



**Testimony in Support of Senate Bill 2587**  
**Senate Committee on Labor**  
**Submitted by Douglas Hall, Ph.D.**  
**April 13, 2016**

Chairman Fogarty, Vice-Chair Ciccone, and Members of the Senate Committee on Labor, thank you for considering **S2587, AN ACT RELATING TO LABOR AND LABOR RELATIONS -- EMPLOYMENT SECURITY - BENEFITS**, a bill that the Economic Progress Institute supports.

As you are no doubt aware, Rhode Island's UI benefits were reduced in recent years, in response to the erosion of Rhode Island's UI Trust Fund. The Governor's Budget proposed reducing the UI employer tax, which we opposed in the House Finance Committee hearing on Budget Article 16, because doing so would undermine efforts to rebuild a surplus in RI's UI Trust Fund.

The Bill before this committee today increases the maximum weekly unemployment benefit rate to the higher of fifty-seven and one-half percent (57.5%) of the average weekly wages paid to workers in the prior calendar year or six hundred sixteen dollars (\$616) per week. Under the legislation as currently written, the maximum of 57.5 percent stands as the maximum benefit level.

Two of our national partners, the Corporation for Enterprise Development (CFED) and the National Employment Law Project (NELP) have worked together to develop a system for assessing the adequacy of state UI systems. In CFED's most recent *Assets and Opportunities Scorecard*, Rhode Island does not fare very well. CFED finds that Rhode Island's *average weekly benefit* accounts for just 36.3 percent of *average weekly wages*, ranking in the middle of the pack – 25<sup>th</sup> among all states. Only one state – Hawaii – meets the “adequate” threshold, determined to occur when average benefits equal 50 percent or more of average wages.<sup>1</sup> Neighboring Massachusetts falls right behind Rhode Island on this measure, ranking 26<sup>th</sup>, with average benefits covering 35.9 percent of average wages, while Connecticut fares dismally, ranking 40<sup>th</sup> with average benefits covering just 28.6 percent of average wages.

The Economic Progress Institute publishes a report every second year, *the Rhode Island Standard of Need*, which calculates the income required to make ends meet<sup>2</sup>. A single parent family with two children would need about \$51,500 to get by, and a two parent family with two children would need about \$56,000 to get by. For a family facing an unexpected period of unemployment, even \$616 a week (about \$32,000 a year) could be problematic.

Our unemployment insurance system has two main purposes. One is to help individuals (and their families) by providing them with a source of income during periods of unemployment. The other is

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<sup>1</sup> <http://scorecard.assetsandopportunity.org/latest/measure/unemployment-benefits>.

<sup>2</sup> <http://www.economicprogressri.org/Publications/ViewPublication/tabid/183/ArticleId/83/2014-Rhode-Island-Standard-of-Need.aspx>

to insulate the Rhode Island economy from the negative effects of economic impacts that undermine the vitality of the overall economy and put Rhode Island businesses and workers at further risk. Because passage of this bill will enhance the ability of Rhode Island's UI system to meet those purposes, we urge you to pass it out of Committee.