



Improving Rhode Island’s Paid Medical and Family Leave Programs

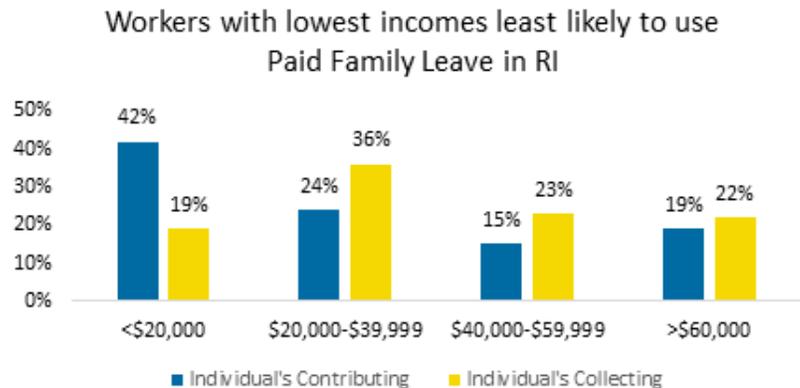
In 1942, Rhode Island created a Paid Medical leave program, Temporary Disability Insurance (TDI), to provide wage replacement benefits to workers who needed time off from work due to an injury or illness. In 2013, Rhode Island enacted a Paid Family Leave program, Temporary Caregiver Insurance (TCI), to provide wage replacement benefits to workers who need time off from work to care for a seriously ill family member or bond with a new child. Together, TDI and TCI help Rhode Island workers balance work, health, and caregiving responsibilities.

TDI and TCI are entirely funded by workers through a single payroll deduction, currently set at 1.3% of a worker’s wages. Legislation introduced by Senator Pearson (SB837), would introduce economic equality into these programs by requiring employers to contribute to the TDI/TCI fund at an equal amount to their workers’ contributions. Requiring employers to contribute to the TDI/TCI fund, which both employers and their employees benefit from, is a vital update that will help reduce the financial burden on workers, who solely support the fund now.

Overall, this legislation would split the cost of funding TDI and TCI evenly between workers and employers. Doing so is critical for three key reasons:

1) To improve economic justice, especially for workers with low-wages

Data shows that workers with the lowest incomes, less than \$20,000 per year, are least likely to access and use paid leave in Rhode Island. In 2017, these workers made up the largest share of those contributing to the TDI/TCI fund, yet they were the smallest share of workers to collect benefits and are the only group to experience this trend.

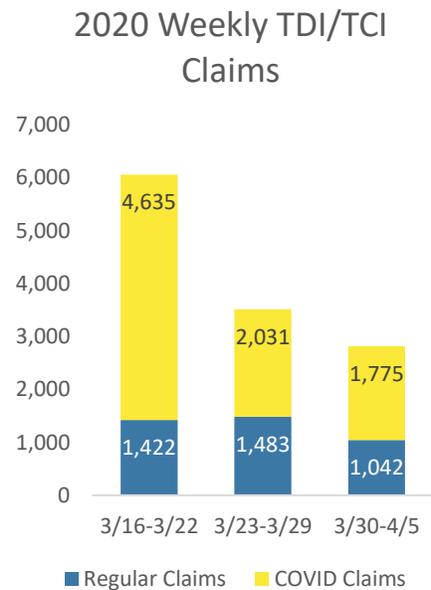


Particularly concerning for workers with the lowest wages is that while the TDI/TCI fund currently has an employee contribution rate of 1.3%, this rate increases when more individuals use paid leave benefits in a given time period and/or when TDI/TCI revenue is low in a given time period. This means that workers with low-wages are routinely paying increased rates for a benefit they struggle to access. By requiring employers to split the contribution rate with workers, so that both employers and workers contribute .65%, the burden on all workers, but chiefly those with incomes below \$20,000 per year, will be reduced- especially during times when contribution rates are heightened.



2) To ensure robust and fair TDI/TCI funding sustainability

In the coming year, funding for TDI and TCI will be especially important as federal paid leave and unemployment options expire despite the pandemic continuing to threaten the health of workers and their families. Without federal benefits, Rhode Islanders are set to return to early pandemic conditions in which only state options, TDI and TCI, were available. Importantly, data from this time period reveals the ways in which absence of federal benefits causes an acute need for robust state paid leave benefits. In the earliest weeks of the pandemic, when no federal options existed, a total of 12,388 TDI/TCI claims were filed. A full 68% of those (8,441) were for COVID-related reasons. However, as Rhode Islanders gained access to federal benefits in April 2020, COVID TDI/TCI claims began to fall.



To prepare for another spike in COVID TDI/TCI claims as soon as September 2021 when federal benefits expire, Rhode Island must have TDI/TCI funds ready to distribute to workers. With shared responsibility between workers and employers to pay for paid leave benefits, Rhode Island will be well positioned to handle any influxes in TDI/TCI claims as the TDI/TCI funding structure will be more reliable, adequate, and fair.

3) To advance Rhode Island as a national Paid Medical and Family Leave leader

Rhode Island is one of ten states in the nation to provide both Paid Medical and Family leave to its workers. Yet, of the ten states, Rhode Island lags in economic equality, as the majority of other states do not solely rely on worker contributions to cover paid leave funding.

State	Employers contribute to Medical and/or Family Leave?
New Jersey	Yes
New York	Yes
D.C.	Yes
Washington	Yes
Massachusetts	Yes
Oregon	Yes
Colorado	Yes
California	No
Connecticut	No
Rhode Island	No