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March 8th, 2016

Testimony from Lindsay Farrell, Connecticut state director of the Working Families Organization in SUPPORT of **SB221** AAC Paid Family and Medical Leave and **HB5591** AA Creating the Connecticut Retirement Security Program.

Senator Gomes, Representative Tercyak, Senator Huang, Representative Rutigliano and the members of the Appropriations Committee:

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.

First, we would like to support **SB221 for Paid Family and Medical Leave** and encourage its passage. As many of you know, this has become a pretty personal issue for me. Last year I gave birth to my son, Cole. As a first-time mother, I was lucky. I got to spend most of the first few precious months with him because I work at an organization that offers paid family leave.

It is unfathomable to me that women would be forced to leave their newborn babies in the first several weeks. And it breaks my heart to know that my experience with my son is the exception and not the rule.

Most workers in America are not as fortunate as I was. The United States is one of only two countries in the world that does not offer some standard paid maternity leave. Only 12 percent of workers in the country have any paid leave, and more than half of workers aren't even covered by the Family and Medical Leave Act, which allows for 12 weeks of unpaid leave. Almost one in four American mothers returns to work within two weeks of having a baby. She is forced to put protecting her job and her paycheck ahead of the rest she requires and the attention her baby needs to thrive.

Nearly every worker will need some time off from work at some point in their lives, whether it is to welcome a new baby into their family or to recover from a serious illness or care for an injured or sick family member.

But for many workers, when such a situation arises they have few options. If they qualify for unpaid leave, they can take time off but lose out on pay. If they do not qualify for unpaid leave, or cannot afford to take it, they are forced to continue working or leave their job entirely.

This unimaginably difficult choice leaves families agonizing about their finances in an already stressful time in their lives. No one should have to go through that. Dealing with a grave diagnosis or a loved one who was seriously injured is hard enough, without worrying about paying one's bills.

Connecticut needs to embrace innovative policies that attract young families and recruit businesses and workers. Paid Family and Medical Leave is just such a policy. Recently the Harvard Business Review reported that 38 percent of millennial workers say they would move not just to another state but to another country with better family and medical leave benefits. These are the skilled workers our businesses need to thrive. With Paid Leave programs in Rhode Island and New Jersey already in effect, and programs soon to be passed in New York State and Massachusetts, Connecticut needs to pass this legislation to remain competitive with our neighbors.

Workers will continue to contribute to our economy and enjoy financial stability. Also, businesses will save by reducing employee turnover and ensuring that everyone at their company is healthy and productive. These days, Connecticut badly needs this kind of security for both our families and our economy.

It is time to fix our family and medical leave policies and catch up with the rest of the world. Three other states have already created paid family and medical leave programs: Rhode Island, New Jersey and California. These programs are working and provide us with good policy models to build a successful program here in Connecticut.

Finally, just a few quick points on the specifics of the policy:

- It is important that we protect the benefits at the current level of the proposal. 100% of minimum wage will still only be $404/week for a full-time worker in 2017, unless we raise the minimum wage this session. 12 weeks is really the basic minimum needed for some types of leave. For example, breastfeeding mothers need that long to establish a stable routine. Not all workers will use all 12 weeks if their condition requires less time anyway.
- Please make sure the Department of Labor has adequate resources to effectively implement this program, whatever their role is in doing so. It is our preference that this be a publicly-administered program to use the expertise of the DOL and keep costs down.
- This program needs to be universal and mandatory to work. It keeps the cost down for everyone by spreading it around, and it won't be sustainable if people only sign up for it when someone gets sick or injured. No one anticipates a healthcare crisis in their family, even though they will need the program if and when it arises.
- We hope that the program will be universally accessible, including to workers at very small firms. They get sick too and still need job protection.

We would also like to support **HB5591 for Retirement Security for all Connecticut workers**. 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 hard work, no one should worry about retirement, but the current system denies low-wage and middle-class workers dignity to favor 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.

HB5591 is a good step toward solving this problem. By allowing workers to save automatically, without the fees and risks 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 savings 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 profits 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 **HB5591**.