

**Schweitzer Engineering Laboratories, Inc. (SEL) Comments On
“Overview of Voluntary Plans
California Temporary Disability Insurance and Paid Family Leave”
Prepared and Submitted by Susan Fagan, Director of Public Affairs
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Required Conditions

A majority of employees who are eligible for coverage consent to the voluntary plan.

SEL comment: Remove this provision. If the employer is providing the benefit, the employer makes the decision.

Voluntary plan contributions (or premiums) do not exceed state plan contributions.

SEL comment: Can remain in document.

Voluntary plan rights and benefits – including the weekly benefit, the total benefit, and the duration – equal or exceed state plan rights and benefits.

SEL comment: Can remain in document.

Voluntary plans provide at least one right or benefit that exceeds state plan rights or benefits.

SEL comment: This makes no business sense. Remove this provision.

Employees who are eligible for coverage are given the right to reject the voluntary plan and instead be covered by the state plan.

SEL comment: This would be too cumbersome to administer. We can't envision a time that an employee would reject our plan over the state plan.

Employers post a bond or security deposit with the Department.

SEL comment: This would work for us (see Administrative Assessments which follows).

Voluntary plan coverage is offered to all California employees of the employer except:

SEL comment: As required by law (hours worked provisions).

Applications are not approved if it would result in a substantial selection of risks adverse to the state plan.

SEL comment: Remove. This is another business decision by the employer.

Trust Funds – Voluntary plan contributions are trust funds which may be used only to provide benefits and to pay Department assessments.

SEL comment: We disagree. This will become another bureaucratic stumbling block. The employer is going to figure out the simplest way to do this. “It’s our business!”

Required Reports: Voluntary plans must furnish certain reports and information and make available certain records to the Department.

SEL comment: It must be simple.

Administrative Assessments: Voluntary plans must pay to the Department 14 percent of the product obtained by multiplying the contribution rate by the taxable wages.

SEL comment: The rate listed is exorbitant. Figure out a simple formula and a reasonable rate.

Administration: The Department recently consolidated its in-house staff to better track which plan (voluntary or state plan) is liable for benefits and how to resolve coverage disputes. A voluntary plan advisory group meets on a quarterly basis and advises the Department on its operations relating to voluntary plans.

SEL comment: Here again, we're getting overly bureaucratic. Simplify this, please.

Statistics: As of Sept. 21, 2007, there were 504 voluntary plans which covered 534,857 employees or about 3.8 percent of California's covered employees. The Department reports that most voluntary plans are for large employers and temporary agencies.

SEL comment: After reviewing California's requirements for going with a Voluntary Plan, can you blame employers for not using this provision?

Conclusion: The State of Washington needs to determine how the plan will be administered, preferably by the private sector and as simple and clear as possible, and develop its own set of criteria for the opt-out version.

It is really not possible to use the information from California in such a way that benefits employees and employers in Washington because the states are so different with different collection mechanisms and agencies, some of which have been operating for many years and have a history to which they can refer.

SEL believes that if there is no opt-out clause, we would work very hard for the repeal of this legislation.

Thank you for the opportunity to comment, and we are available to expand on any of our answers.