AARP

AARP New York

Testimony before the Joint Legislative Budget Committees Senate Finance and Assembly Ways and Means

Workforce Development
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Introduction

Good afternoon, Senator Young, Assemblyman Farrell and members of the Committee. My name Derrick Holmes. I am a member of AARP's New York State Executive Council. AARP is a membership organization with over 2.6 million members in New York State. I would like to submit the following testimony comprising AARP's views on the need to pass a Paid Family Leave program and establishing a state facilitated retirement savings program the Governor mentioned in his policy book.

Executive Budget Proposal on Paid Family Leave

First, I would like to thank the Assembly for passing the Paid Family Leave bill sponsored by Assemblywoman Nolan yesterday. AARP believes this bill is the road map to a final Paid Family Leave Policy in New York State.

As you know, the Governor has proposed a paid family leave insurance program in his Executive Budget, and AARP believes this is an excellent start to having a public discussion on the need to pass this program in a final state budget.

AARP supports the Governor's call for 12 weeks of leave to care for a new child or seriously ill family member, providing job protection through the person's leave, and for the insurance to cover all private sector workers, no matter the size of the business. However, AARP believes that wage replacement for low-income workers needs to be more substantial than what is proposed in the Executive Budget.

AARP believes a low wage replacement does not help the millions of low-income workers who are living from paycheck to paycheck. The bill put forward by Assemblywoman Nolan offering a wage replacement of 2/3 for low-income workers should be seriously looked at during negotiations. With that said, there have been recent reports that the Governor will change his wage replacement to language to mirror Assemblywoman Nolan and Senator Addabbo's bill and include a 2/3 wage replacement.

The Need for Paid Family Leave Insurance

The issue of family caregiving is both timeless and non-partisan. Most of us are, have been, or will be a family caregiver, or will need the help of a loved one to live independently. Family caregivers are the backbone of New York's long term care system. They are the first line of assistance for most people, helping to make it possible for older adults and people with disabilities to remain at home, and out of costly, taxpayer-funded institutions like nursing homes.

Family care is extremely beneficial for the person in need, but when a family caregiver has a paid job, his or her caregiving responsibilities inevitably require short periods of time off of work. Often, employees must make work-related adjustments to accommodate the needs of the person who is ill and needs care. Working caregivers often must divert attention away from their jobs to tend to caregiving responsibilities. Furthermore, working caregivers have varying leave needs, with some caregivers best supported by a block of time off to care for a terminally ill family member while others may only need sporadic time off to tend to day-to-day caregiving responsibilities.

According to AARP's *Valuing the Invaluable: 2015 Update*, in 2013 alone, New York family caregivers provided 2.4 billion hours of unpaid care to their parents, spouses and other loved ones, valued at $31.3 billion annually. They help with bathing and dressing, transportation, shopping, meals, complex medical tasks, financial assistance, and much more.

In addition, according to a report released by AARP Public Policy Institute titled *Keeping Up With the Times: Supporting Family Caregivers With Workplace Leave Policies*, the typical U.S. caregiver is a 49-year-old woman who works outside the home and spends nearly 20 hours per week—the equivalent of another part-time job—providing unpaid care to her mother for about five years. Also from the report, "the need to balance work and family across the generations is a growing issue for families and for employers in the modern workplace."

In many cases, these family members don't even identify themselves formally as "caregivers"—they are sons, daughters, husbands, wives, and grandchildren. Most undertake caregiving willingly, and many find it a source of deep satisfaction. However, family caregivers face huge responsibilities, and caregiving in today's economic climate can take a significant toll.

The vast majority (74 percent) of family caregivers have worked at a paying job at some point during their caregiving experience, and most (58 percent) are currently employed either full-time or part-time, setting up a stressful juggling act between work, their caregiving role, and other family responsibilities. And when work requirements conflict with family obligations, some employed caregivers have to make difficult decisions that can lead to lost wages and missed career opportunities.

National estimates have shown that the lifetime income-related losses sustained by family caregivers age 50 and older who leave the workforce to care for a parent can reach about $115,900 in wages, $137,980 in Social Security benefits, and conservatively, $50,000 in pension benefits. That's a total of $283,716 for men and $324,044 for women in lost income and benefits over a caregiver's lifetime.

While some legal protections—such as the national Family and Medical Leave Act (FMLA) —provide a useful benefit for many employees to maintain job security while experiencing a "serious medical condition" or caring for a parent, spouse or child with a serious condition—FMLA is unpaid leave and does not provide a source of income to replace lost wages. The practical reality is that many workers struggling to make ends meet from paycheck to paycheck simply cannot afford to take unpaid leave or miss a paycheck.

Retirement Savings

The Governor stated in his policy book that approximately 3.5 million private sector workers aged 18 to 64 in New York lack access to an employer-sponsored retirement savings program. Many of these workers face delayed retirements and reduced standards of living, and will be forced to rely on the state's taxpayer-funded social safety net. To address this growing problem and provide input into future legislation, Governor Cuomo create the NY SMART Commission ("Saving More to Achieve Richer Tomorrows.")

We support the Governor in this initiative, and we believe legislation already exists that would alleviate our savings problem in New York. This legislation has been introduced by Senator Savino (S.6045-A) and Assemblyman Rodriguez (A.8332-A).

Their bill established the New York State Secure Choice Savings Program. The program creates a self-sustaining retirement savings option though an automatic IRA payroll deduction for private sector employees who have no way to save for their future through their workplace. The savings account would be portable and the employee can opt out at any time.

Access to an employer-based retirement savings plan is critical to helping New Yorkers help themselves by building financial security and independence later in life. Workers with access to such a savings plan at work are 15 times more likely to save for retirement than those who lack access.

The probability of having a workplace retirement plan also differs considerably by workers' earning level, education, and race and ethnicity. Access to a plan differs substantially by race and ethnicity: about 67 percent of Hispanic workers, 52 percent of African Americans, and 36 percent of Asian Americans lacked access to an employer-provided retirement plan, according to AARP New York's report *High Anxiety: Gen X and Boomers Struggle with Stress, Savings, and Security.*

Research from AARP's Public Policy Institute shows minorities accounted for about 47 percent (1,649,000) of the roughly 3,507,000 employees without a workplace retirement plan. In addition, about 76 percent of workers who did not have a high school degree did not have an employer-provided retirement plan—a much higher percentage than workers with some college (52 percent) or a bachelor's degree or higher (44 percent).

AARP strongly believes that Senator Savino's and Assemblyman Rodriguez's legislation would give millions of New Yorkers access to savings options so they can build their own economic security and should be part of the a final state budget. Retirement savings help workers achieve financial resilience through their own efforts. Greater access could also help improve economic mobility and reduce wealth disparity.

Conclusion

Thank you again for allowing AARP to testify today regarding the need to institute a paid family leave program in New York and to help New York help themselves by creating access to ways to save for retirement.