



Schwarzenegger, Lawmakers, Reach Compromise on Workers' Comp Plan

Governor Arnold Schwarzenegger and legislative leaders cut a tentative deal on workers' compensation reform and worked into the night on details of the landmark plan designed to save California businesses billions of dollars a year.

A six-member bipartisan legislative conference committee was scheduled to begin deliberating over the agreement. If approved by the committee, the reform bill will face votes on the Assembly and Senate floors, with passage representing a major political triumph for Schwarzenegger.

"It saves billions of dollars, it reforms workers' comp and will allow jobs to be attracted to this state -- which was the campaign promise this governor made six months ago," said Rob Stutzman, Schwarzenegger's communications director.

Although many details remain to be worked out, officials said Schwarzenegger succeeded in keeping regulation of insurance rates

off the table. Agreement also was reached on a second key point he sought: allowing insurers and employers to create pools of doctors injured workers must use.

State law requires businesses to carry workers' compensation insurance to cover medical and disability costs for employees hurt on the job. In recent years, premiums have tripled, even in the midst of declining accident rates and improved safety standards.

Schwarzenegger has threatened to take his reform plan to the Nov. 2 ballot -- enough signatures have been collected to do so -- if the Legislature does not act.

The governor and like-minded lawmakers are moving to stop firms like Larsen Supply Co., a 130-employee plumbing-supply wholesaler in Santa Fe Springs, from moving out of state. The company employed 140 people in 1999, but has reduced its work force since -- and could be headed toward more layoffs this year -- because premiums have soared from \$30,000 annually in 1999 to \$467,000 this year.

Alan Holderness, the firm's controller, was unconcerned with the political arguments over how to achieve reform. He just wants his company to realize significant, immediate savings so that it can afford to remain in Southern California, where it has been for 70 years.

"Businesses are really, really hurting," he said. "It's not as though we don't want to stay here, because we really, really do."

The administration, and some legislators familiar with the package, say it will provide the rate-relief businesses are looking for -- though Stutzman, when asked, could not provide an estimate of how many "billions of dollars" the plan would save.

The final components of the bill are continuing to evolve. But among the many factors causing rates in California to be unusually high, that have been resolved, are:

--Permanent Partial Disability: This term describes an employee who, because of an injury sustained on the job, is classified as partially disabled on a permanent basis. Steinberg said steps would be taken to end the abuse caused by classifying workers as such who should not be.

He also said additional, tentatively agreed-upon reforms would allow injured employees to get immediate medical attention, and facilitate their getting "back to work sooner rather than later."

--Apportionment: Employers are often held liable for 100 percent of an injury even when a worker's job is not responsible for causing all of it, as the employee might have had previous injuries or non job-related injuries. McCarthy said he is pleased that the proposed reforms to deal with this key issue would address this unfair practice.

Steinberg acknowledged that some workers-rights advocates were disappointed with the compromise, but noted that the package would not result in lower benefits. Stutzman agreed, saying the real losers in this process were the trial lawyers and unscrupulous doctors.

"This is part of the special interests that need to be booted out of the (Capitol). And they're being served notice through this reform ... that they don't have the influence here they had before," Stutzman said.

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By David M. Drucker

STATE NEWS

California Lawmakers Seek to Clarify Leaf Blower Legislation

Assembly Bill 2128 would require the State Air Resources Board to regulate the use of, and emission of the air contaminants caused by, leaf blowers in the state. The state board currently regulates non-vehicle engine categories including utility engines. Regulating leaf blowers has been an issue in California over the

past years and many cities throughout the state have developed their own leaf blower regulations. Some cities have banned their use altogether. A.B. 2128 would attempt to create a uniform solution to stop the patchwork of regulations being enacted by cities on leaf blowers.