

OPEN SHOP GAZETTE

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This publication has been trying to keep you up to date on all the problems that the City of Vallejo has been having because they spend three-fourths of their budget on police and firefighters who have negotiated a rather "sweetheart" deal for themselves. On Friday, May 23, 2008, the City of Vallejo filed for bankruptcy protection hoping to gain time to deal with a budget deficit caused by soaring employee costs and declining tax revenues.

Vallejo became the largest California city, 120,000 residents, to declare bankruptcy. The big question still goes unanswered and that is whether or not bankruptcy will legally get the city out of the overly generous compensation packages for union members.

Baby boomers retiring is once more being discussed, I don't know why we stopped discussing it, ever. We have been publishing stories about the concern of there not being enough trained employees to replace the baby boomers that retire for some time.

PG&E now says that half its linemen and linewomen will be eligible to retire in the next five years. At the Los Angeles Department Water and Power, one-third of the 8,300 person workforce could be out the door by 2012. Also, the State is training 6,000 nurses a year and still faces a shortage.

In the *Orange County Register*, of July 8, 2008, appeared an editorial by Dan Walters, here it is:

"A new report on California's highly contentious system of compensating workers for job-related illnesses and injuries proves that the systemic over-haul pushed through the Legislature by Gov. Arnold Schwarzenegger in 2004 continues to save employers many billions of dollars each year.

The latest annual report by the Workers' Compensation Insurance Rating Bureau says that in 2007, California employers paid \$13.2 billion in premiums for workers' comp insurance, \$10 billion less than they were paying three years

earlier. And that doesn't count the lower costs of large employers who self-insure for workers' comp, about another \$5 billion less.

The \$15 billion a year in savings pleases employers immensely but grates on disabled workers, medical care providers, labor unions and workers' comp lawyers because that's money out of their pockets. And Democratic lawmakers, many of whom voted for the 2004 overhaul that lightened eligibility for medical treatment and payments, want to partially undo it. They contend that they never envisioned that the rules adopted by the Schwarzenegger administration to implement the new law would cut compensation as much as they did.

Chances are high that at least two major workers' comp bills will reach Schwarzenegger's desk this year, but given the governor's relationship with business, which will be tested again this year as he raises money for one or more ballot measure campaigns, he's unlikely to sign them.

Don Perata, the outgoing Senate president pro tem, is carrying one measure (Senate Bill 1717) that would directly roll back a major portion of the 2004 reforms, as implemented by the administration, by expanding, and eventually doubling, the number of weeks that permanently disabled workers could receive cash payments.

The bill has sailed through the Legislature on straight Party-line votes with support from labor unions and workers' comp attorneys. But it's virtually identical to two Perata bills that Schwarzenegger vetoed.

The second major workers' comp bill (SB1115) is being proposed by Sen. Carole Migden, D-San Francisco with a similar, but broader cast of supporters and as with Perata's measure, strong opposition from employers. It would bar discrimination in evaluating workers' comp claims based on race, age, gender, genetic disposition and other factors. Sponsors say this would overturn the tendency of some medical evaluators to use those factors in rating disabilities.

The two bills are the latest fronts in a political war that's raged for years over workers' comp, whose multi-billion-dollar impacts support a permanent community of lobbyists and other political practitioners.

Schwarzenegger pushed the 2004 overhaul through the Legislature during the earliest days of his governorship, when lawmakers were still in awe of the former action movie star's lightning like ascension to the governorship. Since then, however, Democrats have turned around, especially after the implementing rules were adopted and took effect.

Since Schwarzenegger is not likely to back away from one of his signal accomplishments, those who want to undo the 2004 changes must hope that a Democrat succeeds Schwarzenegger two years hence and would either sign new legislation or roll back his rules."



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