

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** June 30, 2008  
**POSITION:** Neutral

**BILL NUMBER:** SB 1145  
**AUTHOR:** M. Machado

**BILL SUMMARY: Compensation Insurance Fund**

This bill, an urgency measure, would specify that the board, in addition to the president, appoint a chief financial officer, a chief operating officer, a chief information technology officer, a chief investment officer, a chief risk officer, and a general counsel, with salaries set by the board.

This bill would also require the State Compensation Insurance Fund (SCIF) to comply with the Bagley-Keene Open Meeting Act and the California Public Records Act but also specifies exemptions.

**FISCAL SUMMARY**

The cost of the six new positions specified in this bill is unknown as the salaries would be set by the board. Assuming the salary were \$150,000 per year, the cost would be \$900,000.

The SCIF is a quasi-state entity and all expenses are paid from the proceeds of the insurance they provide. However, we note that if the administrative costs increase, these costs will be passed on to employers, including the State of California.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the April 29, 2008 version are minor and do not alter our position.

**COMMENTS**

This bill is intended to address proper management of the SCIF and provide for greater transparency in its operations.

Existing law establishes SCIF, a quasi-state entity, to provide workers' compensation insurance to California employers at cost with no financial obligation to the public by operating similarly to a private insurance company.

This bill would require the board to appoint six additional management positions, as specified. Existing law exempts the SCIF from the Bagley-Keene Open Meeting Act and the California Public Records Act. This bill would require the SCIF to comply with these acts, with specified exemptions.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)								Fund Code
		PROP		2008-2009		2009-2010		2010-2011		
		98	FC	FC	FC	FC	FC	FC	FC	
8420/StCompInsrFd	SO	No	A	\$450	A	\$900	A	\$900	A	0512
<u>Fund Code</u>	<u>Title</u>									
0512	Compensation Insurance Fund									

Analyst/Principal (0240) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)