

**Testimony in support of Rep Giraldo’s bill H7794**

House Finance, April 13, 2022

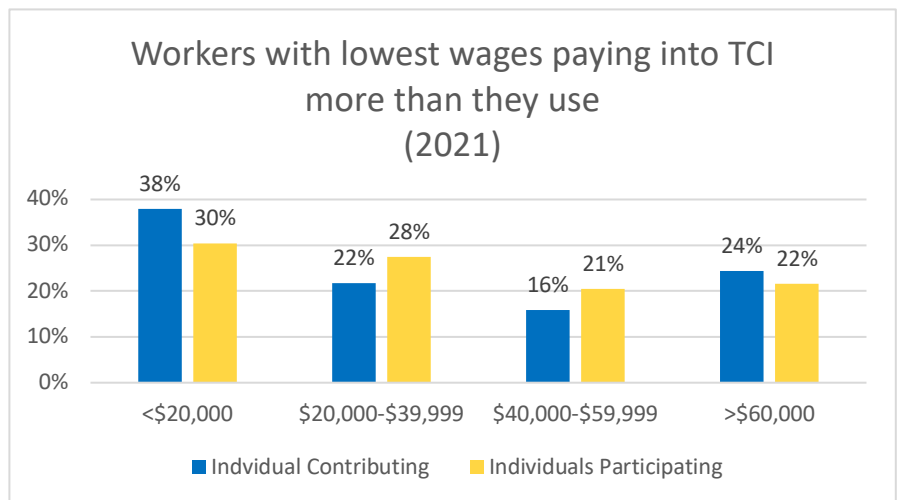
In 1942, Rhode Island created a Paid Medical leave program, Temporary Disability Insurance (TDI), to provide wage replacement benefits to workers who needed time off from work due to an injury or illness. In 2013, Rhode Island enacted a Paid Family Leave program, Temporary Caregiver Insurance (TCI), to provide wage replacement benefits to workers who need time off from work to care for a seriously ill family member or bond with a new child. Together, TDI and TCI help Rhode Island workers balance work, health, and caregiving responsibilities.

**TDI and TCI are entirely funded by workers through a single payroll deduction**, currently set at 1.3% of a worker’s wages. Legislation introduced by Representative Giraldo (H7794), would introduce economic equality into these programs by requiring employers to contribute to the TDI/TCI fund at an equal amount to their workers’ contributions. Requiring employers to contribute to the TDI/TCI fund, which both employers and their employees benefit from, is a vital update that will help reduce the financial burden on workers, who solely support the fund now.

**Overall, this legislation would split the cost of funding TDI and TCI evenly between workers and employers.** Doing so is critical for three key reasons:

**To improve economic justice, especially for workers with low-wages**

Data shows that workers with the lowest incomes, less than \$20,000 per year, made up the largest share of those contributing to the TDI/TCI fund (38% versus less than 30% for other groups). They also use TCI (file and have claims approved) at a smaller percentage than they pay in (38% vs 30%). With RI’s wage replacement at 60%, these workers may be unable to afford to take paid leave as 60% of their wages is not enough to cover household expenses.<sup>1</sup>



Particularly concerning for workers with the lowest wages is that while the TDI/TCI fund currently has an employee contribution rate of 1.3%, this rate increases when more individuals use paid leave benefits in a given time period and/or when TDI/TCI revenue is low in a given time period. This means that workers with low-wages are routinely paying increased rates for a benefit they struggle to access. By requiring employers to split the contribution rate with workers, so that both employers and workers contribute .65%, the burden on all workers, but chiefly those with

<sup>1</sup> 2021 data from RI Department of Labor and Training.

incomes below \$20,000 per year, will be reduced- especially during times when contribution rates are heightened.

**To ensure robust and fair TDI/TCI funding sustainability**

The Covid-19 Pandemic showed the value of having a paid and family leave program. Rhode Island was able to support families by providing wage replacement at the beginning of the pandemic before federal unemployment benefits expanded. As the economy’s future remains uncertain, it is important to have a well-funded, stable TDI/TCI fund in case there is a need to use it as a safety net again. With shared responsibility between workers and employers to pay for paid leave benefits, Rhode Island will be well positioned to handle any influxes in TDI/TCI claims as the TDI/TCI funding structure will be more reliable, adequate, and fair.

**To advance Rhode Island as a national Paid Medical and Family Leave leader**

Rhode Island is one of ten states (and DC) in the nation to provide both Paid Medical and Family leave to its workers. Yet, of the 11 programs, Rhode Island lags in economic equality, as the majority of other states do not solely rely on worker contributions to cover paid leave funding.

State	Employers contribute to Medical and/or Family Leave?
New Jersey	Yes
New York	Yes
D.C.	Yes
Washington	Yes
Massachusetts	Yes
Oregon	Yes
Colorado	Yes
*Maryland	Yes
California	No
Connecticut	No
Rhode Island	No

\*Maryland’s paid leave law enacted April 9, 2022