

**Assessing Rhode Island's Temporary Caregiver Insurance Act:  
Insights from a Survey of Employers\***

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## Abstract

This report provides new evidence on Rhode Island's Temporary Caregiver Insurance (TCI) law, which took effect in January 2014, based on a survey of small and medium-sized businesses in the food services and manufacturing sectors in Rhode Island, Connecticut, and Massachusetts that we carried out in December 2013 (just before the law came into effect) and in January/February 2015 (one year after the law came into effect). We collected information about firm characteristics and productivity, employee life events and work flow, and employer-provided benefits. Comparing Rhode Island employers pre-and post-law to Massachusetts and Connecticut employers over the same time period, we found little evidence of significant impacts of the law on employers (although we note that the sample size for these estimates was small; 104 employers in Rhode Island, and 133 in the other two states combined). We also asked Rhode Island employers directly about their views towards TCI one year after it came into effect and found that a majority of the 213 Rhode Island employers interviewed in 2015 support the new law. Thus, our results suggest that laws like Rhode Island's TCI may not have significant impacts on small and medium-sized employers and could garner support by such employers once they have experienced them.

In January 2014, Rhode Island became the third state in the nation (after California and New Jersey) to implement a paid family leave law. Rhode Island's law, the Temporary Caregiver Insurance (TCI) Act, provides up to four weeks of paid leave to employees who need to take time off work to bond with a newborn, adopted child, or foster child or to take care of a seriously ill child, spouse, partner, parent, parent-in-law, or grandparent. Funded through payroll contributions by employees, TCI leave is job-protected and paid as a percentage of the employee's prior earnings, with a maximum benefit that is \$795/week as of December 2015.

As other states around the nation consider similar laws, an open question is what impact these types of programs might have on employers, and particularly small businesses, which sometimes are exempt from such legislation (as is the case, for example, with the federal Family and Medical Leave Act, FMLA). How are these firms affected by paid family leave legislation? And how do they view such laws?

To answer these questions, we surveyed a sample of small and medium-sized businesses with 10-99 employees in Rhode Island, both before and after the TCI law came into effect. We focused on small and medium-sized firms because less is known about their experiences with paid leave and because they might face more challenges dealing with employee absences than would larger firms. We focused on firms in two specific sectors, food services and manufacturing, because these sectors contain relatively large numbers of small and medium-sized employers in our treatment and comparison states. Our before- and after-design provides evidence on whether any outcomes changed for firms after the implementation of RI's law in January 2014. Since other factors may have changed over that time period as well, we also surveyed firms in two "control" states (Massachusetts and Connecticut). These states are adjacent to Rhode Island, and have similar labor markets and demographics, and thus provide information about how outcomes might have changed during this time period for Rhode Island firms in the absence of the law.

This report provides a brief overview of our data and methods, and main results. We provide further information about our survey instrument in Appendix 1 and about our sample and survey methods in Appendix 2.

## **Data and methods**

At baseline (December 2013), we surveyed a representative sample of food service and manufacturing establishments with 10-99 employees. The sample was drawn from Rhode Island and neighboring counties in Massachusetts (Worcester, Norfolk, Bristol, and Barnstable) and Connecticut (New London, Windham, Tolland, and Middlesex). A total of 414 establishments responded (212 in Rhode Island, 155 in Massachusetts, and 47 in Connecticut); this represents an 11% completion rate (i.e. 414 establishments out of a total of 3776 attempted).

At follow-up (January and February 2015), we attempted to contact all 414 establishments that had responded to the 2013 survey; of these we received 237 responses (a 57% response rate; 104 from Rhode Island, and 133 from Massachusetts and Connecticut). We also surveyed 232

additional establishments that were not in the 2013 survey (representing an 8% completion rate; 121 from Rhode Island, and 111 from Massachusetts and Connecticut). (See Appendix 1 for further details).

Our survey covered four major domains: characteristics of firms and their reports of productivity and related metrics; employee life events and work flow; company benefits and policies; and, for Rhode Island firms in the follow-up survey, views toward TCI (see Appendix 2 for details).

## **Results**

Unless otherwise noted, our analyses focus on the panel of firms present at both baseline and follow-up (N=237; 102 in Rhode Island and 130 in Massachusetts and Connecticut; sample size for specific questions is lower, ranging from 202 to 232, due to item non-response). We looked at changes over time for employers in Rhode Island, as compared to employers in the other states. Overall, as detailed below, we found few significant effects of TCI on employers in Rhode Island.

