

House Finance Committee, Subcommittee on General Government
March 30, 2022

Re: Testimony in support of Governor's FY 2023, FY 2022 Revised and Capital Budget for the Department of Labor and Training, Funding for Information Technology Investment Fund for the TDI system

Dear Chair Vella-Wilkinson and members of the subcommittee,

The Economic Progress Institute writes in support of the use of \$19.4 Million of the proposed FY2022 surplus to go to the Information Technology Investment Fund (ITIF) to replace the Department of Labor and Training's legacy mainframe with modern systems for the Temporary Disability Insurance program.

As an organization interested in improving the state's programs that help Rhode Islanders balance their work and family obligations, primarily the TDI and TCI program, we encourage you to support funding to improve the TDI/TCI mainframe system. The pandemic has highlighted the important role that both programs (and the unemployment system) have played in supporting families when employers closed or individuals needed to take time away from work. There are many improvements that we could make to these programs in order to make them more equitable and supportive. Without technology system upgrades, however, the state's ability to make change is limited. We highlight one important example below:

The Temporary Caregiver Insurance program (TCI) has helped tens of thousands of Rhode Islanders care for a seriously ill family member and bond with their babies during the first months of life. In 2021 alone, there were over 7,000 approved TCI claims, 25% to care for a family member and 75% to bond with a new child.

While Rhode Island was a leader in becoming the 3rd state in the nation to enact paid family leave in 2013, now almost a decade later we have the lowest wage replacement rate of any of the 10 state programs in the country.

TCI and TDI benefits are approximately 60% of an individual's typical wages, up to a maximum of \$978 per week. At the time TCI was passed, these benefit levels were in line with replacement wages provided in California and New Jersey – and represented a competitive edge against neighboring states in Massachusetts and New York that had no paid leave programs.

Research conducted on California's paid family leave program found that the programs modest wage replacement (at the time 55 percent) was a factor in people's decisions to apply or not to apply for paid leave -- particularly disadvantaging low-wage workers and their babies and family members. Key informants and stakeholders reported that wage replacement levels were a barrier to participation for low-wage households. In response to these findings, California's wage replacement rate was increased in 2018 and New Jersey's was increased in 2019.

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The latest available data (2021) shows that while those earning less than \$20,000 a year made up 38% of those Rhode Islanders paying into the TDI/TCI fund, this group were less likely to use TCI than those earning higher wages (making up only 30% of Rhode Islanders taking TCI).

While improving the wage replacement for TDI/TCI will require legislative action (as proposed in legislation by Representative Cassar H7444), it will also require the state data systems to be able to implement such changes.

We urge the subcommittee to recommend passage of this section of the budget, and to encourage DLT to ensure that an upgraded system will include the ability for DLT to easily pay increased, and possibly progressively tiered, wage replacement to address inequitable access by low-wage workers to TDI/TCI.