



Council 4 AFSCME
Testimony before the Labor and Public Employees Committee of the
Connecticut General Assembly
March 8, 2012

Good afternoon. Senator Prague, Representative Zalaski, and members of the Labor Committee. My name is Sal Luciano, and I am the Executive Director of Council 4 AFSCME. Council 4 represents 35,000 Connecticut public and private employee members.

We are here in support of HB-5313, AN ACT CREATING A TASK FORCE TO STUDY A STATE-ADMINISTERED PENSION FUND FOR EMPLOYEES IN THE STATE. This legislation brings us one step closer to rebuilding the middle class in Connecticut.

Much of our membership is fortunate enough to have defined-benefit pensions, largely because we were there to fight for them at the bargaining table. Those pensions allow that after a long work career, workers have the ability to not have to work until they die, especially if work is difficult, to enjoy family, to deal with unexpected expenses, and give birthday gifts to grandkids; all with the security of consistent retirement income. They are able to do this because professionals invest pooled annual contributions. The result is a reasonable sharing of risk, solid rates of return, efficient administration, and the guarantee that assets will be there for retirement. This is a sacred part of the American Dream that we are losing.

I see family and friends forced to choose between putting money in their 401(k) and helping their children pay for college. I see family and friends putting off retirement as the assets in their 401(k) were lost during the stock market crash. And I see family and friends worry about out-living their retirement assets. Clearly the three-legged stool of retirement security (pensions, Social Security, personal savings) needs to be rebuilt.

As this committee is certainly aware, being older frequently necessitates even more money as help is usually needed for basic human needs such as mobility, nutrition, housekeeping and even personal hygiene. According to data from the Commission on Aging, a disproportionate share of older residents is living just above the poverty line but without sufficient resources for economic self-sufficiency. This is likely because Social Security, which is what keeps folks above the poverty-line, was meant as only one leg of a three-legged stool. Without pensions, our elderly will always be just scraping by.

It's no wonder then that the public is on our side. Polling conducted by Hart Research shows 72% of voters believe we should be working to ensure that more workers in our country have real retirement security, instead of taking away this benefit from public employees. And a National Institute on Retirement Security poll found that more than 80% of Americans believe all workers should have access to a pension plan so they can be independent and self-reliant in retirement.

Clearly now is the time to act. Putting in place a commission to figure out the details on how we expand retirement security is an important step in the process of rebuilding the middle class.



CONNECTICUT
BUSINESS & INDUSTRY
ASSOCIATION

TESTIMONY OF
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ECONOMIST
CONNECTICUT BUSINESS AND INDUSTRY ASSOCIATION
SUBMITTED TO THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
MARCH 8, 2012
LEGISLATIVE OFFICE BUILDING
STATE CAPITOL
HARTFORD, CONNECTICUT

Good day. My name is Peter Gioia. I am the economist for the Connecticut Business and Industry Association (CBIA). CBIA represents over 10,000 firms, which employ about 700,000 women and men in Connecticut. Our membership consists of firms of all sizes and types, the vast majority of which are small businesses employing fewer than 50 people.

CBIA opposes HB 5313 An Act Creating a Task Force to Study a State-Administered Pension Fund for Employees in the State.

CBIA has repeatedly asked the state to focus upon core services and core competencies like education, transportation and care for the needy in social service areas. Regarding both state employee and teacher pensions the state has sadly demonstrated that this is not its strength. Fiscal mismanagement has created billions of dollars in unfunded liabilities in these programs. The private sector provides hundreds of retirement vehicles and options for both companies and individuals. It is a core competency in the private sector. The state would be better off directing its efforts on core areas that still need a lot of work.

CBIA urges the Committee to reject the bill. Thank you for the opportunity to submit this testimony.