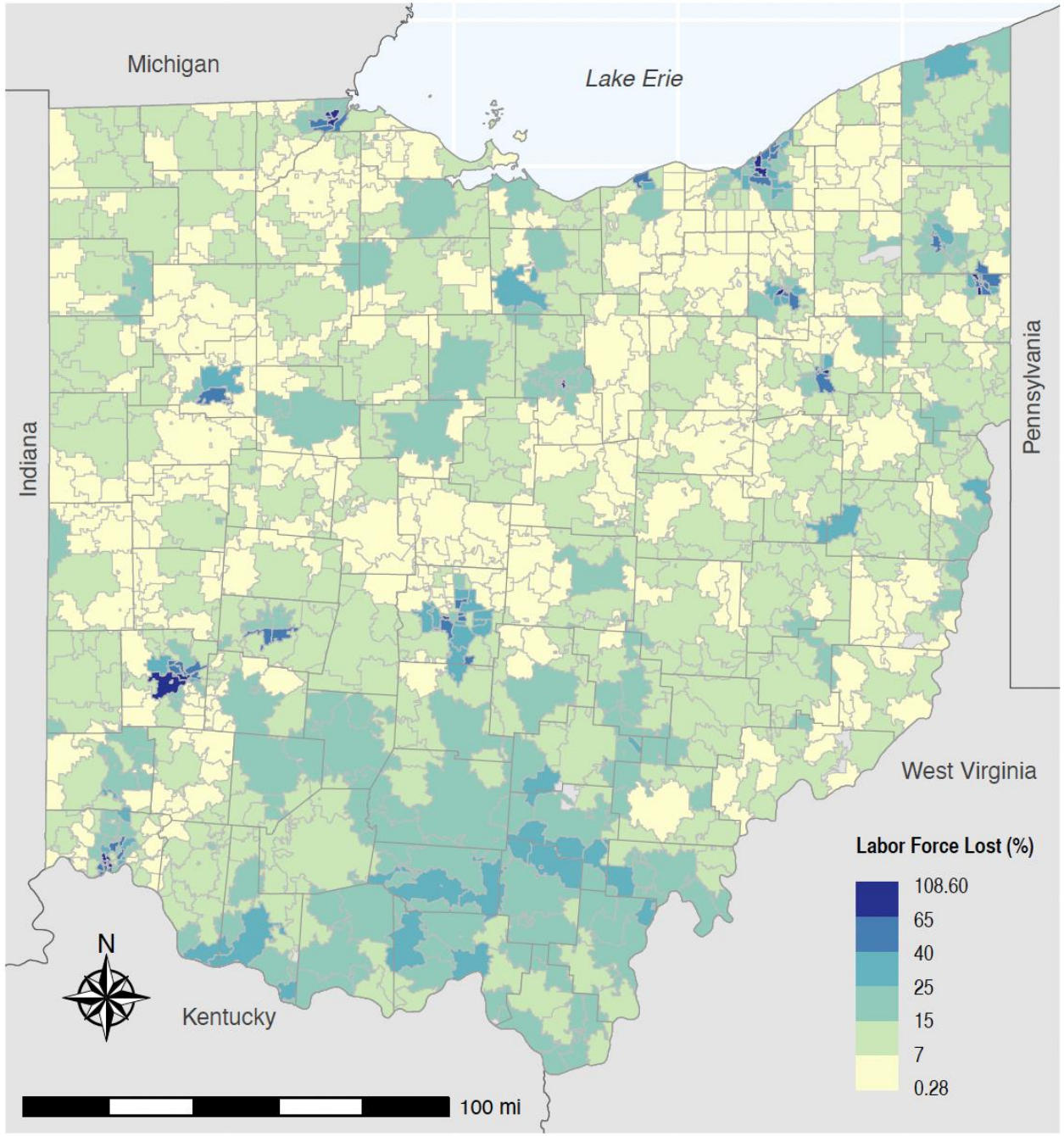


KEY FINDINGS

If everyone with a suspension stopped driving, 830k workers (14.4%) would exit the workforce

Abiding by the law lowers the labor force participation rate by 9%

Figure 1: Impacts if Half with DRS Leave the Labor Force by Zip Code



Source: LEHD Origin-Destination Employment Statistics https://lehd.ces.census.gov/data/#lodes

OHIO LEGISLATION SB 37 + HB 29

Eliminates suspensions for failure to pay traffic tickets

Applies the removal of license suspensions for these reasons both retroactively and automatically, without reinstatement fees.

Reduces the lookback period for driving without insurance offenses to be considered repeat offenses from five years to one year.

Eliminates school truancy as a reason for license denial or suspension.



Who Supported The Bill?

The Ohio Manufacturers' Association

Ohio Association Of Municipal/County Clerks

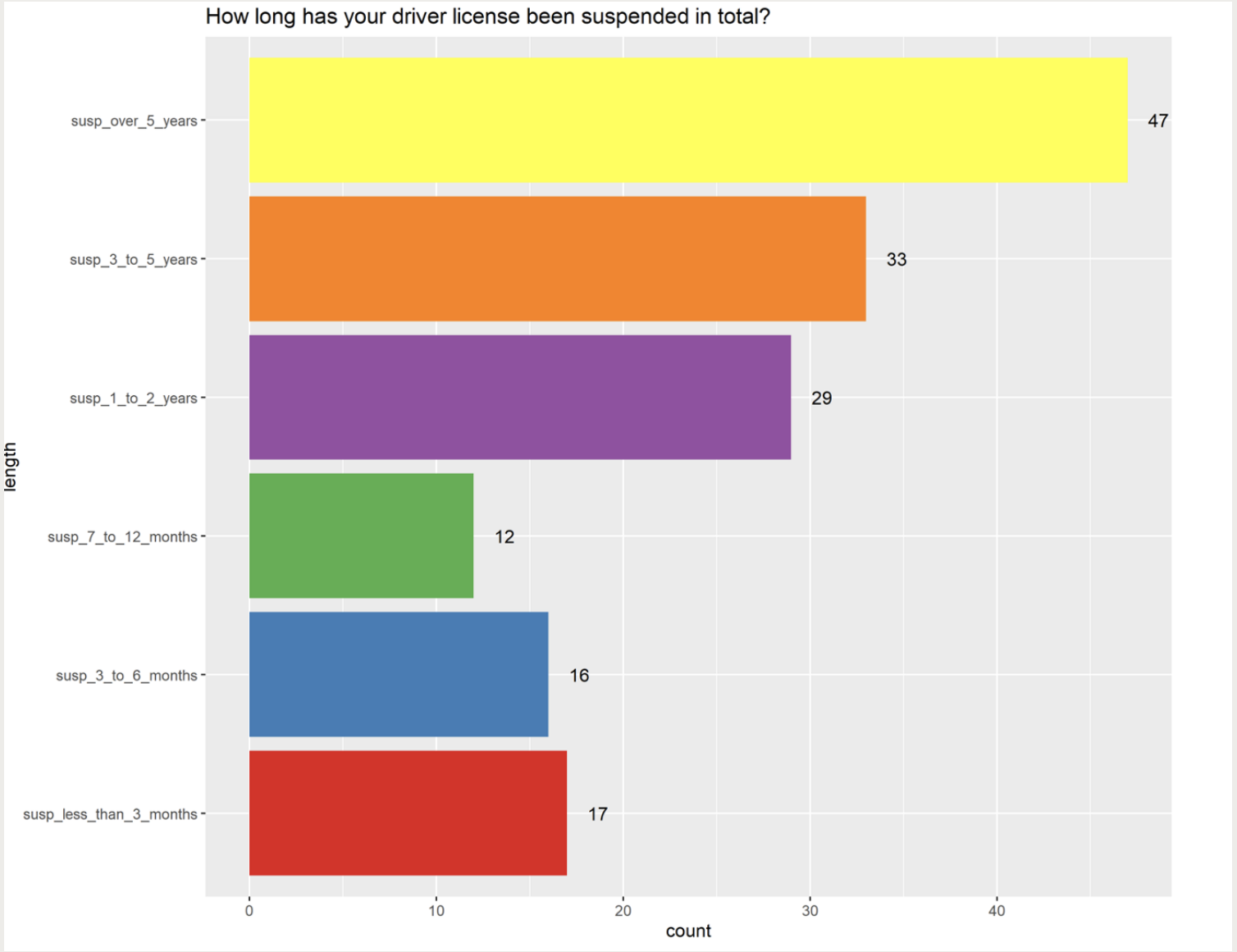
Ashtabula County Prosecutor's Office

Many county chambers and local businesses

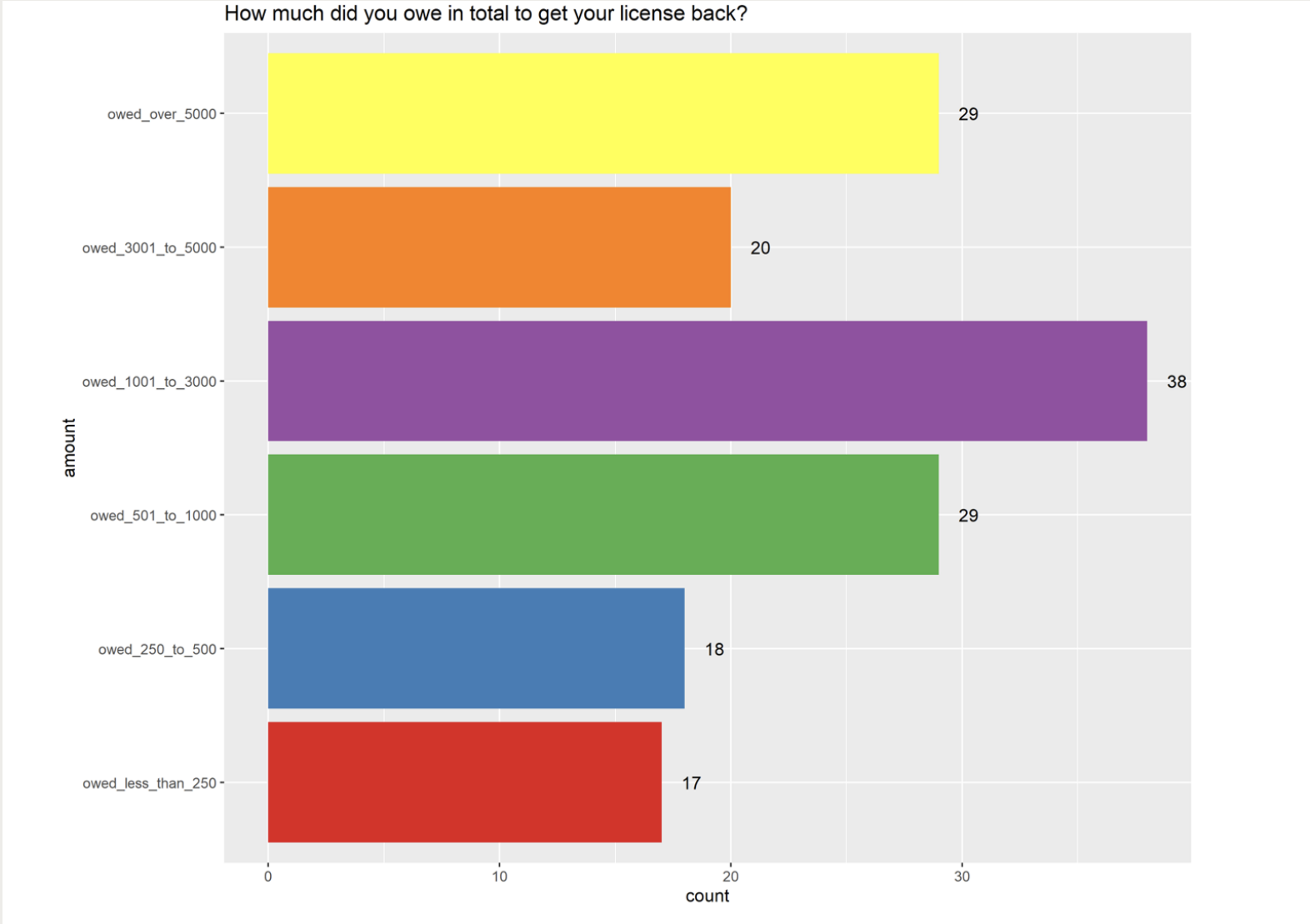
Advocacy groups from across the political spectrum



