



Testimony in Opposition to H-6198  
House Labor Committee  
May 11, 2017

The Economic Progress Institute opposes H-6198 because it will jeopardize the benefits available to thousands of Rhode Island workers through the publicly administered Temporary Disability Insurance (TDI) Program and Temporary Caregiver's Insurance (TCI) Program.

We have three key concerns with this bill: its impact on employees, its impact on the TDI fund and its impact on the Department of Labor and Training.

### **Impact on employees**

Disability insurance offered by an employer may not match the scope of benefits provided by TDI for workers who need to take time away from the job due to disability. More importantly, family leave benefits available through the TCI program for workers to bond with a child or to care for a disabled family member would not be available through employer-based disability insurance.

How would the employee make an informed decision about whether to claim an exemption from TDI? How would the worker know the differences between TDI and the employer-sponsored benefit, including, for example: qualifying event, cost, waiting period, wage replacement? How would the employee know that he or she was foregoing the opportunity to take TCI benefits if he/she opted for the employer plan and out of TDI?

Would the employer be required to explain the differences to their employees? Is this a responsibility they would want to assume? The TDI/TCI programs, which are fully funded by employee contributions, make little demand on the employer who only needs to deduct and remit withholdings to the state, let employees know about the benefit and confirm the employee's absence if a claim is filed.

### **Impact on the TDI fund**

If employees are able to opt out of the TDI program, thus shrinking the pool, it will put benefits at risk for all eligible employees. The benefit of having the public insurance pool to which all workers contribute is that it spreads the risk so that every employee is only contributing based on wages, not on likely risk. As people leave the social insurance pool, there could be a potential increase in costs because higher risk people would stay in the public fund.

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### **Impact on Department of Labor and Training**

The Department would be responsible for receiving and reviewing documentation from employers confirming that employees are covered by the employer sponsored disability insurance program. The Department would continue to administer TDI/TCI for employees who chose not to opt out (or whose employers do not offer disability insurance) as well as this new responsibility and may not have the funds or staff capacity to do both.

### **We Shouldn't Go Backwards**

Rhode Island was a leader many years ago in creating TDI – ensuring that people unable to work for a short period due to disability were still able to support themselves, and more recently in creating TCI – ensuring that workers are able to take time to care for a new baby or care for seriously ill family member. We should be proud of these social-compact programs that send the message that Rhode Island recognizes that work and family are inextricably linked --workers who are supported when they suffer a disability or who need to take time for critical family events are more productive workers. Enabling new parents to take time to bond with a new baby, adopted child or foster child or to care for a family member have long-term positive impacts for the families of those workers.

Let's not go backwards – please vote “no” on this bill.