### Characteristics of firms and reported productivity and related metrics

Our sample included small and medium-sized firms. In Rhode Island, one third of the sample had 10 to 19 employees, about 45% had 20 to 49 employees, and 22% had 50 to 99 employees. Overall, two-thirds of the firms were from the manufacturing sector, with the remaining one-third from food services (and these distributions did not vary substantially by firm size). The distributions in the two control states were similar, and there were no significant changes over time (or differences across states in changes) in firm characteristics.

We did not find any significant changes over time (or differences across states in changes) in employers' reports about productivity or related metrics such as their perceptions of employee morale, cooperation, or attendance, although we note that our relatively small sample sizes limit the statistical power to detect such differences.

### Employee life events and work flow

Very few respondents were able to tell us about the last female employee at their firm who had a child and how that event was handled. Among those who did (a total of 56 in Rhode Island, and 71 in the other two states), we did not find significant changes over time (or differences across states in changes).

### Company benefits and policies

Overall, we did not find significant differences in company benefits and policies comparing the change over time among Rhode Island employers with the change among employers in the other two states.

### Views toward TCI

We asked all the Rhode Island firms in our sample in 2015 (N=223 (102 present at both survey waves, and 121 added at follow-up wave), of which 213 responded to this question) about their views of the TCI program. A majority (61%) of these Rhode Island employers - surveyed in early 2015, one year after the law came into effect - said they were either strongly or somewhat in favor of the TCI program (Figure 1). An additional 15% said they were neither in favor nor opposed, leaving just under one-quarter (24%) who either somewhat or strongly opposed the program.

While the share favoring the law was greatest among the larger firms in our sample (76% in firms with 50 to 99 employees), a majority supported the law even in the smaller firms (56% in firms with 10 to 19 employees, and 59% in firms with 20 to 49 employees) (Figure 2).

## **Conclusion**

Overall, we found few significant effects of Rhode Island's TCI program on employers. In particular, we asked about productivity and a host of related metrics, but found no evidence that the law had any significant effects. We note however that the relatively small size of our sample limited our power to detect significant effects.

Asking RI employers directly about their views on the TCI program one year after it took effect, we found that a majority (61%) favor TCI (with 15% neutral, and 24% opposed). Support was more widespread among the larger firms (those with 50-99 employees), but even in the smaller firms in our sample (those with 10-19 employees, or 20-49), a majority favored the program.

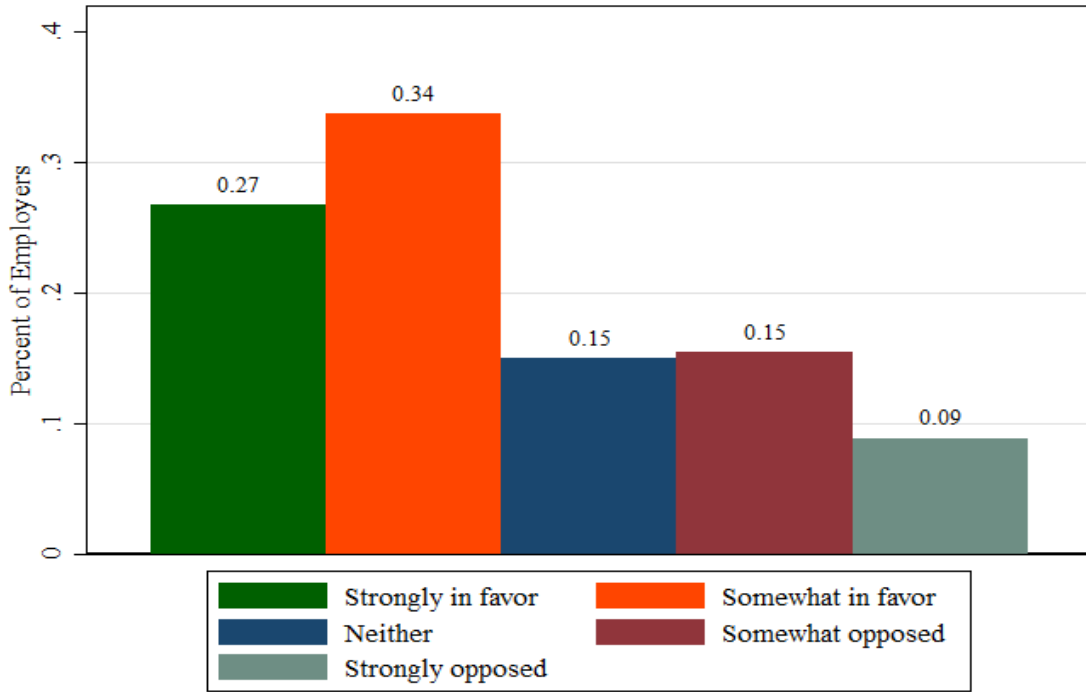
These results are broadly consistent with those from prior research by Ruth Milkman and Eileen Appelbaum (2013) in California, the first state to implement paid family leave (see also Bartel et al., 2014 for a review of research on California's law). Milkman and Appelbaum (2013) found that California's paid family leave program had few significant effects on employers and our results are consistent with those findings. Importantly, our results from Rhode Island are also suggestive of employer support for paid family leave laws. At a time when additional states are considering such policies, this is surely good news.

