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March 11, 2014

Testimony IN FAVOR of SB 249 AA Promoting Retirement Savings and SB 242 AA Concerning Sick Leave for Teacher Assistants and Radiologic Technologists, and HB 5451 AAC Health Care Pooling
Submitted by Lindsay Farrell, Connecticut Director

Representative Tercyak, Senator Holder-Winfield, and distinguished members of the Labor Committee, thank you for holding a hearing on this bill today.

Working Families would like to support a couple bills today.

First, SB 249 for more retirement security.

As corporations and Wall Street have attacked our retirement system over the past several decades, fewer and fewer workers have the resources and the tools to save enough for their retirement. Retirees used to be able to rely on Social Security benefits, personal savings, and a defined benefit retirement plan through their employer. Today, workers cannot save because wages have been stagnant against the cost of living, and more and more employers drop their pension plans in favor of risky, expensive 401(k) plans, or nothing at all. The bottom line is that a majority of workers are at risk to be unable to afford retirement.

The lack of retirement security for our workforce is an impending economic catastrophe:

- When older workers who are of retirement age do not retire, or go back to work, because they cannot afford to retire or remain retired, that crowd younger workers out of the job market, leading to higher unemployment.
- Seniors who rely on social assistance programs because they do not have enough to support themselves places another burden on our strapped state budgets.
- Seniors living in poverty are not contributing to local consumer spending, which is a drag on local businesses.

Furthermore, this crisis is simply unjust. After a lifetime of work, no one should worry about retirement, but the current system denies working- and middle-class workers dignity in favor of the wealthiest Americans. According to the Urban-Brookings Tax Policy Center, the wealthiest 3% of individuals receive 20% of tax subsidies for retirement savings. And half of all tax-deferred retirement savings goes to the top 10%. We need to help the folks who are not in the top income brackets save for retirement too.

SB 249 is a good step toward solving this problem. By allowing workers to save automatically, without the fees and risk of private plans, we open the system up to everyone to be able to contribute to their own security. And government really can be the solution to this problem in a way the private markets have utterly failed: An analysis by the Center for American Progress found that a typical private sector worker with a 401(k) would save an additional \$750 per year if they were enrolled in the federal Thrift Savings Plan – the 401(k) program for federal employees. Similarly, when she was the Comptroller, Lt. Governor Nancy Wyman estimated that the state's defined contribution program had 50% lower administrative fees than what the average investor pays. Contrary to myth, public investments perform well – Connecticut had a rate of return on its combined investment funds of 20.75% for the FY ending June 30, 2011, it had 12.88% the year before.

For decades Wall Street has convinced Americans to privatize their retirement and open it up as a new source of giant profit for banks and the investment community. This hasn't worked, and we have learned painful lessons in the past several years about just how risky it is to trust Wall Street with our economic stability. Let's reverse this trend by setting up a publicly-run retirement savings plan that will give security to our workers, relief to our small businesses, and dignity to our future seniors. Please pass SB 249.

Further expand SB242

In 2011, Connecticut made history by passing the nation's first statewide paid sick time guarantee. Over 200,000 workers had access to paid sick days to use when they were sick, when a family member is, to seek medical treatment, or to deal with an incident of family violence or sexual assault.

Since its passage, employment in the affected hospitality and health care industries has increased in Connecticut since the law went into effect in January 2012,¹ even as other industries have fluctuated back and forth.

More importantly, working people and their families can rely upon this protection now, and thousands are no longer forced to make the choice between their job, and their health and the health of their family.

When the legislation was being debated years ago, detractors claimed that passing a paid sick time requirement here would crush Connecticut's economy. Not only has that not been the case, but the policy has been passed in many other jurisdictions since then – Seattle, Portland OR, New York City, Jersey City, Newark – and it has been expanded in Washington DC. All of these other policies have a lower threshold for coverage; the Seattle ordinance, and soon the New York City ordinance will cover employers with 5 or more employees; San Francisco, Portland and Washington D.C.'s ordinances cover all employees. In the New Jersey cities the smallest firms covered at 10; no other paid sick days policy applies only to service workers.

We are proud of Connecticut's paid sick days law, and we all should be. This law has provided real protection to workers who need it very desperately to take care of themselves and their families without facing the loss of wages or a job. As we've done before, we have shown that Connecticut can be a leader in developing policies that support families and help them succeed in today's economy. This law has been a success – the only detractor is that it should cover more workers.

We hope that the law will not be expanded to just a few additional job classifications; such practice has proved flawed by the need for this very legislation. Instead lets eliminate the job classification requirement from the law and include all workers at the eligible employers.

Support HB 5451

This removes the politics from municipal health care cost debates by ensuring that every city and town receives accurate information about their potential savings through cooperative health care agreements. Let's not let ideology get in the way of allowing towns to make an informed assessment about what is best for their budgets.

¹ <http://www1.ctdol.state.ct.us/lmi/sectors/leisure.asp>

<http://www1.ctdol.state.ct.us/lmi/sectors/educational.asp>