

EDWARD S. OSIENSKI
STATE REPRESENTATIVE
24th District



**HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
411 LEGISLATIVE AVENUE
DOVER, DELAWARE 19901**

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Homeland Security, Vice-Chair
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Education

House Labor Committee Meeting

6.09.21

Chair Osienski called the meeting to order at 11:00 a.m. He stated that the meeting was planned in accordance with HCR 1 and took the roll call of the committee's members. Members present included Vice Chair Williams, Rep. Moore, Rep. Bentz, Rep. Brady, Rep. Cooke, Rep. Bolden, Rep. Lambert, Rep. Matthews, Rep. Morrison, Rep. Smith, and Rep. Smyk. For a full list of speakers, please see the speaker list below.

Chair Osienski introduced **HB 205, AN ACT TO AMEND TITLES 19 AND 29 OF THE DELAWARE CODE RELATING TO ESTABLISHMENT AND MANAGEMENT OF THE EXPANDING ACCESS FOR RETIREMENT AND NECESSARY SAVING PROGRAM.** Chair Osienski invited Rep. Lambert, the sponsor of the bill, to explain the legislation.

Rep. Lambert stated that 50% of Delawareans do not have the savings they need to retire. He explained that HB 205 seeks to establish the Delaware Expanding Access for Retirement and Necessary Saving ("EARNs") program, serving eligible employees on a voluntary basis to retirement security through a State-facilitated retirement savings program. The bill would help small businesses and small business employees who would otherwise not have access to retirement programs due to the heavy administrative burden. The EARNs program would attract and retain talent to the workforce by creating this secure choice retirement plan.

Rep. Lambert explained additional highlights of the legislation. The bill would establish an EARNs Program Board to oversee and review implementation, provide employees with additional choices, and requires a phased-in approach for business participation depending on the size of the employer. He told the committee that the bill includes an educational portion of the program, offering staff and employee support, recommended investments, and a promotion of financial literacy.

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Rep. Lambert addressed opposition to the bill, stating that it is coming from the private sector. He has been telling opponents that the EARNs program does not seek to be a threat to their programs but rather a partner, helping all Delawareans have access to retirement plans.

Chair Osienski expressed his appreciation for the bill being brought forward. He shared that from his prior work in an industry he is part of a multiemployer plan for retirement and he and his colleagues are well provided for because of it. He explained that retirement programs allow for investments and more sustainable futures, so he is supportive of the goal of more accessible retirement plans for Delawareans.

Chair Osienski invited committee members as well as expert witnesses to discuss the bill.

Rep. Smith shared his concern that there is no fiscal note attached to the bill.

Rep. Lambert shared his apologies for not mentioning the fiscal note and explained the financial optics. He shared that the program would cost a little over a million dollars over the next three years while the savings for Delaware would be astronomical. He explained that the burden of Medicare costs, public welfare programs, and taking care of senior needs will all be reduced by this proposal. He explained it is a proactive way to take care of seniors and take financial burden off of the state.

With permission of the Chair, State Treasurer Colleen Davis explained that oversight costs of the program's implementation will also be among some of the lowest in the industry.

Rep. Smith was concerned about the sustainability of the project. He questioned if the government would be capable of keeping the program in place.

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Treasurer Colleen Davis spoke to the long-term viability of the program, explaining that the program would be opened to 150,000 Delaware workers, not just seniors. Since the program would open to Delawareans aged 18 years and above, the program would have time to grow and continue to serve young and senior Delaware residents. She explained that the Office of the State Treasurer and legislators have done significant research to guarantee that the program and employees that partake will prosper.

Vice Chair Williams shared her support of the legislation and her pride in being a co-sponsor. She explained that the program is a very important lift for Delawareans, and that she supports accessibility and promotion to retirement programs.

Rep. Matthews shared his support for the bill and his appreciation for index funds and the availability of low-cost options. He asked the Treasurer to outline her office's efforts to integrate and protect small businesses.

Treasurer Colleen Davis explained that the opt-out feature is available with payroll. She explained that 5% of small businesses also use a ledger system, and electronic support will be offered for them to quickly implement the program and make sure it is not burdensome. She added that her office will aid program members with education, investments, and financial literacy promotion. Online tools and tutorials would be available as well. She stated that this integration will take the burden off of the employers and the treasury department can handle it instead.

