

SENATE BILL REPORT

E2SHB 2427

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 28, 2002

Title: An act relating to occupational safety and health impacts grants.

Brief Description: Establishing occupational safety and health impact grants.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Conway, O'Brien, Cody, Dickerson, Ogden, Cooper, Berkey, Reardon, Veloria, Hurst, Hunt, Kirby, Upthegrove, Romero, Kagi, McIntire, Haigh, Wood, Kenney, Simpson and Sullivan; by request of Department of Labor & Industries).

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/25/02, 2/28/02 [DP, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Fairley, Franklin, Gardner, Rasmussen, Regala and Winsley.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Matthew Adams (786-7784)

Background: The 1999 Legislature enacted a bill that authorized the Department of Labor and Industries to establish an occupational safety and health impact grant program. The bill became null and void when the biennial budget did not provide specific funding for the grant program.

Believing it operated under existing statutory authority, the Department of Labor and Industries implemented an occupational safety and health impact grant program for fiscal year 2000. In the 2001 session, the Legislature rejected the Governor's budget request for \$10 million to continue the grant program during the 2001-03 biennium.

The State Industrial Insurance Fund includes the Medical Aid Account, which is financed by employees and employers. The account is projected to have sufficient funds in excess of actuarial needs through fiscal year 2003.

Summary of Bill: A program is established in the Department of Labor and Industries to provide occupational safety and health impact grants. The grant program is funded from Medical Aid Account reserves that exceed actuarial needs and that are appropriated to the department in a budget proviso or appropriations clause.

Purposes. The purpose of the grants program is to prevent injuries and illnesses, protect lives, and provide workplace safety education to employers and employees, especially those in small businesses.

Uses. The department may award grants up to \$250,000 for education and training, technical innovation, or application of hazard controls. Grant recipients may not use grant funds to support or develop specific legislative or regulatory initiatives, or to fund on-going business operations. Grant recipients also may not charge more than 10 percent of the grant award for administrative expenses.

Grant Recipients. The department may award grants to: employers, trade and business associations, employee organizations, and labor unions. A goal is established to award 20 percent or more of available grant funds to small businesses (those with fewer than 50 employees). Educational institutions and self-insured employers may not receive grants unless they join with an eligible employer or employee group.

Grant Review Committee. A nine-member Safety and Health Impact Grant Review Committee is created to prepare requests for proposals, develop application procedures and approval criteria, and review and process grant applications. The membership is appointed by the director and includes four employee representatives, four employer representatives, and one nonvoting department representative.

Application and Approval. The department must award grants using a competitive process. The committee identifies, by a two-thirds vote, grant applications that merit funding. The director approves those grants unless he or she has a compelling and substantive reason to reject the application. When an application is rejected, certain procedures for reconsideration and review apply.

Revocation and Suspension. The director may suspend or revoke a grant because the recipient is not complying with grant criteria or procedures if either the grant review committee recommends such action by a two-thirds votes, or the director has compelling and substantive reasons. If the director suspends a grant without advice of the grant review committee, the suspension recommendation must be presented to the committee for consideration.

Grant Evaluation. Grants must include methods by which to measure progress toward completion of grant activities and at least one measurable outcome related to injury and illness reduction, hazard reduction, or safety and health awareness. Grant evaluations must address positive and negative impacts and costs.

Program Evaluation. The department and the committee must annually report on the grant program to the WISHA and workers' compensation advisory committees, and make the report available to the Legislature. The Workers' Compensation Advisory Committee makes a biennial program budget recommendation to the director based upon a recommendation by the WISHA Advisory Committee. The director and the WISHA Advisory Committee review the grants program and issue a report on the program to the Legislature by December 31, 2007.

Other. The department may not use information in grant applications or developed through grant activities to initiate rule-making, to initiate department activity at a work site, or to establish the existence of a recognized hazard. Information in a grant application or resulting from grant activities is inadmissible in court or administrative proceedings unless the proceeding is related to enforcement of the grant program or fraud in the grant process. Materials developed with a grant are in the public domain and must be provided to the department at no charge.

Sunset. The grant program terminates July 1, 2008.

Appropriation: \$5 million from medical aid account funds in excess of actuarial needs.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill promotes innovative approaches and creates incentives to improve workplace safety. There is a demand for grant funding and the program will be successful in reducing injuries and fatalities. This reduction will, in turn, lower premiums. Workers and employers, particularly small businesses, will benefit from the program.

Testimony Against: Several changes should be considered: (1) either reduce staff levels from five to two full-time employees or cap administrative fees; and (2) increase the goal for small business grants from 20 percent to 50 percent. There are concerns about using trust fund money for non-trust purposes. Reserves should be used to reduce insurance premiums rather than to provide grants.

Testified: PRO: Michael Silverstein, L&I; Steve Cant; L&I; Jamila Thomas-Roberts, Governor's Office; Randy Loomans, WSLC; Rick Slunaker, AGC; Linda Lanham, Machinists; CON: Dan Fazio, WSFB; Mark Johnson, NFIB.