## References

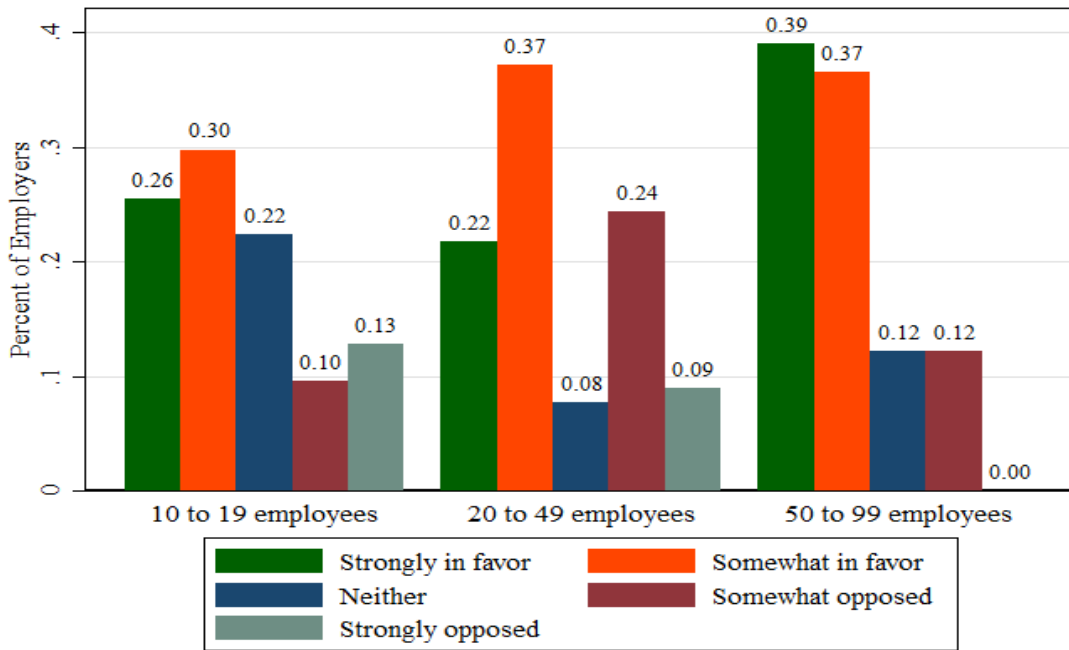
Bartel, Ann, Charles Baum, Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel (2014). "California's Paid Family Leave Law: Lessons from the First Decade." Available from: <https://www.dol.gov/asp/evaluation/reports/PaidLeaveDeliverable.pdf>.

Milkman, Ruth and Eileen Appelbaum (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*. Ithaca, NY: ILR Press.

**Figure 1- RI Employers' Views toward TCI (N=213)**



**Figure 2 – RI Employers' Views toward TCI, by firm size (N=213)**



## **Appendix 1: Overview of Survey Questions**

### **Part A – Firm characteristics and reported productivity and related metrics**

Number of employees, percent part-time, annual quit rate

Reported productivity and related metrics (1-5 scales for the following outcome measures):

How would you rate your employees in terms of their:

- Morale, Ability to cooperate to get the job done, Productivity, Attendance

How easy or difficult is it for you to accomplish each of the following?

- Coordinate the work schedules of your employees to ensure the smooth operation of your activities

- Deal with employee absences when ensuring the smooth operation of your activities

### **Part B – Employee life events and work flow**

Think about the last FEMALE (MALE) employee who gave birth to or adopted a child in the PAST YEAR

What occurred (e.g. leave taken/not taken; whether currently employed; terminated employment)

If leave taken,

What type?

Received any pay, and if so, source?

Duration of leave

How work was covered while employee on leave

How easy or difficult to arrange this coverage

### **Part C – Employer-provided benefits**

Does establishment offer paid sick days, paid vacation days, paid personal days, paid holidays, employer-paid or subsidized disability leave, employer-paid family or maternity leave?

Does FMLA apply at your establishment?

Parental Leave

Does establishment offer paid or unpaid leave?

Maximum amount of leave allowed

Can paid sick, vacation, or personal leave be used for parental leave?

Any other type of pay offered to employees during parental leaves?