Rep. Matthews shared his appreciation for the robust support planned from the Office of the Treasurer.

Chair Osienski opened the floor to public comment.

Robert Overmiller shared his interest in the bill and concerns for retirees.

411 Legislative Avenue, Dover, Delaware 19901
Home: (302) 292-8903 House Offices: Dover: (302) 744-4351 Fax: (302) 739-2313
Wilmington: (302) 577-8476 Fax: (302) 577-6701 Edward.Osienksi@delaware.gov

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Christina Haas, representing the Delaware Insurance Commissioner Trinidad Navarro and the Delaware Department of Insurance, shared support for the bill. They stated the Department supports the EARNNS program and sees it as a significant safety net for Delawareans.

Jessica Eckman, a senior legislative representative with AARP, shared support for the bill. She explained that the program is simple and helpful for employees and employers. She stated that more savings means less dependency on public assistance programs, benefiting workers and taxpayers.

Andrew Remo, representing the American Retirement Association, shared proud support of the bill.

Mary Louise Embrey, a volunteer from AARP, spoke in support of the bill and shared her concerns for future generations and the greater need for accessible retirement plans.

Melanie Daniels, President of the Delaware Chapter of the National Coalition of 100 Black Women, shared their support of the bill. She explained that this bill is important for economic empowerment.

Rashmi Rangan, the Executive Director of the Delaware Community Reinvestment Action Council, shared their support of the bill. She explained that the EARNNS program would be a great tool to address the wealth divide in America.

Ron Handy, a co-chair of the Banking Desert Initiative, shared his support of the bill. He shared that financial education is a key to equal access. He shared how the bill will promote young people's knowledge and ability to save.

Angela Antonelli, a research professor at Georgetown University's Center for Retirement Initiatives shared their support of the bill. She explained that these program bills are largely successful.

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Ronald Baron, the President and CEO of Del-One Credit Union expressed his support for the bill. He shared that members of his credit union will largely benefit from the financial literacy and retirement planning aspects of the bill.

Maeghan Gale spoke on behalf of the Delaware Chapter of the National Association of Insurance and Financial Advisors and expressed opposition to the bill.

Tony McDonald also spoke on behalf of the Delaware Chapter of the National Association of Insurance and Financial Advisors and expressed opposition to the bill.

Scott Kidner, on behalf of ACLI and the Central Delaware Chamber of Commerce, shared his appreciation for discussion on the bill between the private sector and legislators. He shared his concerns for the retirement program and expressed opposition to the bill.

Vince Ryan on behalf of the American Counsel of Life Insurers expressed opposition to the bill. He felt the bill needed more time to create a program that works for the private sector of insurers.

Keith James spoke in support of the bill and thanked Rep. Lambert for his work. He shared that he is a worker in Wilmington and that this is a great opportunity to invest in generational wealth in lower-economic communities.

Rebecca Cotto shared her support of the bill and shared that the EARNNS Program will help our future generations obtain financial security.

Laird Stabler spoke on behalf of State Farm Insurance in opposition of the bill. He shared his belief that a public program will be competition to the private sector. He shared that State Farm is available for continued discussion about the program.

Jenny McMillan shared her support of the bill. She stated that the Earns Program will help her business expand and provide for employee retirement.

Charles Schonder from the South Coastal AARP shared his support for the bill.

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Joseph Fitzgerald from the New Castle Chamber of Commerce expressed their opposition to the bill. He stated his belief that it will create too much competition for the private sector.

Melanie Ross Levin, the Director of the Office of Advancement and Women's Advocacy, spoke in support of the bill.

Nancy Lancia, spoke on behalf of the Security Industries and Financial Markets Association, shared opposition to the bill. She shared her belief that there is not a lack of access to retirement plans.

Rep. Smyk shared his past dealing with pensions and stated it is an important way to bring workers to the workforce. He shared that state-run pension programs must be well funded and ensure paychecks to members of the program. He believes a retirement plan must be viable and hopes it will get off the ground successfully.

