

Testimony in Opposition to H7356
House Labor Committee
February 11, 2016

The Economic Progress Institute opposes Representative Shekarchi's bill (H7356) that would jeopardize both the Temporary Disability Insurance (TDI) Program and the Temporary Caregiver's Insurance (TCI) Program.

We are concerned that this bill, which allows employees to opt-out of the TDI program, would: 1) shrink the pool of those paying into the program, thus undermining the ability of the program to reimburse those who need the coverage, 2) provide an administrative cost to the agency to ascertain whether the employee actually has other coverage, and 3) serve as an erosion of employee work-based protections.

According to 2014 DLT data, the vast majority of TDI claims are for injury or illness. Only 13% are for pregnancy related issues. Employees who may opt-out with the intent of never taking leave, may find themselves without financial security if a broken bone or other unforeseen accident occurs.

We also believe this bill would severely undercut the intent and effectiveness of the TCI program. Rhode Island was a leader two years ago when it created the TCI program which protects workers' jobs during times of familial stress, especially those low-income Rhode Islanders who cannot afford to take unpaid time off from work to care for a child or loved-one.

The response to the program so far has been very positive – both for employees and employers.

A recent report by researchers at the University of Rhode Island,¹ found that those that claimed TCI reported greater satisfaction with their ability to maintain financial stability and wage replacement, greater satisfaction with their transition back to work and better overall physical health and lower stress than other groups.

A survey released last month from the Columbia Business School found that of the small and medium-sized businesses questioned, a majority (61%) favored TCI a year after it took effect. The survey focused on employers in the food services and manufacturing sectors who were likely to be affected by the implementation of the program, but found that even for small employers, a majority favored the program.²

¹ Silver, Mederer & Djurdjevic, "Temporary Caregiver Insurance: Findings from the First Year", Schmidt Labor Research Center, University of Rhode Island

² Barte, Rossin-Slater, Ruhm and Waldfogel, "Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights from a Survey of Employers" January 2016.

Rhode Island should be proud of its leadership as one of only a handful of states that provides short-term leave for workers during times when they are unable to work due to an illness or are caring for a family member. This important policy is critical to ensuring workplace productivity and safety, and has significant positive effects for new parents after the birth of a baby. We should not take a step back now.