February 2020

Expanding Access to Paid Family Leave (TCI)

Rhode Island is leading the way in providing security for workers and their families through the enactment of Temporary Caregiver Insurance (TCI) in 2013. The third state in the nation to pass a paid family leave program, TCI provides up to four weeks of partial (about 60%) wage replacement for workers who need to take time from their jobs to care for a seriously ill family member, bond with a newborn, or bond with an adopted or foster child. The worker's job and seniority are protected while the worker is on leave.

TCI is an expansion of the Temporary Disability Insurance (TDI) fund, created in 1942 to provide wage-replacement benefits to workers injured outside the workplace. To be eligible for TCI, claimants must have worked in RI and paid into TDI. TCI is funded through employee contributions to the fund.

In calendar year 2019, 7,175 workers used TCI to take time from work to bond with a new child (80% of claimants) or provide care for a seriously ill family member (20% of claimants).

Reasons to Improve TCI

While workers who use TCI report satisfaction with their health, stress, and ability maintain financial stability[1], the program needs improvement for the following reasons:

1. Rhode Island's program is the shortest paid family leave program in the U.S., leaving Rhode Island workers without adequate time to care for family members.
2. Rhode Island's wage replacement is the lowest of all paid leave programs in the U.S., creating economic inequity within the program.
3. Workers with low-wages are less likely to use TCI than workers with high-wages, as the low wage replacement may leave low wage workers unable to afford basic needs.

Legislation to Improve TCI

Evaluations of Rhode Island's TCI program, conducted by researchers at URI and funded by the U.S. Department of Labor, found that employees need more time and higher wage replacement to make TCI more effective.

Legislation introduced by Senator Goldin & Representative Blazejewski would improve the program by:

- Increasing the number of weeks a worker can use from four to twelve weeks in 2021.
- Expanding the category of who a worker can take time to care for to include: grandchildren, siblings and care recipients.
- Increasing the benefit rate from the current 60% of wages to 90% in 2021 for those earning less than minimum wage; to 75% in 2021 for those earning twice the minimum wage.
- Increasing the wage cap to $250,000.
- Creating 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.
- Instituting fines and penalties for not reinstating an employee to work after they use TCI.

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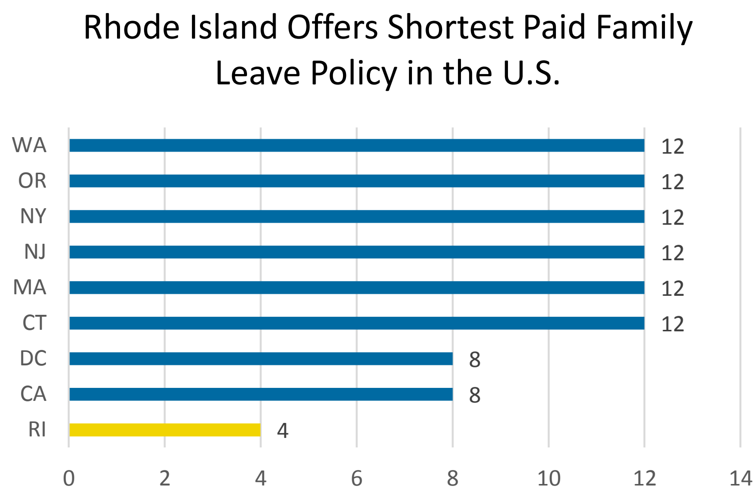
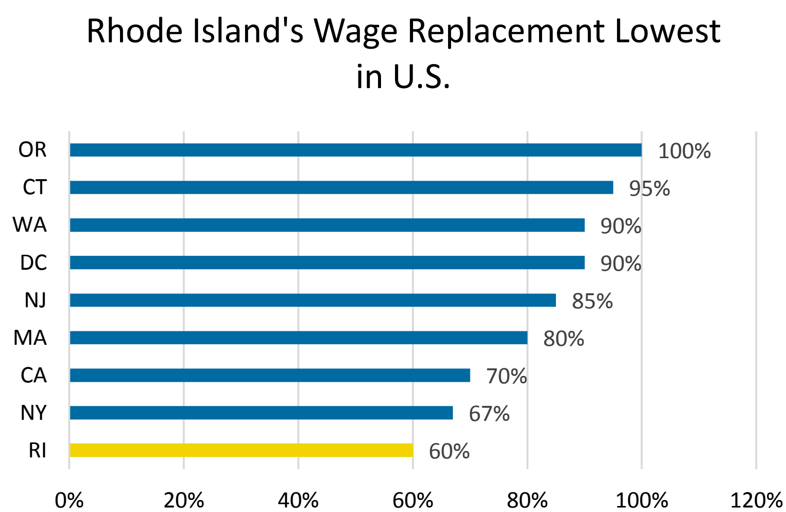
[1] Silver, Mederer & Djurdjevic, "Temporary Caregiver Insurance: Findings from the First Year", Schmidt Labor Research Center, URI.

Rhode Island offers the shortest paid family leave in U.S.

Rhode Island’s TCI provides a maximum of four weeks of paid leave. This is the shortest length of any Paid Family Leave policy in the country. Other states provide between 6-12 weeks of paid leave. Importantly, Rhode Island’s four weeks of paid leave do not meet public health and medical guidelines for new parents and many other caregiving needs.



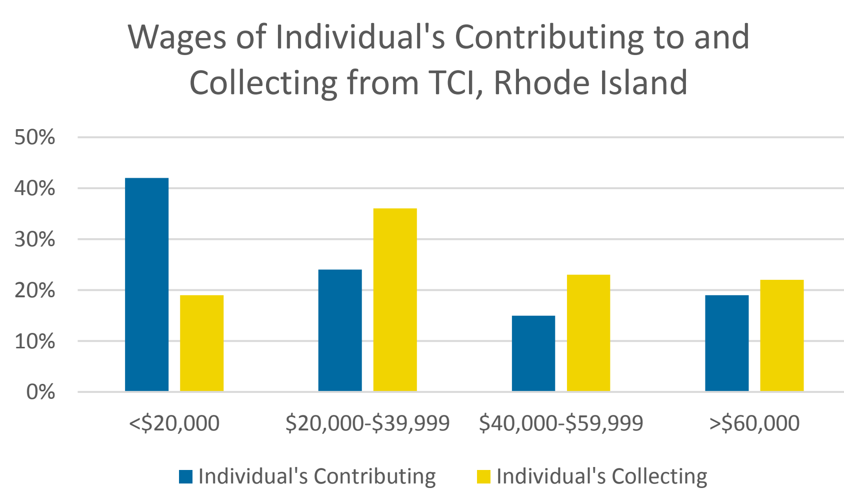


Rhode Island’s wage replacement is the lowest in U.S.

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 is causing Rhode Island to fall behind.

Low-wage workers are less likely to use TCI

Data shows that low-wage workers are less likely to take paid leave than higher-wage workers. In 2017, the smallest share of TCI users were individuals who made $20,000 or less. Yet, these individuals made up the largest share of those contributing to the TDI/TCI fund. This reveals that low-wage workers are contributing to TCI, but most are not collecting from TCI. When wage replacement is not adequate, low-wage workers may not be able to afford to take paid family leave because they would not have enough income to cover household expenses. [2]



[2] “Working Parents, Child Care, and Paid Family Leave in Rhode Island”, Rhode Island Kids Count, 2018.