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Testimony from Lindsay Farrell, Connecticut state director of the Working Families Organization in OPPOSITION to **SB464** AA Establishing the Hartford Sustainability Commission.

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis and the members of the Finance, Revenue, and Bonding:

Working Families is a growing progressive political organization that fights for an economy that works for all of us, and a democracy in which every voice matters. We believe that our children's life chances must not be determined at birth, and that America must be a nation that allows all its people to thrive.

We strongly oppose SB464 for being reckless, undemocratic and unaccountable to both Hartford voters and workers. This legislation would be an unjustified power grab from state officials, and a complete circumvention of representative government in a city that is poor, mostly of-color, and frequently exploited. The voters of Hartford selected their local government to solve these kinds of problems. 60% of Connecticut towns currently run a deficit,<sup>1</sup> and yet there are no proposals to usurp the local governments of West Hartford, Cromwell or Bristol. We can probably all agree that voters in those towns would never be disregarded and undermined in this way.

Less than 90 days into office, the Mayor is essentially abdicating his responsibilities and his authority. There has been no effort to sit down with labor, who have been cooperative in past years in finding savings through benefit restructuring and other concessions, to try and save costs this year. It seems impossible that city officials are all totally bankrupt of ideas even before April.

The provisions of SB464 appear to unlimited in scope, with no mechanism for accountability to city residents. SB464 does not actually offer thoughtful or creative measures to address Hartford's financial troubles, other than to nullify collective bargaining agreements and to reduce services, which are poor short-term solutions that will only lead to more financial instability for the city. It includes no plan for the state to reimburse Hartford for full pilot funds, reimburse for the state-mandated building of schools, or pay rent for the

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<sup>1</sup> <http://trendct.org/2016/03/24/which-towns-can-actually-pay-for-their-public-services/>

XL Center. The city needs to go to the negotiating table to work with Hartford's unions to find solutions before anything as drastic as SB464 is even considered. Here are some other proposals for local savings:

- Use existing processes in statute (collective bargaining, mediation, binding arbitration) to identify cost savings, discuss potential concessions or any other problems in which workers may be part of the solution.
- Healthcare – there are numerous different plan designs issued by more than one insurer for all Hartford bargaining units. Significant savings could be found by consolidating health plans. Further savings might also be found if Hartford entered the state employee health insurance pool. The city would have to provide information to the Comptroller in order for him to prepare a quote for the city.
- Like the State of Connecticut, outsourcing is rampant in Hartford. The Parking Authority has been identified as a particularly egregious example, but there are also others. Whenever we hire a for-profit company to provide a service, we are then paying not just for that service, but also for that company's profit.
- 2014 Hartford Tax Task Force made a report to the General Assembly about possible revenue solutions the city should explore. It has been left untouched, but would be an excellent resource for the city in a climate like this.

And, as always, if the state is looking for revenue solutions so that it can support Hartford during this budget difficulty, Working Families proposes several ideas:

- Join the Regional Compact to close the carried interest loophole: There is currently legislation introduced in New York calling for a compact between Northeastern states to tax highly-compensated hedge fund managers and private equity managers in a way that is more like how the rest of us have our income taxed. These individuals invest other people's money, and then benefit from a loophole that was created to incentivize them to take risk themselves. This policy could generate as much as \$535 million annually, and creates no competitive disadvantage, as our neighboring states would be doing the same thing.
- Tax the richest individuals at rates similar to how they are taxed in neighboring states: Connecticut's top rate is 6.7% on couples making more than \$500,000 per year. This is significantly lower than New York's top rate of 8.82% and New Jersey's 8.97%. Massachusetts has a 12% capital gains tax.
- Hold large, profitable low-wage employers accountable with a fee for paying their workers poverty wages: such as is done with SB391. This legislation reimburses taxpayers for the "externalization" of employment costs perpetrated by these corporations, and incentivizes these corporations to pay their workforce a decent wage. Working Families believes in a strong, well-funded safety net for the families who are suffering in this economy, but we don't believe that safety net should be exploited by profitable companies so that they can make more in profits.

Please reject SB464. It's a bad idea. Thank you.