



## State Fiscal Note for Bill Number: 2023-H-5781

**Date of State Budget Office Approval:** Thursday, April 20, 2023

**Date Requested:** Thursday, March 16, 2023

**Date Due:** Sunday, March 26, 2023

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2023	N/A	FY 2023	N/A
FY 2024	\$9.1 million	FY 2024	See Below
FY 2025	\$18.2 million	FY 2025	See Below

**Explanation by State Budget Office:** This bill would increase weekly dependency allowances for claimants receiving temporary disability insurance benefits from ten dollars (\$10.00) to twenty dollars (\$20.00) and includes sibling, grandchild, and care recipient to the list of members eligible to receive these benefits. This bill would also increase the maximum weeks of payable temporary caregiver benefits from six weeks to twelve weeks in CY 2024.

**Comments on Sources of Funds:** Changes impacting TCI and TDI taxes and payments impact their respective reserve fund. These reserve funds are financed with employee payroll deductions, in which employees remit the payroll tax to the Employer Tax Unit.

**Summary of Facts and Assumptions:** This bill would not impact general revenues.  
The Budget Office consulted with the Department of Labor and Training to construct expenditure impacts of the various components of this bill. Items 1-3 below, relate to the TDI and TCI Reserve Fund expenditures. The fiscal impact of each proposal is presented individually when possible or reflected in the summary combined with other related initiatives.

The projected estimates have been calculated using the benefit amounts from 2022. The 2022 rate for TDI/TCI insurance is 1.1% deducted of the first \$84,000 earned from the employee's wages. In 2024 and 2025, the maximum TDI benefits would increase which could result in additional costs not considered.

### 1. INCREASE WEEKLY DEPENDENCY ALLOWANCES

Under current law, TDI claimants received a weekly dependency allowance of ten dollars (\$10.00), or seven percent (7%) of the individual's benefit rate. This bill would effectively increase the weekly dependency allowance to twenty dollars (\$20.00).

The Department of Labor and Training provided information describing the total benefit cost if the maximum dependency weekly allowance increased to twenty dollars. Utilizing the Department's existing benefit cost model and the 2022 benefit amounts, the Department estimates the total dependency allowance costs would increase by \$70,782, or 0.03 percent of the total benefits paid in 2022.

In CY 2022, there were 37,171 monetary eligible TDI claims filed, of which 11,096 had at least one dependent. 606 of these claims had a dependency benefit rate of less than \$20, accounting for 5.5 percent of the claims dependents and just 1.6 percent of

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the total claims filed. Total dependency costs for this sample were \$5.4 million. If the minimum benefit rate for this group was \$20, total dependency costs would have been \$5.4 million, an increase of \$52,523, or 0.98 percent. Applying the percentage increase to the total amount of dependency benefits paid in 2022 of \$7.2 million would have resulted in an increase of \$70,782, or 0.03 percent of the total benefits paid, as stated above.

## 2. EXPAND DEFINITION OF TCI-ELIGIBLE RELATIONS

Under current law, the TCI is a component of the TDI program which provides wage replacement benefits to workers who take time off to care of a seriously ill child, spouse, domestic partner, parent, parent-in-law, grandparent, or to bond with a new child. This bill would add sibling, care recipient, and grandchild to the list of eligible relations. A “sibling” is defined as children with a common parent or grandparent, including biological siblings, half-siblings, foster siblings, and adopted siblings; a “care recipient” is defined as a person who is the employee responsible for providing or arranging health or safety related care, including helping the person obtain diagnostic, preventive, routine, or therapeutic health treatment; and a “grandchild” is defined as the child of the employee’s child.

Utilizing the Department’s existing benefit cost model and the 2022 benefit amounts, the Department estimates the total expansion of eligible TDI and TCI benefit claimants would cost approximately \$4.4 million. This includes an estimated \$2.0 million for grandchildren, \$1.2 million for siblings, and \$1.2 million for care recipients.

These estimates are based on the benefit costs associated with the care of children and parents. In CY 2022, the cost of providing benefits for the care of children was \$2.0 million and the cost of providing benefits for the care of one’s parents (including in-laws) was \$1.2 million. The Department does not expect the cost of providing benefits for the care of grandchildren, siblings, or care recipients, to exceed the cost associated with the care of these family members. Providing estimated costs based on familial relationships is difficult, therefore the projected cost estimates are likely high and based on assumptions.

## 3. INCREASE NUMBER OF BENEFIT WEEKS AVAILABLE TO TCI CLAIMANTS

Under current law, a claimant may receive benefits for a maximum of six weeks in a benefit year under the TCI program. This bill would increase this maximum to twelve weeks per calendar year effective January 1, 2024.

The Department estimates that increasing the maximum number of TCI benefit weeks from six to twelve, beginning in 2024, would cost approximately \$13.8 million.

Approximately 50.0 percent of the individuals who collected TCI benefits for bonding with a child in 2022 collected the full five weeks (On January 1, 2023, the maximum number of weeks eligible to collect increased to 6 weeks). The Department’s estimates assume that all parents who collected the full five weeks for bonding would collect the full twelve weeks if available. In 2022, the total cost for



*Summary of Fiscal  
Impact:*

this group would have been \$24.1 million. The average duration for the bonding claims that did not collect the maximum was 2.3 weeks. The estimated cost of this group would have been \$4.6 million. This would raise the cost for bonding from \$16.3 million to \$28.7 million, an increase of \$12.4 million.

Approximately 33.0 percent of the claimants who collected TCI benefits for the care of a family member collected the full five weeks, and the average duration of the remaining was 2.3 weeks. If thirty percent of these recipients collected the full twelve weeks and the remaining 70.0 percent collected the current average, costs would increase from \$5.0 million to \$6.4 million, which is an increase of \$1.4 million.

The provisions in this bill would be effective on January 1, 2024, upon passage.

**SUMMARY OF FISCAL IMPACT ON THE TDI/TCI PROGRAM**

The Department of Labor and Training constructed an estimate as if all provisions in the bill were fully implemented beginning calendar year 2024.

The combination of Items 1 through 3 results in an additional \$18.2 million in expenditures from the TDI and TCI reserve funds in calendar year 2024. The additional expenditures result from increasing weekly dependence allowance for claimants, expanding the definition of TCI eligible relations to include sibling, care recipient, and grandchild, and increasing the number of benefit weeks to TCI claimants. It is assumed that these additional expenditures will be financed with an increase in employee contributions.

The fiscal impact of this bill with respect to expenditures within the TDI and TCI reserve funds are as follows:

FY 2023: No expenditure impact given the assumed effective dates of this bill.

FY 2024: An expenditure increase of \$18.2 million is forecast for CY 2024. Budget Office assumes a FY 2024 impact would be \$9.1 million.

FY 2025: An expenditure increase of \$18.2 million is forecast for CY 2025. A CPI-U of 2.5 percent (November 2022 consensus estimate for CY 2024) was applied to the FY 2024 estimate.

Budget Office Signature:



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Fiscal Advisor Signature:



