

MINUTES OF THE HOUSE COMMITTEE ON LABOR AND INDUSTRY.

The meeting was called to order by Chairman David Heinemann at 11:00 a.m. on April 5, 1993, in Room 526-S of the Capitol.

All members were present except: Representative Carmody (excused)
Representative Garner (excused)
Representative Mason (excused)
Representative Packer (excused)

Committee staff present: Jim Wilson, Revisor of Statutes
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

George Welch, Director, State Self Insurance Fund

Others attending: See attached list

Hearing on SB 307 - Workplace health and safety program under state workers compensation self-insurance program.

George Welch, Director, State Self Insurance Fund, testified in support of SB 307 to establish a state safety program within the state workers compensation self-insurance program in the Department of Administration. They would like to implement a behavior-based program to improve safety performance by July 1, 1993. They submitted a fiscal note of \$228,00 to implement such a safety program. Mr. Welch indicated they would prioritize the agencies and begin with those with the highest frequency and severity of injuries. He would be able to report the results of the safety program to the legislature next year on those agencies. (Attachment 1)

Chairman Heinemann proposed a staff-prepared technical amendment for clarification purposes to SB 307. On page 2, in line 41, after the period by inserting the following material to read as follows: "The state workplace health and safety program shall include, but not be limited to:

- (1) Workplace health and safety hazard surveys in all state agencies, including on site interviews with employees;
- (2) Workplace health and safety hazard prevention services, including inspection and consultation services;
- (3) Procedures for identifying and controlling workplace hazards;
- (4) Development and dissemination of health and safety informational materials, plans, rules and work procedures; and
- (5) Training for supervisors and employees in healthful and safe work practices."

Representative Smith moved to adopted the proposed amendment. Representative Grant seconded, motion carried.

Representative Smith moved and Representative Edlund seconded to pass SB 307 favorably as amended. The motion carried.

Representative Grant moved to approve of the minutes of March 22, 23, and 24 as presented. Representative Cornfield seconded, motion carried.

The meeting adjourned at 11:09 a.m.

GUEST LIST

COMMITTEE: HOUSE LABOR AND INDUSTRY

DATE: 4-5-93

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Safety Program For State Employees

Passage of Senate Bill 307 would establish a state safety program within the state workers' compensation self-insurance program in the department of administration.

Over the past two decades, we have seen the arrival and consolidation in a growing number of industries and businesses of the behavior-based approach to continuous improvement in safety performance. This process has been tested and used in such companies as Monsanto and Proctor and Gamble. These developments represent important advances in management theory and practice. As a practical matter, safety issues have moved to a higher priority within many organizations. Off the shelf safety programs are not the answer to the needs of state government. Forward looking managers are currently using Total Quality Management, and they have learned that an effective safety effort needs to be a process, not just a program. Implementation of an effective safety process involves issues associated with organizational development and quality.

The purpose of a loss prevention process is to assist agencies in developing and operating a program designed to protect workers and to prevent and control accidents. Joanne Wojcik, writing in Business Insurance magazine on January 20, 1992, stated "...California's strong emphasis on accident prevention should reduce the frequency and severity of work related accidents..." As an employer, the State of Kansas has no loss prevention or safety process and will benefit from a behavior-based safety process as provided in Senate Bill 307.

Injured workers, their families, agencies and society as a whole suffer substantial economic loss as a result of work related injuries and illness. Statistics on these losses do not include the physical and mental suffering injured workers and their families undergo. Effective loss control can prevent injuries and accidents and reduce their costs, thus benefitting workers, agencies and the entire economy. Writing in the National Underwriter on November 18, 1991, Robert G. Knowles said "Actually, safety will return, at a minimum, about 300% of the cost of the program in time, money, and people saved."

The Accident Prevention Manual for Business and Industry, produced by the National Safety Council, states that "Occupational accident prevention and reduction is the final commonly accepted objective of workers' compensation." Robert Knowles believes the return on safety is 300% of costs. Some of this reduction in costs is directly related to workers' compensation costs. Most safety experts and many private companies report their workers' compensation claim costs were reduced by up to 30% when safety programs were introduced. The Proctor & Gamble Manufacturing Company in Kansas City introduced a modification of the Behavior

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Based Safety Process into their plants in 1988. The year before introducing this process, the Kansas City plant suffered 38 compensable work related accidents and injuries. In the year following introduction of this process, the plant experienced only one work related injury.

Below is a chart showing savings of FY1994 costs at percentage levels from 5% up to 30%. If the experts are correct, the state could save up to \$4,740,000 by implementing a safety program.

Estimated Costs	% Savings	Amount Saved
\$15,800,000	5%	\$ 790,000
	10%	\$1,580,000
	15%	\$2,370,000
	20%	\$3,160,000
	25%	\$3,950,000
	30%	\$4,740,000

In FY1992, 6,127 State employees reported injuries. Costs of claims in the same year were \$12,633,072 or approximately \$2,062 per claim. If a safety program could reduce the total reported claims by 30%, or 1,838 claims, savings would approach \$3,790,000. This is another way of looking at possible savings.