A motion was made by Vice Chair Williams and seconded by Rep. Moore to release HB 205 from committee; motion carried. Yes= 9 (Chair Osienski, Vice Chair Williams, Rep. Moore, Rep. Bentz, Rep. Brady, Rep. Cooke, Rep. Lambert, Rep. Matthews, Rep. Morrison); No= 0; Absent= 3 (Rep. Bolden, Rep. Smith, Rep. Smyk). The bill was released from committee with a F=8, M=1, U=0 vote.

Chair Osienski adjourned the meeting at 12:20 p.m.

Respectfully submitted,
Chelsea Jones

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Speaker List:

1. Treasurer Colleen Davis
2. Robert Overmiller
3. Chris Hass, office of Delaware Insurance Commissioner
4. Jessica Eckman, AARP
5. Andrew Remo, American Retirement Association
6. Mary Louise Embrey, AARP
7. Melanie Daniels, Delaware Chapter of National Coalition of 100 Black Women
8. Rashmi Rangan, Delaware Community Reinvestment Action Council
9. Ron Handy, Banking Desert Initiative
10. Angela Antonelli, Georgetown University's Center for Retirement Initiatives
11. Ronald Baron, Del-One Credit Union
12. Maeghan Gale, Delaware Chapter of National Association of Insurance and Financial Advisors
13. Tony McDonald, Delaware Chapter of the National Association of Insurance and Financial Advisors
14. Scott Kidner, ACLI and the Central Delaware Chamber of Commerce
15. Vince Ryan, ACLI
16. Keith James
17. Rebecca Cotto
18. Laird Stabler, State Farm Insurance
19. Jenny McMillan
20. Charles Schonder, South Coastal AARP
21. Joseph Fitzgerald, New Castle Chamber of Commerce
22. Melanie Ross Levin, Office of Advancement and Women's Advocacy
23. Nancy Lancia, Security Industries and Financial Markets Association

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Written Public Comment:

The Georgetown Chamber of Commerce would like to provide some public support for HB 205. In many discussions and informational sessions, the content of HB 205 is a program that would be very beneficial to those smaller businesses that are not in a position to offer any type of retirement savings. In checking with our financial services members, we have received comments related to the cumbersome paperwork and expense to try and establish a plan for those smaller businesses. We have also found that due to the recent difficulty in being able to hire workers, most are looking for ways that are not expensive to offer some benefits as a way to attract new hires and retain the workers they currently have. We are in support of ways to assist our small businesses in keeping costs down but have the ability to offer valuable benefits that help them attract and retain employees.

Linda Price
Georgetown Chamber President
director@georgetowncoc.com

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SUPPORT FOR HOUSE BILL 205 “THE DELAWARE EARNS ACT”

Over 200,000 Delaware workers lack an employment-based retirement program in which they can save for the future. These workers are primarily employed by small businesses that cannot afford to provide retirement benefits due to the cost and administrative burden. The Boston College Center for Retirement Research reports that nearly half of all working age households do not have sufficient retirement savings to maintain living in retirement.

In response, the Office of the State Treasurer has recommended that Delaware follow the lead of other states that have created “Secure Choice” programs. These programs rely on Roth IRAs as a saving vehicle through *employee* contributions. Employers are prohibited from contributing. As the Treasurer states in *Expanding Access for Retirement and Necessary Savings, (2021)* at 4: “These elements make Secure Choice a fitting introduction for first-time savers- and their employers who may still be considering a more formal retirement plan offering.” Currently, 13 states offer a public retirement plan and legislation supporting the concept has been introduced in 45 states.

On May 20, 2021, Rep. Lambert introduced H.B. 205 to establish “[t]he Delaware Expanding Access for Retirement and Necessary Saving (“EARNs”) program to serve as a vehicle through which eligible employees may, on a voluntary basis, provide for additional retirement security through a State-facilitated retirement savings program in a convenient, cost effective, and portable manner.

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Under HB 205, the state would contract with a private investment company to manage the state-sponsored retirement program. The investments would be overseen by an independent board. Contributions would be deducted directly from an employee's paycheck and deposited into a Roth IRA (Auto-IRA). The employee would retain full control over the Auto Roth. The employee would be able to opt -out of the plan at any time.

America and Delaware are facing a retirement crisis. The League of Women Voters joins with Rep. Lambert, Sen. Nicole Poore (prime sponsor in the Senate), other sponsors, and AARP Delaware in supporting the passage of HB 205.