

March 10, 2021

Honorable Ralph S. Northam
Governor, Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23218

RE: Amend HB2174, Virginia Saves Program; established

Dear Governor Northam:

As a representative of the 30 million small businesses in America and the nearly 800,000 in Virginia, Small Business Majority writes today to ask you to amend HB2174 to lower the employee number threshold from 25 employees to five employees and to remove the 30-hour work requirement for employees, as the bill originally stipulated.

The original version of HB2174 applied to all employers with five or more employees, which would encourage greater participation in the program and reach smaller businesses that face challenges in providing retirement plans. Small businesses want to offer retirement benefits to attract and retain talented employees, but they struggle to do so due to the cost and complexity of setting up a retirement plan. It should come as no surprise then that nearly two-thirds of small business owners in Virginia support state efforts to enact a retirement program that would automatically enroll employees of businesses without their own plan into a state-administered retirement program.¹

Unfortunately, the latest version of the bill restricts access to employers with 25 employees or more. Restricting participation in this way excludes more than 90% of businesses, which could lead to low participation in the program. It would also only provide the benefit to mid-sized businesses during a time when small businesses need support the most. Other states have similarly excluded small businesses from their retirement savings programs, resulting in low enrollment numbers. Some of these states now seek to allow small businesses into their programs.

Finally, the bill would also require employers to track their employees' hours to determine eligibility. This would be a new burden to small businesses. Approximately 1.2 million employees in Virginia, or 45% of the state's workforce, do not have access to a savings plan and placing restrictions on access to these critical benefits would hurt small businesses and their employees.²

I encourage you to amend HB2174 to better support Virginia's small business owners and employees.

Sincerely,

Awesta Sarkash
Government Affairs Manager
Small Business Majority

¹ Opinion Poll: Virginia small business owners say government doesn't understand their concerns, need help with healthcare and other challenges, <https://smallbusinessmajority.org/sites/default/files/research-reports/081419-VA-Small-Business-Policy-Solutions-Poll.pdf>

² Report on State-Facilitated Private Retirement Plan Programs: Encouraging Citizens to Save for Retirement, December 2020, <https://rga.lis.virginia.gov/Published/2020/HD12/PDF>