Employees guaranteed the same or equivalent job upon returning from parental leave?

### **Part D – Views of TCI program**

For RI Firms in follow-up (2015) survey:

“Are you in favor or opposed to the Temporary Caregiver Insurance Program?”



## **Appendix 2: Overview of Sample and Survey Methods**

### **Year I - 2013**

Data collection for the Employer Experiences with Family Leave research study was a mixed mode approach using both web-based and telephone data collection methods. Web-based was the primary mode of data collection with telephone used for businesses without electronic contact information and for businesses that did not respond to multiple requests to complete the survey electronically.

The research population for this study was all manufacturing establishments (NAICS codes 311111 – 339999) and food service establishments (NAICS codes 722511 and 722513) in the State of Rhode Island and in the counties of Worcester, Norfolk, Bristol, and Barnstable in the State of Massachusetts and the counties of New London, Windham, Tolland, and Middlesex in Connecticut with 10-99 employees.

The universe of businesses falling within these study parameters was purchased from Survey Sampling, Inc. The listing of businesses provided by Survey Sampling included the business name, main contact person, mailing address, NAICS code, employee size code.

All businesses were sent a pre-notification letter informing them of the purpose of the study, what the results would be used for, their roles and rights as a participant in research, and a link and passcode to complete the survey on-line.

The database of businesses provided through Survey Sampling, Inc. did not include electronic contact information for the business. Staff of the Office for Survey Research through internet searching obtained electronic contact information for a majority of the businesses. Businesses without electronic contact information were moved to the telephone data collection mode.

The pre-notification letter was mailed to all businesses on November 14, 2013. Respondents were offered a \$5 gift card from either Starbucks or CVS as a way of thanking them for taking the time to participate in the research. Approximately one week later, all businesses with electronic contact information were sent an email inviting them to participate. Business that did not respond to the initial email invitation (or subsequent email reminders) were sent reminder emails weekly until the end of data collection. If businesses did not respond electronically after three electronic contacts, they were moved to the telephone data collection mode.

Data collection officially ended on December 31, 2013, as the new law regarding employer paid leave went into effect on January 1, 2014, in Rhode Island. Exceptions to this deadline were made for business who had started the survey prior to December 31, 2013, or had indicated a strong willingness to complete the survey after the holiday season concluded.

The original research design was to collect data from 250 establishments in Rhode Island and 125 from establishments in Massachusetts and 125 in Connecticut. Table 1 shows the final number of completed surveys by industry across the three data collection sites for Year I.

**Table 1. Number of Completed and Attempted Surveys by Industry and State: Year 1 (2013)**

	2013 Completed			2013 Attempted		
	Food Service	Manu- facturing	Total	Food Service	Manu- facturing	Total
Rhode Island	62	150	212	377	751	1128
Massachusetts	37	118	155	769	1129	1898
Connecticut	20	27	47	230	520	750
<b>TOTAL</b>	119	295	414	1376	2400	3776

The data collection period for Year I was November 14, 2013 through January 8, 2014. The overall completion rate for the study was 11.0%.

### **Year II - 2014**

The same data collection approach used to collect data in Year I was used for Year II – web-based and telephone, with web-based being the main mode of data collection with telephone follow-up.

The research goal for Year II was to re-interview the businesses that completed the survey in 2013 and add a new cohort of businesses from each state. The goal was to complete an additional 200 from Rhode Island, and 100 from Massachusetts and 100 from Connecticut.

Using the same database of businesses that was obtained for Year I and because electronic contact information had already been gathered, all businesses participating in Year I were sent an email asking for their participation in the study. The initial email notifications were sent on November 12, 2014 and subsequent reminders were sent weekly.

Businesses without electronic contact information were moved to the telephone data collection mode. If businesses did not respond electronically after three electronic contacts, they were moved to the telephone data collection mode.

Data collection for Year II continued into January and February of 2015, due to the difficulty of reaching the number of completed interviews desired in each strata. Table 2 shows the final number of completed surveys by industry across the three data collection sites for Year I.

**Table 2. Number of Completed Surveys by Cohort, Industry, and State: Year 2 (2014)**

	2014 Completed - Panel			2014 Completed - Supplemental		
	Food Service	Manu- facturing	Total	Food Service	Manu- facturing	Total
Rhode Island	30	70	104	28	93	121
Massachusetts	25	67	92	32	41	73
Connecticut	17	24	41	16	22	38
TOTAL	72	161	237	76	156	232

The overall data collection period for Year II was November 12, 2014 through February 15, 2015. The completion rate for the 2014 Panel respondents was 57.2% and the completion rate for the supplemental sample was 8.1%.