



September 20, 2007

The Honorable Arnold Schwarzenegger  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

**Re: Request for Veto of SB 727 (Kuehl) Family Temporary Disability Insurance Expansion**

Dear Governor Schwarzenegger:

The California Manufacturers & Technology Association (CMTA) respectfully requests your veto of SB 727 (Kuehl) which would expand the scope of the family temporary disability insurance (FTDI) program to include grandparents, grandchildren, parents-in-law, and siblings within the definition of "family member."

CMTA believes it is premature to expand FTDI without evaluating as a whole the impact this program and other family leave statutes have had on this State's economy; the impact on production and efficiency at the workplace; and the impact on employer-employee relations. Although the FTDI program is funded by employees themselves, the indirect cost to the employers will continue to increase, in cases where the paid leave is mandatory because it is also protected leave pursuant to the California Family Rights Act, (CFRA).

We understand the proponents believe that there is no direct cost to the employer; however, currently the indirect cost to the employer is of growing concern. If SB 727 is signed, businesses are likely to see a dramatic increase in the use of FTDI, therefore contributing to an increase in employer's loss of production. Absences at the workplace have resulted in a loss of production because it has been difficult to replace the absent worker or meet deadlines. It has contributed to low moral amongst co-workers that have had to pick up the remainder of the work when no immediate replacement is possible. This is also playing a part in the larger national workforce shortage many industries are facing. It has become increasingly harder to find workers that have the skills necessary to replace the absent workers. Therefore, in times of need the employer must invest time and money to train temporary workers to do high-skilled labor.

These indirect costs may vary by employer but for the larger companies it has also become necessary to enlarge their human resource departments to handle inquiries about family leave and help manage the replacement of workers. In addition, the employer is responsible for keeping the worker informed of his/her ability to access FTDI funds. There are specific requirements that must be met in order to be eligible for FTDI fund and when a worker is not satisfied with the results of his/her request he/she may file a claim under the Fair Employment and Housing Act (FEHA). The Department of Fair Employment and Housing has indicated that claims are likely to double. Yet, there has been no evaluation, to our knowledge of the type of claims that are being filed for FTDI. The proponents of SB 727 assert that most claims are due lack of eligibility but when CMTA surveyed their members they indicated that most workers were knowledgeable about their eligibility and most claims submitted to DFEH were likely issues of re-instatement.

We sympathize with the proponents desire to expand FTDI to address the diversity of family units that might exist; however, we believe that FTDI must be evaluated in correlation with the CFRA and the federal Family and Medical Leave Act. We strongly believe that changes to the FTDI will ultimately result in changes to the CFRA in order protect the rights of these newly eligible individuals. Confusion and inconsistency between the rights under CFRA and FTDI will result in additional lawsuits that can become very costly to defend. These mandates will continue to limit an employer's flexibility to address their worker's needs and their ability to cooperate with them in times of crisis when an employee needs time off. Every circumstance is different and the ability to fill a person's job may vary, requiring cooperation between the employer and the employee.

California was already the first state in the nation to establish a paid family leave program and has one of the most advanced employee leave statutes in the nation. CMTA recognizes that there is a need to address family responsibilities; which is why CMTA has also been supportive of alternative workweeks which give workers the ability to work more hours in a day in exchange for more time off to spend as they need. CMTA believes that an overall evaluation of this and other statutes related to work and family must be evaluated to make an accurate assessment as to which direction this State should take in order to find an appropriate balance between family and work, which does not impact adversely the companies that wish to do business in California.

For all the reasons above, CMTA strongly urge you veto SB 727. Thank you for your consideration.

Sincerely,



Cynthia Leon  
Director, Human Resources