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INSIGHT

H.R. 5376 Universal Paid Family and Medical Leave Benefit Formula, and the Distribution of Workers across Selected Earnings Groups

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H.R. 5376 (Title XIII, Subtitle A) proposes a new federal cash benefit for eligible individuals engaged in certain types of family and medical caregiving. Benefits would be calculated on a weekly basis (paid monthly) for up to a maximum of 12 workweeks of qualified caregiving in a benefit period (generally a 12-month period).

The weekly benefit amount would be equal to the product of the *weekly benefit rate* multiplied by the ratio of the number of creditable caregiving hours in the week to the number of hours in the regular workweek (i.e., weekly benefit rate x [hours of caregiving/hours in regular workweek]). Creditable caregiving hours may not exceed the number of hours in an individual's regular workweek (i.e., the ratio [hours of caregiving/hours in regular workweek] cannot exceed one). For example, an individual who regularly works 40 hours and has annual average earnings of $72,000 could claim a weekly benefit of $922 (based on a weekly benefit rate of $922 calculated as shown below) if they engaged in at least 40 caregiving hours; the weekly claim would be $466 (i.e., ½ x $922) if they provided 20 hours of caregiving.

The initial weekly benefit rate would be the sum of

- 85% x (the first $15,080 of annual earnings) ÷ 52 weeks
- 75% x (the portion of annual earnings between $15,081 and $34,248) ÷ 52 weeks
- 55% x (the portion of annual earnings between $34,249 and $72,000) ÷ 52 weeks
- 25% x (the portion of annual earnings between $72,001 and $100,000) ÷ 52 weeks
- 5% x (the portion of annual earnings between $100,001 and $250,000) ÷ 52 weeks

For qualified caregiving that occurs in weeks that end within the year 2024 (after which date a portion of the benefit formula will be adjusted), the maximum weekly benefit would be $1,201.09. A minimum benefit has not been proposed.

Figure 1 illustrates weekly benefit amounts across a range of average annual earnings levels for an individual who provides weekly caregiving hours in an amount that is at least as great as his or her regular

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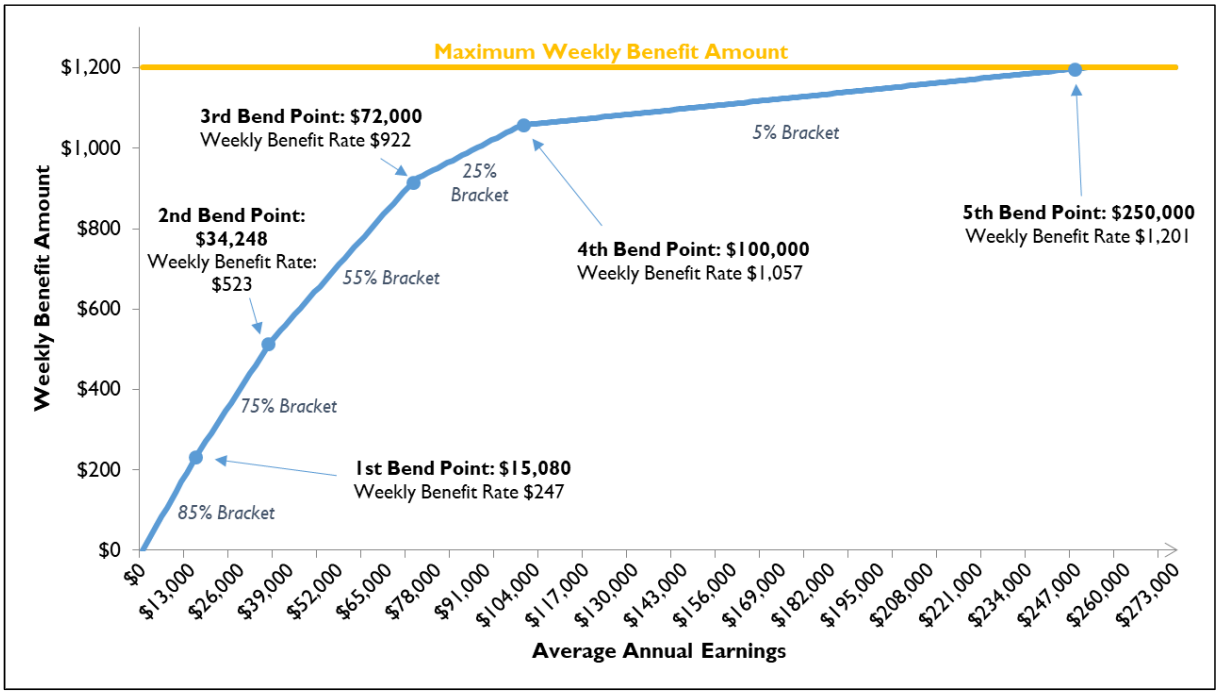
workweek hours (e.g., provides 40 hours of creditable caregiving hours and has a 40-hour regular workweek). The proposed benefit formula is based on total wages and self-employment earnings during the most recent eight-quarter calendar quarter period (a span of two years) that ends four months prior to the beginning of the individual's benefit period.

