The Economic Progress Institute
www.economicprogressri.org

Senate Labor Committee
March 30, 2022
Re: Testimony in support of S-2245

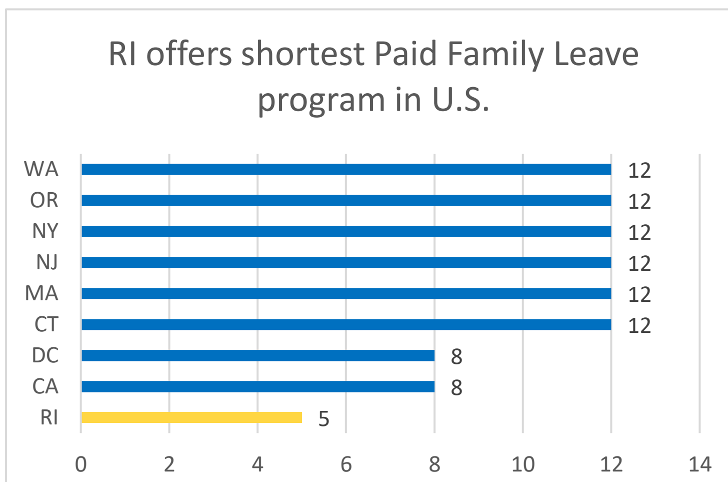
The Economic Progress Institute writes in support of Senator Lawson's bill (S-2245) to make improvements to the Temporary Caregiver's Insurance (TCI) program but urge the Committee to go even further and support a progressive wage replacement for low-wage workers.

One of only 10 state based paid leave programs, 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 new child or seriously ill family member. 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 our program lags behind those in other states. The COVID-19 pandemic highlighted the importance of Rhode Islanders needing to rely on TCI to manage home and work responsibilities and reinforced the need to improve the program for three key reasons:

1) <u>Rhode Island offers the shortest Paid Family Leave in U.S.</u>

Rhode Island's TCI 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 double or triple 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 4 weeks of paid leave do not meet public health and medical guidelines for new parents and many other caregiving needs.



Senator Lawson's bill will improve the program by increasing the number of weeks to 10 weeks, which is an important change, but would still lag behind CT and MA.

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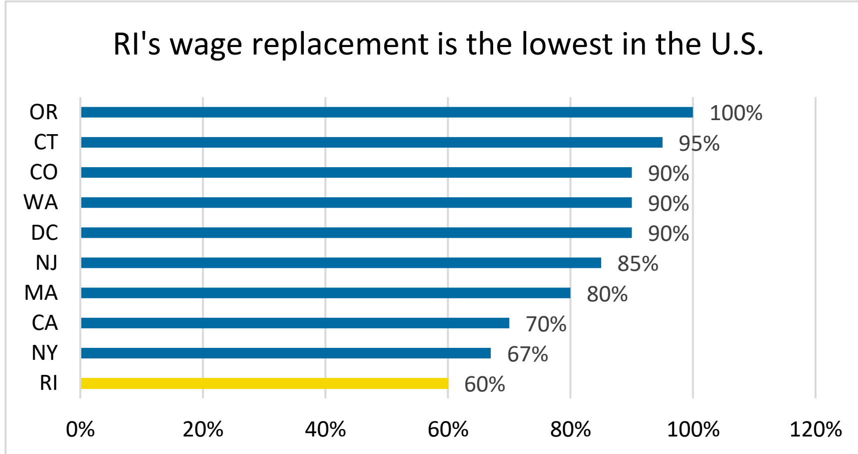
600 Mount Pleasant Avenue, Building #9, Providence, RI 02908 ph. 401-456-8512 f. 401-456-9550

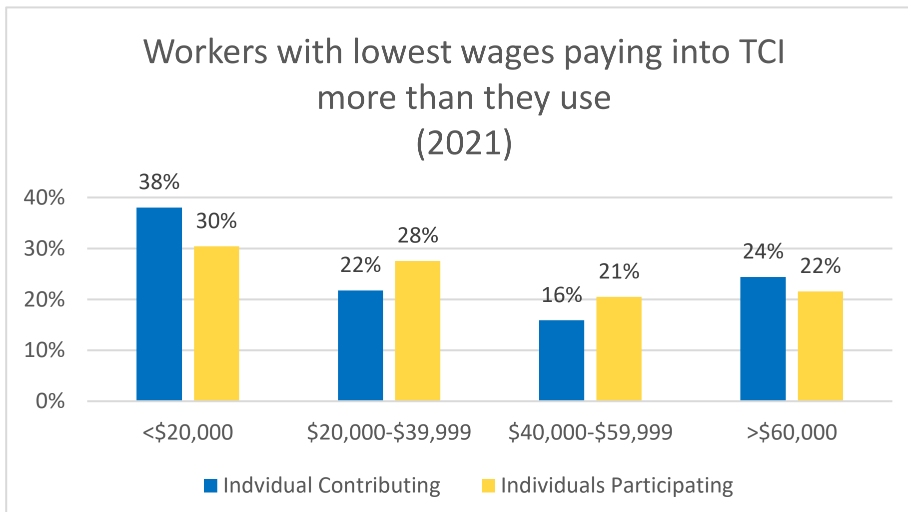
2) Rhode Island's Wage Replacement is the Lowest in U.S.

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.



3) Workers with lowest wages paying into TCI program more than other groups

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. [1]



Senator Lawson's bill attempts to address these equity problems by increasing the dependent allowance. This will help those who have dependents but not as significantly as increasing the wage replacement itself. We encourage the committee to consider increasing the wage replacement for all workers or consider a progressive wage replacement that would proportionately benefit low-wage workers more, as proposed in legislation by Representative Cassar H7444.

[1] 2021 data from RI Department of Labor and Training.

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