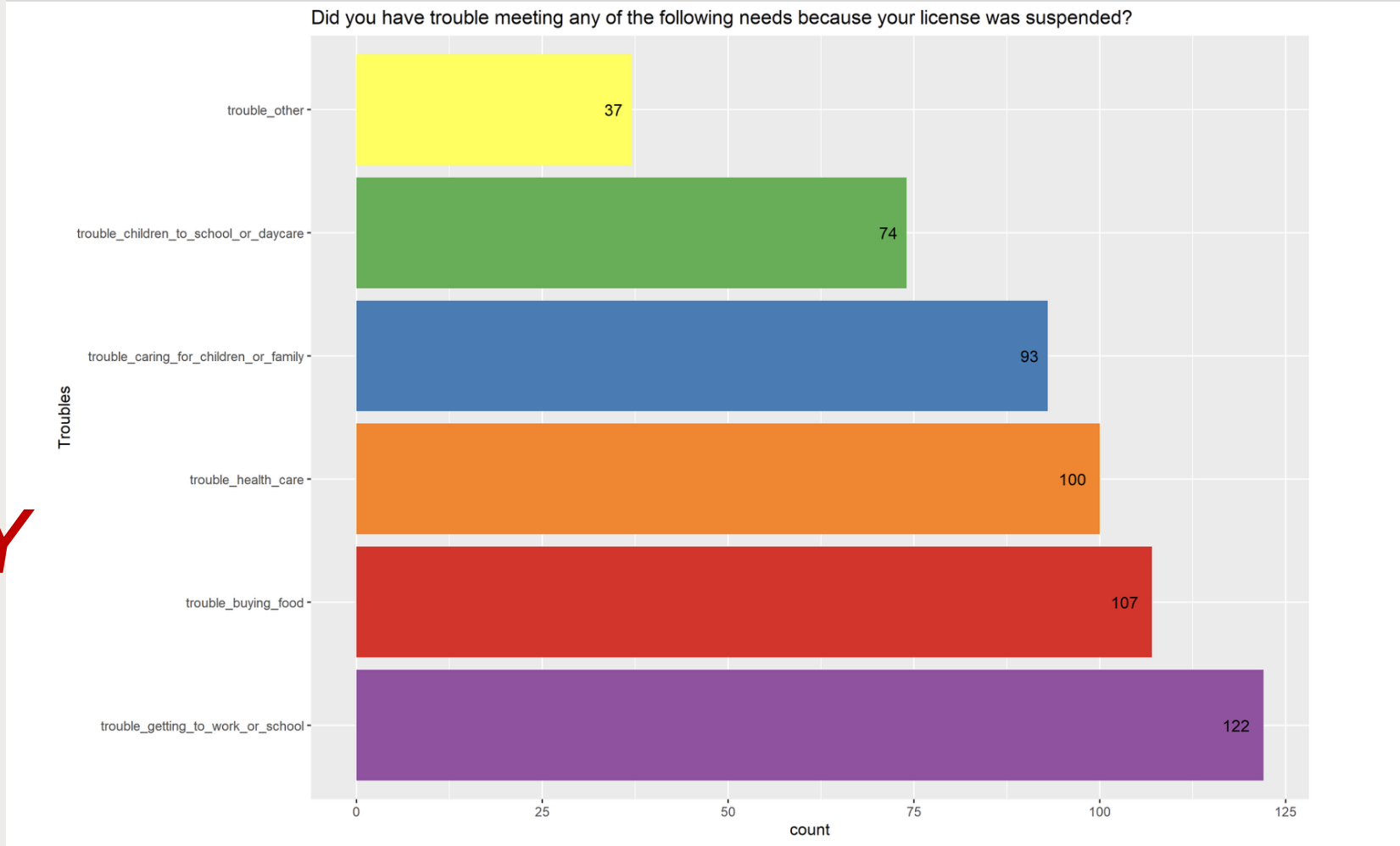
SNAPSHOT OF IMPACT: SURVEY OF 153 OHIO DRIVERS



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LAW SIGNED, RESULTS

429,501 driver's license suspensions and vehicle registration blocks removed

170,510 Ohio drivers impacted

7,076 drivers regained their valid driver's license and status to legally drive.

24,356 drivers now have no other suspension on their license.

Nearly $8.4 million in reinstatement fees were waived



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Questions?

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