



****FLOOR ALERT- MAY 27, 2014****
OPPOSE AB 1792 (Gomez)

AB 1792 will do nothing to drive up wages, make health care more affordable, or otherwise improve the lives of workers, and could actually lead to misinformed policies that would hurt the very individuals it seeks to help.

AB 1792 asks the Employment Development Department (EDD) and the Department of Finance (DOF), in consultation with the State Department of Health Care Services (DHCS) and the State Department of Social Services (DSS), to develop and publish a list of California employers and the amount the state and federal government pay when their employees utilize Medi-Cal, CalFresh, and CalWORKS benefits.

The intent language in **AB 1792** suggests that the proposed report will allow policymakers to, “analyze practices within industry sectors detrimental to economic competitiveness in the marketplace;” however, to be able to adequately assess whether an employer’s business practices affect utilization of benefits such that they should be regulated, one must be able to establish a relationship between the particular practices of an employer and the level of benefit utilization by its employees. No such analysis is possible using the data **AB 1792** seeks to provide. In fact, **AB 1792** would paint a very misleading picture about the factors that affect utilization of benefits by employed individuals and the different pressures faced by employers in different sectors of the economy, all of which could lead to misguided policies that would further burden California employers without helping the working poor. For example:

- As amended on May 23, 2014, the bill would now calculate the dollar amount of benefits utilized by a particular employer’s employees using the average, per individual cost for each type of benefit. Using the average, per individual cost to calculate totals for employers would eliminate the ability to infer anything about an employers’ wages or to distinguish between employers whose employees receive only minimal benefits and those whose employees utilize significant amounts of benefits. All employers would be painted with the same brush, even though some have employees who require substantially less assistance than others.
- Using the average, per individual cost is also problematic because it would reflect benefits received by unemployed individuals and disabled individuals who are likely to utilize the largest amount of benefits, averaging their level of need with the need of employed individuals who should arguably utilize fewer benefits. In this way, the report would overstate the need of employed individuals and how much taxpayers are spending to provide benefits to them.
- While the recent amendments would exclude employees who are eligible for benefits due to being over age 65, disabled, or part of the welfare-to-work program in CalWORKS, the bill still allows other categories of individuals to be counted including pregnant women, young employees under age 21, and foster parents, who the state has specifically chosen to offer Medi-Cal and other benefits to regardless of their income level! This would expose employers to blame for benefits received by these individuals even though their eligibility does not reflect employer policies.
- Even though the measure now adds public employers to the list, the report would not reflect the fact that public employers are exempt from the vast majority of employee protections that drive up the cost of labor for private employers, making it harder for them to increase wages and provide greater benefits.

- The measure ignores the impact of household size and the number of employed adults in a household on eligibility.
- The measure would count employees who are on their employer's payroll but out on unpaid leave for extended periods of time, who are therefore not working and have no income, even though their need for public assistance does not reflect employer policies.
- The measure does not address concerns about including seasonal workers in retail and agriculture, as their busy seasons last longer than 3 months.

Unless these factors are parsed out in the report, it will be impossible to determine when and to what extent changing employer behavior would help reduce utilization of benefits. Furthermore, if policy makers use such a misleading report to inform future policy decisions, those new policies are bound to be flawed. At best they may not help California workers – at worst they could unfairly burden employers and further hinder their ability to pay decent wages and provide health benefits.

The DOF recently came out opposed to the measure, in part because the Department is, “concerned the data may mislead the Legislature and the public to assume that no employees of private employers with 25 or more employees should be receiving public benefits,” and because, “the benefits of having this data are unclear relative to the potentially significant cost of extracting it.” The recent amendments have not resolved these problems with the bill.

For these reasons and more, we must **OPPOSE AB 1792 (Gomez)** and urge your **“No”** vote.

Sincerely,

California Chamber of Commerce
Agricultural Council of California
California Asian Pacific Chamber of Commerce
California Association for Health Services at Home
California Association of Health Underwriters
California Association of Winegrape Growers
California Business Properties Association
California Farm Bureau Federation
California Hotel and Lodging Association
California Manufacturers and Technology Association

California Professional Association of Specialty Contractor
California Restaurant Association
California Retailers Association
International Franchise Association
National Federation of Independent Business
San Jose Silicon Valley Chamber of Commerce
Simi Valley Chamber of Commerce
UnitedAG
Western Growers Association

cc: The Honorable Jimmy Gomez
Camille Wagner, Office of the Governor
Terry Mast, Assembly Republican Caucus
Kelly Green, Department of Health Care Services
District Offices, Members, California State Assembly