

## Testimony in Support of SB-974

### Temporary Caregiver Insurance

#### Senate Committee on Finance

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**The Economic Progress Institute supports President Lawson's SB-974**, which expands the Temporary Caregiver Insurance (TCI) and Temporary Disability Insurance (TDI) by gradually increasing the wage reimbursement rate up to 75% of workers' average weekly wages, providing workers with up to 12 weeks of caregiving leave, and increasing the payroll contribution limit.

No one should have to choose between their economic security and their family. TCI allows workers the option to take job-protected, partially-paid leave to bond with a newborn or care for a seriously-ill family member. Once a national leader in passing paid family leave in 2013, Rhode Island has fallen behind several other state programs that provide more comprehensive benefits, including our neighbors in Massachusetts and Connecticut.

#### Increasing Wage Replacement – equity for low-wage workers

Rhode Island's paid family leave program is fully funded by our workforce; however, workers only receive about 60% of their salary while taking paid family leave. The current program is **not** fully accessible or equitable for our essential workers – like those earning near minimum wage working as CNAs and child care workers. The almost 40% cut in weekly wages is not manageable for many single-income households and dual-income households with low-wage jobs. For their low wage workers, our neighbors in Massachusetts and Connecticut provide 80% and 95% of a worker's weekly wage, respectively. SB-974 would make RI employers more competitive.

#### Increasing the Payroll Contribution Limit – people should pay their fair share

In Rhode Island, workers' pay for TCI benefits via a payroll tax. However, workers only contribute payroll taxes for TCI on their income up to \$89,200 – no income over \$89,200 is taxed for TCI; this is the lowest contribution limit of all states with paid leave programs. In turn, this causes Rhode Island to have the highest payroll tax for paid family and medical leave in the country – approximately 1.3%. Most of the 13 states and D.C. that provide state paid family and medical leave, including our neighbors in Massachusetts, Maine, and Connecticut, equitably fund their programs through a payroll tax on income up to the Social Security Contribution limit, which taxes earnings up to \$176,100 as of 2025; this is nearly twice the contribution limit in RI. Additionally, TCI/TDI usage data from the Department of Labor and Training shows that while low-income workers contribute a larger share of their income toward TCI/TDI, they are less

likely to use the benefit because the low wage replacement rate makes it financially unfeasible for them to take time off—unlike higher-income earners who can more easily absorb the loss.<sup>1</sup>

### Medical Professionals Recommend 12 Weeks of Leave

Rhode Island currently provides new parents and caregivers with 7 weeks of paid family leave and up to 8 weeks beginning in 2026. This is the shortest leave period of the dozen state paid family leave programs in the country. Rhode Island also fails to meet the public health and medical guidelines recommended for paid family leave. Twelve weeks of paid time off to care for newborns, as well as foster and adopted children, contributes to the children's healthy development, improves maternal health, supports fathers' involvement in care, and enhances families' economic security.<sup>2</sup> Twelve weeks of paid family leave means parents have more time to breastfeed and bond with their babies, children have more time to care for a dying parent, and partners have more time to coordinate care for their spouse undergoing chemotherapy.

### Other Benefits of Inclusive Paid Family Leave Policies

Providing higher wage replacement and extended caregiving time through paid family leave supports workers, small businesses, and families. It reduces reliance on nursing homes and enables older adults to age at home—an especially urgent need as Rhode Island's population rapidly ages and the elder care sector faces workforce and capacity challenges.<sup>3</sup> Paid family leave also helps small businesses attract and retain skilled employees, leveling the playing field with larger corporations.<sup>4</sup> It's a proven, cost-saving policy that boosts employee satisfaction and workplace stability.

These are necessary budget neutral investments in our state's working families. Expanding paid family leave means more security and independence for Rhode Island workers to take the time to care for their families. We must improve paid family leave now to ensure that RI businesses remain competitive, and all Rhode Islanders can receive the care they deserve. A comprehensive paid family leave program means a stronger Rhode Island. We strongly urge passage.

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<sup>1</sup> [Paid Family Leave in Rhode Island, EPI and Women's Fund of Rhode Island, 2024](#)

<sup>2</sup> [A National Paid Leave Program Would Help Workers & Families, CBPP, 2021.](#)

<sup>3</sup> [Anora and Wolf, Does Paid Family Leave Reduce Nursing Home Use? The California Experience, Journal of Policy Analysis and Management, 2018](#)

<sup>4</sup> [America's Small Businesses Need a National Paid Leave Program, Center for American Progress, 2024](#)