

Testimony in support of Rep Cassar’s bill H7444

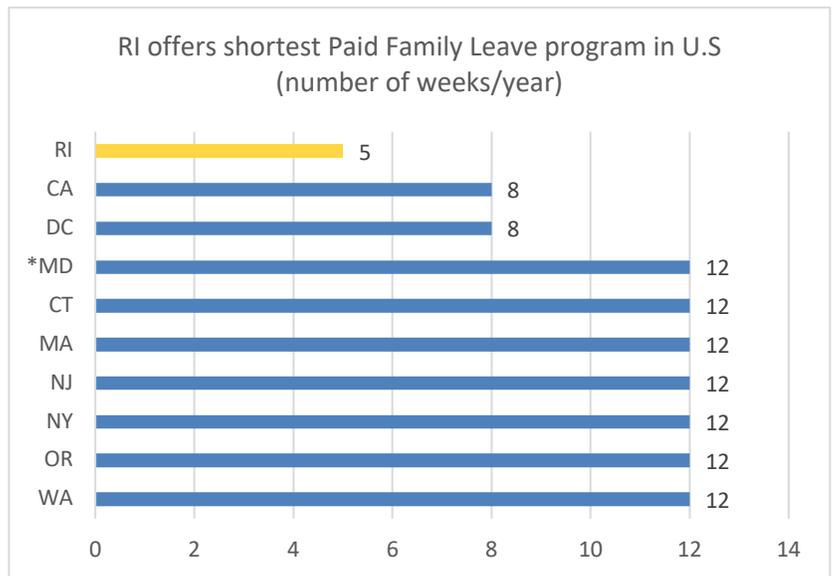
House Finance, April 13, 2022

Rhode Island is a leader in providing security for workers and their families through the Temporary Caregiver Insurance (TCI) program. One of only 10 state-based paid leave programs (plus DC), TCI provides up to five weeks of partial (about 60%) wage replacement for workers who need to take time from their jobs to care for a newborn, an adopted or foster child, or to care for a seriously ill family member. The worker’s job and seniority are protected while the worker is on leave. TCI is funded through the TDI/TCI fund, and funded solely through employee contributions. TDI, the Temporary Disability Insurance Program, was created in 1942 to provide wage-replacement benefits to workers injured outside the workplace. To be eligible for TDI/TCI, claimants must have worked in Rhode Island and paid into the fund.

In 2021, 7,031 workers used TCI, to either take time from work to bond with a new child (75% of claimants) or provide care for a seriously ill family member (25% of claimants). The COVID-19 pandemic highlighted the importance of the TCI program to help Rhode Islanders manage home and work responsibilities. It also reinforced the need to address three deficiencies in the program:

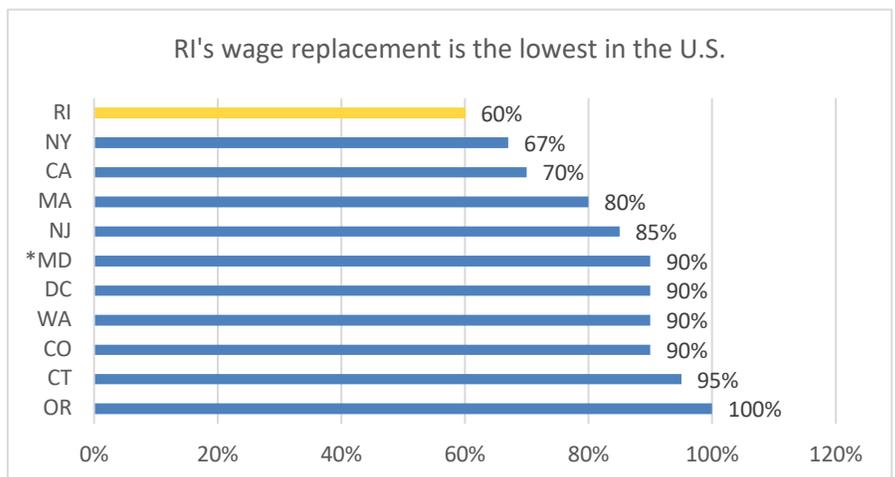
Rhode Island offers the shortest Paid Family Leave in U.S.

