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Workers' Compensation Costs Hurt Schools, State and Local Governments

Survey Shows Increases of 18 to 55 percent

Sacramento, CA – State Controller Steve Westly today released the results of a survey showing workers' compensation costs have increased 18 to 55 percent for state government and California's school districts, cities and counties. Local government and school leaders joined the Controller to announce the findings.

"The workers' compensation crisis is an epicenter of government waste," Westly said. "Out-of-control workers' compensation costs aren't just bad for business, they're bad for schools, the budget crisis and local services."

As the California's chief financial officer, the Controller pays workers' compensation claims for the State. The survey was conducted to reveal the extent to which government and school districts were suffering from excessive workers' compensation costs. With debate on the workers' compensation crisis focused on increased costs to the private sector, today's announcement reveals how it affects government.

"Workers' compensation costs to government have increased up to 55 percent, which is 55 percent too high," Westly said. "We need to end the special interest civil wars and deliver more reform."

The chart below is a summary of State workers' compensation increases over the last 3 years:

	<u>Percent Increase</u>
State	29%
County	39% - 45%
City	19% - 55%
School	18% - 46%

Controller Westly will organize a group of government and school leaders to advocate solutions and push the Governor and the Legislature to act on cutting waste.

"We can do a better job of helping injured workers if we weed out fraud and abuse," Westly said. "Governor Schwarzenegger can cut waste by ending the special interest civil wars."

SURVEY RESULTS FOLLOW

OUT-OF-CONTROL WORKERS' COMPENSATION COSTS: 2000-2003

Data compiled from a survey of 24 counties, cities and school districts

	<u>Range of Increase</u>
State of California	29%
Counties	39% - 45%
Cities	19% - 55%
School Districts	18% - 46%

SELECTED EXAMPLES: WHAT WORKERS' COMPENSATION CRISIS COSTS CALIFORNIA

City of Los Angeles

Since 2000, workers' compensation costs to the City of Los Angeles have increased from \$99 million to \$129 million – an increase of 30%. This increase could have provided funding for one year for one of the following:

- **400 peace officers OR**
- **429 firefighters OR**
- **maintenance for 3,750 one-acre parks OR**
- **200,000 2-hour visits by social workers to foster children in group homes**

Sacramento County

Since 2000, workers' compensation costs to Sacramento County have increased from \$12.2 million to \$17.5 million – an increase of 43%. This increase could have provided funding for one year for one of the following:

- **69 peace officers OR**
- **74 firefighters OR**
- **maintenance for 652 one-acre parks OR**
- **34,806 2-hour visits by social workers to foster children in group homes**

San Bernardino City Unified School District

Since 2000, workers' compensation costs to San Bernardino City Unified School District have increased from \$2.5 million to \$3.5 million – an increase of 40%. This increase could have provided funding for one year for **25 credentialed teachers**.