



# CALIFORNIA CHAMBER of COMMERCE

January 20, 2005

Little Hoover Commission  
925 L Street, Suite 805,  
Sacramento, California 95814

**SUBJECT: GOVERNOR'S REORGANIZATION PLAN 1: REFORMING CALIFORNIA'S BOARDS AND COMMISSIONS: INDUSTRIAL WELFARE COMMISSION ELIMINATION AND APPEALS BOARD CONSOLIDATION - SUPPORT**

Dear Commissioners:

The California Chamber of Commerce is pleased to have the opportunity to provide comments to the Little Hoover Commission in **SUPPORT** of the **Governor's Reorganization Plan 1: Reforming California's Boards and Commissions: Industrial Welfare Commission Elimination and Appeals Board Consolidation**.

The California Chamber of Commerce is a non-profit organization whose membership is made up of over 400 local chambers and 15,500 member companies employing some 3 million workers — one-fourth the private sector workforce in California. The California Chamber acts as an advocate for employers and the business community before the State Legislature and other agencies of state government. Founded in 1890, the California Chamber is the largest broad-based employer advocate in the state.

**Governor's Recommendation: Eliminate Industrial Welfare Commission**

The five-member Industrial Welfare Commission (IWC), appointed by the Governor, was de-funded effective July 1, 2004 and is no longer in operation. The California Chamber believes that with the Legislature's decision to defund IWC, the technicality of removing the name from the list of California's Boards and Commissions appears reasonable and supports the deletion.

If the IWC is eliminated, there is one issue that employers believe should not be left unaddressed: the legal status of the sixteen Wage Orders covering all industries and occupations in California. The elimination of the IWC will essentially engrave the wage orders in stone.

This gives rise to significant concerns regarding the legality of requiring the regulated community to comply with static Wage Orders--that can never again be changed because the originating government body no longer exists.

One other impact that should be considered is that the Labor Code provided that the IWC had the power to issue an annual special licenses to employers of developmentally disabled workers permitting a special minimum wage for those workers. In the past, the special licenses have acted as incentive to employers to hire developmentally disabled workers.

The California Chamber believes that these issues are ones that should be kept in mind as the Little Hoover Commission considers the elimination of the IWC.

### **Appeals Board Consolidation**

The California Chamber believes that the consolidation of the Occupational Safety and Health Appeals Board (OSHAB), the California Unemployment Insurance Appeals Board (CUIAB) and the Workers' Compensation Appeals Board (WCAB) functions into a new Employment and Benefit Appeals Board (EBAB) is feasible and lead to more efficient caseload management and eliminate claim backlogs.

As laid out in the Governor's Reorganization Plan, the Workers' Compensation Appeals Board would have consolidated administrative functions with the other two appeals boards. However, WCAB administrative law judges would remain separate. Due to the complexity of workers' compensation law, the California Chamber believes that this is sensible and reasonable approach to a very complex area of law.

The Occupational Safety Appeals Board and the California Unemployment Insurance Appeals Boards would be completely consolidated, which would allow administrative functions, scheduling, hearing locations and shared automation to be more coordinated and efficient. All of these actions, in the Chamber's view, will benefit both employers and their workers.

The Chamber did hear concerns from a few members about the potential negative impact on the quality of the decision-making by the administrative law judges by the consolidation and brought them to the attention of the Labor and Workforce Development Agency.

The Chamber was reassured to learn that all affected administrative law judges in these two consolidated areas --COSHAB and CUIAB--would undergo new and substantive cross training in order to be well versed in all applicable statutes and precedent decisions.

For these reasons, the California Chamber believes that claim handling; case management and hearing scheduling will improve under a consolidated Employment and Benefits Appeals Board and supports the recommendation.

Thank you once for the opportunity to provide these comments to the members of the Little Hoover Commission.

Sincerely,

A handwritten signature in black ink that reads "Julianne Broyles". The signature is written in a cursive, flowing style with a large initial 'J'.

Julianne Broyles, Director  
Employee Relations and Small Business