Figure 1. Proposed Weekly Paid Leave Benefit Amount, by Average Annual Earnings

Formula provided in H.R. 5376 (Title XIII, Subtitle A)



Source: CRS calculations based on H.R. 5376.

Notes: H.R. 5376 proposes to base benefit amounts on total wages and self-employment earnings during the most recent eight-quarter calendar quarter period (a span of two years) that ends four months prior to the beginning of the individual's benefit period. The calculations assume an individual who provides weekly caregiving hours in an amount that is at least as great as his or her regular workweek hours. Weekly benefit rates are rounded to the nearest dollar amount.

After calendar year 2024, the bend points of the weekly benefit formula—the dollar amounts used to calculate the weekly benefit rate—would increase annually by the growth in the national average wage index (42 U.S.C. §409(k)(1)) or would remain at the previous year's level if the average wage index does not increase.

Table 1 presents the distribution of workers in 2019 (the most recent year for which relevant public use data are available) by state across the earnings groups identified in the paid leave benefit formula proposed in H.R. 5376. Nationally, 5.1% of adult workers (18 years and older) had earnings in the lowest earnings group, and 2.2% had earnings in the highest earnings group. In some states, relatively few workers had earnings in the lowest earnings category (the District of Columbia had the lowest share at 1.9%), whereas in other states the share was relatively high (9.4% in Mississippi). Similarly, states differed in the degree to which workers were concentrated in the highest earnings groups; shares ranged from 1.1% (Hawaii) to 4.1% (the District of Columbia and Connecticut). These differences in earnings across states may lead to different average paid leave benefit amounts across states under H.R. 5376.

State-level differences in workers' earnings can reflect true differences in workers' purchasing power, but they can also reflect regional price differences. For example, the Bureau of Economic Analysis estimates that in 2019 average price levels (for consumption goods and services) in Hawaii were more than 19%

higher than the national price average, while prices were nearly 16% below the national average in Mississippi. Such differences would not be reflected in the paid family leave benefit proposed in H.R. 5376.

Table 1. Distribution of Adult Workers Across Selected Earnings Group in 2019, by State