Rhode Island’s TCI program provides a maximum of 5 weeks of paid leave (scheduled to increase to 6 weeks in January 2023). This is the shortest length of any paid family leave policy in the country. Other states provide over double this time, providing between 8-12 weeks of paid leave. Many of these other states also provide extended durations of paid leave for serious medical conditions and/or complications relating to pregnancy. Rhode Island’s weeks of paid leave does not meet public health and medical guidelines for new parents and many other caregiving needs.



Rhode Island’s Wage Replacement is the Lowest in U.S.

Rhode Island’s TCI wage replacement is currently at 60%, meaning that workers can only receive up to 60% of their regular pay when on leave. This wage replacement is the lowest amongst all paid family leave policies in the country. Stronger standards across all other states are causing Rhode Island to fall behind.

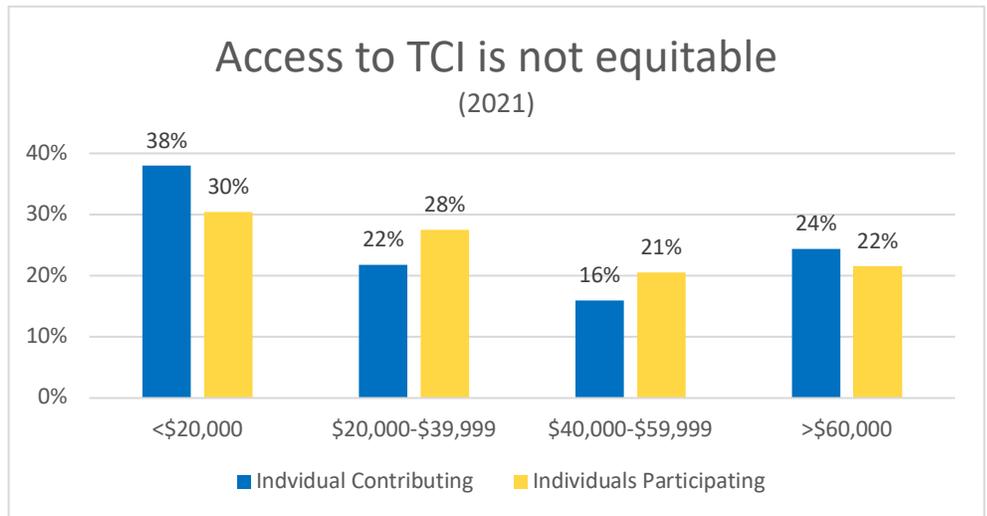


*Maryland’s paid leave law enacted April 9, 2022

Workers with lowest wages paying into TCI program more than other groups but access it less

Data show 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).

But this group uses TCI (file and have claims approved) at a smaller percentage than other groups (30% versus less than 28%). The disparity between payment and use is likely due to the fact that workers with lower income may not be able to afford to take paid leave because 60% of their wages is not enough to cover household expenses.¹



Legislation to Improve TCI: Legislation introduced by Representative **Liana Cassar (H 7444)** would improve the program by better meeting all caregiving responsibilities and the needs of all workers, especially those with the lower incomes. This legislation would:

- Increase the number of weeks a worker can use from 5 to 12 weeks in 2023.
- Expand the category of who a worker can take time to care for to include: grandchildren, siblings, and care recipients.
- Create a progressive wage replacement structure so that those with lower wages will receive a higher percentage of their wages while out on leave (90% for those earning less than minimum wage; 75% for those earning twice the minimum wage)
- Expand TDI/TCI benefits to gig workers and self-employed individuals who pay into the system.
- Increase the wage cap to \$250,000 to fund these other changes.
- Create a tax credit of \$150 for those earning less than twenty-five times the minimum wage who paid into the TDI/TCI fund, but who did not receive TDI/TCI benefits.
- Institute fines and penalties on employers who fail to reinstate an employee to work if they use TCI.

We urge the committee to pass this important piece of legislation which would greatly improve the TCI so that all workers can take the time they need to care for their families.

¹ 2021 data from RI Department of Labor and Training.