When my grandparents immigrated to California from the Azores, a string of islands off the coast of Portugal, in the 1930s, they had nothing to their name and had to build a life from scratch. They started a farm that has been in our family now for three generations. Growing up on that farm, I learned a lot about seeing projects through concept to development to implementation. Every time you plant a seed, you create something that needs to be nurtured to fruition. It’s not a perspective many people see in their daily jobs, and not one I expected to see when I joined the California State Legislature in 1994.

When I became an elected official, I made a promise to myself that I would deal with real issues that affect real people. I made a commitment to my constituents that I would be responsive to their needs and try to open up government to those people who had the least access and ability to navigate in it. One issue that was important to me was the state’s workers’ compensation provider. Workers’ compensation insurance has a wide-reaching impact on the state’s economy and State Fund’s role in the workers’ compensation market affects a lot of Californians.

So, when an internal review by State Fund’s board of directors revealed serious concerns about its operations, it was clear to me that the organization needed a transformation. As an employer who has dealt with workers’ compensation insurance in the past, I was one of few legislators who understood the front and back side of a payroll check, and that allowed me to bring a unique perspective to the legislature. And as chairman of the Senate Committee on Banking, Finance and Insurance, I had jurisdiction over the subject matter.

I believe in working with the people legislation will affect, so with the help of State Fund leaders Jeanne Cain and Jan Frank,
I proposed SB 1145, a piece of legislation that would lay the legal groundwork necessary to support State Fund’s operational transformation. We sought a constitutional balance that would benefit California’s businesses but not be so draconian that it would negatively affect State Fund’s business.

What passed was a bill that made significant changes to the laws that govern State Fund by expanding State Fund’s board of directors from five political appointees to 11 and making it possible to hire and retain top-tier executive talent from the private sector. The bill also increases transparency while protecting State Fund’s ability to remain competitive within the market.

What’s more important, though, are the people who will benefit from this piece of legislation—the real people with real issues I promised to help when I began my career in the public sector. In addition to guaranteed availability, California’s employers will see better service due to a more efficiently run company; California’s workers will experience improved service because of updates to State Fund’s IT infrastructure; and State Fund employees will have greater job security as a result of a more competitive State Fund.

At the time I was working on this legislation, I did not know I would later play a role in overseeing its implementation. In January of this year, I was appointed to State Fund’s board of directors and I now have a fiduciary responsibility to assist State Fund’s management in righting the ship and keeping it on course. State Fund is growing into the changes brought about by the legislation. We’ve experienced some growing pains, but we continue to improve and I think we’re making positive progress.

The bottom line is that the system has gone through some evolution, but it’s here to protect injured workers. Reform has allowed State Fund to reevaluate its role in the market and provide greater stability to California’s businesses, employees, and injured workers, making it a vital asset and unique state resource.
“Workers’ compensation insurance has a wide-reaching impact on the state’s economy and State Fund’s role in the workers’ compensation market affects a lot of Californians.”

MICHAEL MACHADO
CALIFORNIA STATE SENATOR (RETIRED)