Full-time, full-year workers

	Earnings in the Last 12 Months					
	$15,080 or less	$15,081 - $34,248	$34,249 - $72,000	$72,001 - $100,000	$100,001 - $250,000	Over $250,000
Alabama	6.4%	30.2%	43.2%	10.6%	7.9%	1.6%
Alaska	3.9%	21.2%	44.0%	17.0%	12.5%	1.4%
Arizona	5.1%	27.6%	43.1%	12.4%	10.1%	1.8%
Arkansas	6.3%	34.6%	42.4%	9.1%	6.0%	1.7%
California	4.7%	23.0%	37.5%	15.0%	16.8%	3.0%
Colorado	4.3%	19.5%	43.3%	15.6%	14.9%	2.4%
Connecticut	3.2%	16.3%	41.0%	18.8%	16.8%	4.1%
Delaware	4.1%	22.0%	43.1%	15.8%	12.9%	2.1%
District of Columbia	1.9%	8.7%	34.1%	20.1%	31.1%	4.1%
Florida	6.5%	32.4%	40.3%	10.5%	8.6%	1.7%
Georgia	6.0%	28.6%	40.8%	12.2%	10.6%	1.8%
Hawaii	3.6%	23.5%	45.5%	16.3%	10.0%	1.1%
Idaho	5.9%	29.2%	43.3%	11.9%	8.1%	1.7%
Illinois	4.7%	23.2%	41.0%	15.2%	13.5%	2.4%
Indiana	4.6%	27.5%	45.8%	12.3%	8.3%	1.5%
Iowa	5.0%	24.2%	49.0%	12.4%	7.6%	1.7%
Kansas	6.0%	25.7%	46.0%	12.6%	8.1%	1.7%
Kentucky	6.2%	28.2%	46.0%	11.1%	6.9%	1.6%
Louisiana	8.5%	27.9%	41.3%	11.7%	8.9%	1.8%
Maine	3.8%	26.6%	48.4%	12.3%	7.6%	1.3%
Maryland	3.7%	17.5%	39.7%	17.9%	18.9%	2.3%
Massachusetts	2.9%	15.3%	40.3%	19.0%	19.3%	3.3%
Michigan	5.5%	24.6%	43.5%	13.8%	10.8%	1.8%
Minnesota	3.3%	17.9%	46.8%	16.7%	13.4%	2.0%
Mississippi	9.4%	33.9%	40.2%	9.4%	5.6%	1.6%
Missouri	5.4%	27.1%	45.1%	12.2%	8.6%	1.7%
Montana	7.5%	25.5%	46.4%	12.4%	6.7%	1.6%
Nebraska	4.5%	24.8%	49.1%	12.0%	8.0%	1.6%
Nevada	5.6%	28.8%	44.1%	11.5%	8.7%	1.4%
New Hampshire	3.4%	19.1%	44.4%	16.9%	14.4%	1.9%

	Earnings in the Last 12 Months					
	$15,080 or less	$15,081 - $34,248	$34,249 - $72,000	$72,001 - $100,000	$100,001 - $250,000	Over $250,000
New Jersey	4.0%	18.7%	37.3%	17.2%	19.2%	3.6%
New Mexico	7.7%	30.1%	40.7%	11.3%	8.4%	1.8%
New York	3.8%	19.9%	40.5%	16.6%	15.8%	3.4%
North Carolina	5.9%	28.7%	43.1%	11.1%	9.6%	1.6%
North Dakota	5.8%	20.9%	50.6%	12.3%	8.5%	1.9%
Ohio	4.8%	25.7%	45.3%	13.4%	9.0%	1.8%
Oklahoma	7.1%	29.5%	43.3%	11.2%	7.4%	1.6%
Oregon	3.9%	23.4%	43.6%	15.0%	12.2%	1.9%
Pennsylvania	4.7%	22.8%	44.9%	14.5%	11.3%	1.9%
Rhode Island	3.8%	19.9%	47.0%	16.6%	11.0%	1.7%
South Carolina	6.5%	28.7%	44.0%	11.0%	8.2%	1.6%
South Dakota	6.3%	27.3%	49.2%	10.1%	5.8%	1.5%
Tennessee	5.8%	29.9%	43.6%	10.2%	8.6%	1.9%
Texas	6.6%	27.9%	39.9%	12.5%	11.2%	1.9%
Utah	4.8%	24.5%	43.8%	13.8%	11.4%	1.8%
Vermont	4.2%	22.1%	51.2%	12.5%	8.8%	1.2%
Virginia	4.7%	22.0%	39.1%	14.7%	17.3%	2.1%
Washington	3.1%	18.9%	41.5%	16.4%	17.7%	2.5%
West Virginia	6.6%	32.1%	41.4%	11.7%	6.6%	1.6%
Wisconsin	4.3%	22.7%	49.4%	13.8%	8.2%	1.7%
Wyoming	5.7%	24.1%	45.9%	14.0%	8.5%	1.8%
United States	5.1%	24.8%	41.9%	13.8%	12.3%	2.2%

Source: CRS calculations based on data from the 2019 Census Bureau American Community Survey.

Notes: Some state totals will not add to 100% due to rounding. The sample consists of individuals employed at the time of the survey who are at least 18 years old and report that they usually work at least 35 hours per week and worked at least 50 weeks in the last 12 months. Unpaid family workers are excluded. When self-employed workers are excluded from the sample, worker shares decrease (to varying degrees) in the lowest and highest earnings categories in all states; more generally, worker share differences between the sample that excludes self-employed workers and the sample for this table were within three percentage points for each state. Earnings are in 2019 dollars.

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