



Salem Scene

by Jack Zimmerman

Workmen's Compensation Cost Staggers Oregon Employers

Already oppressive costs borne by Oregon employers to fund the state's program insuring workers against occupational disabilities may rise more than 40 per cent by mid-summer.

The current \$250 million annual burden could increase by another \$100 million July 1 if proposed new rates are accepted by Insurance Commissioner Lester Rawls in Salem.

A 41.5 percent average rate increase for Workmen's Compensation Insurance premiums has been proposed by the National Council on Compensation Insurance, approved by the state's Classification and Rating Committee and submitted to Rawls.

The Insurance Commissioner has announced hearings on the record rate increase will begin at 9:30 a.m., Tuesday, June 1, in Room 20 of the Capitol Building.

Little more than a year ago Rawls bowed his back and refused to accept NCCI's initial 1975-76 rate increase of 14.4 per cent. His unprecedented action attracted only scant attention and that boost ultimately was whittled to an average of 9.9 per cent.

This year's premium rate proposal is getting all kinds of attention. One reason is the size of the boost—far exceeding the highest previous raise of 27.1 per cent in 1971.

Another is the fact Workmen's Compensation in Oregon has become the most expensive nationwide for employers and there are fears such a significant addition to the cost of doing business will have serious implications in a still-shaky general economy.

An example is the small Salem manufacturing plant employing 41 workers. One of the eight subsidiaries of a national firm, the Oregon operation employs only 8 percent of the parent company's total U. S. workforce. But it pays Workmen's Compensation premiums amounting to 29 percent of the company's national total.

Across the board, Oregon employers now pay nearly 3 percent of national Workmen's Compensation costs to insure something less than 1 percent of the country's total covered employes.

A program that cost \$35 million 10 years ago, could cost \$350 million in the year ahead.

Reaction to the latest rate hike proposal has been swift and succinct. Gov. Bob Straub said the rates are a severe blow to Oregon industry. Rep. Ed Lindquist (D-Jennings Lodge), who heads a legislative interim subcommittee studying Workmen's Comp., described the increase as a disaster.

Business spokesmen call the proposals overwhelming. They forecast corresponding increases in consumer prices for goods and services and a further weakening of the competitive position for Oregon manufacturers producing goods marketed nationally and worldwide.

Organized labor, on the

other hand, greeted the new rates with vows to maintain present benefits awarded injured workers and to press for greater compensation.

Insurance carriers and rate makers explain higher rates are required mainly to fund soaring costs of benefits for workers permanently totally disabled and those termed permanently partially disabled—coupled with upward-spiraling costs of medical care.

Critics claim the system's major flaws consist largely of existing statutes permitting easy access to permanent total and permanent partial disability status and liberal interpretations of those statutes by administrators and courts involved in a lengthy appeals process.

They agree the only satisfactory recourse is a comprehensive overhaul of existing laws governing the system and anticipate a fullscale revision as a major subject facing the 1977 State Legislature.

Employers pay premiums based on so many dollars per \$100 of payroll. The premium rates range from as low as 36 cents per \$100 for clerical workers to nearly \$100 per \$100 for houseworkers. They buy the insurance from the State Accident Insurance Fund, private insurance companies or they self-insure—in the case of a few large employers.

Comprehensive studies of the Oregon system have absolved accident frequency and working conditions from blame for escalating rates. The same studies saddle escalating numbers of permanent total and permanent partial disabilities with rising costs.

A permanent total disability can produce maximum benefits amounting to as much as \$205.17 weekly for life. And such benefits do not mean the recipient has been maimed or will remain bedfast forever. More than 80 percent of permanent total benefits now go to workers 50 years old and older.

Benefits are tax free and are not diminished upon receipt of Social Security payments.

Graphic illustrations of the rising permanent total incidence are provided by Workmen's Compensation Board statistics showing WCB awards rising from 73 in 1968 to more than 300 in 1975 with the total exceeding 250 cases every year since 1972.

Reluctance to press for revisions and ferret out abusers appears likely to evaporate in light of the latest rate recommendations.

Consider the case of the garbage collecting firm employing 40 garbagemen, which pays \$13.17 per \$100 of payroll plus a 15 percent penalty every month because one former worker is permanently and totally disabled with a bad back.

That company pays a monthly Workmen's Compensation Insurance premium of \$5,000. The employer might claim that's a lot of garbage. The system's critics agree, at the same time attaching a much broader definition to the term for household waste.

Your County Agent Says

Those of you who spray your grain for weed control should remember that this job must be done before the heads get in the boot. Spraying after that time will adversely effect the yield. Best weed control is obtained by spraying early anyway, so now there are two good reasons to get that chore over with as soon as possible. 2, 4-D is still the chemical of choice for selective spraying on grain. For most weeds 1# acid per acre in 10-20 gallons of water does an effective job of controlling lambsquarter, pigweed, filaree, mustards, and many other broadleaf annuals.

Some interesting figures related to the supply and disappearance of wheat may be of interest. For instance the amount of wheat processed for food use in the U. S. has changed very little since 1935 when it stood at 490 million bushels. In 1944 it dropped to 473 million bushels and hovered around this figure until the late 50's. By 1964 wheat processed for

food stood at 509 million bushels and this figure has worked up to 525 million bushels in 1974. Crop carryover has fluctuated over the years rising to a high of 1,411 million bushels in 1961, an all time high. Carryover stayed high until the mid-60's dropping to 425 million bushels in 1967, rising again to over 800 million bushels in the late 60's early 70's. In 1974 carryover stood at 247 million bushels, the lowest figure since 1949. Production rose to an all-time high of 1973 million bushels in 1974. Although total supply was lower than it was in 1960 when production plus carryover totaled 2,679 million bushels.

Exports tell the story with 1960 exports totaling 662 million bushels and 1974 exports nearly double that at 1,039,000 bushels. The reduction in carryover and increase in exports has resulted in greater returns to growers, reduced government costs and a substantial boost for a favorable balance of trade.

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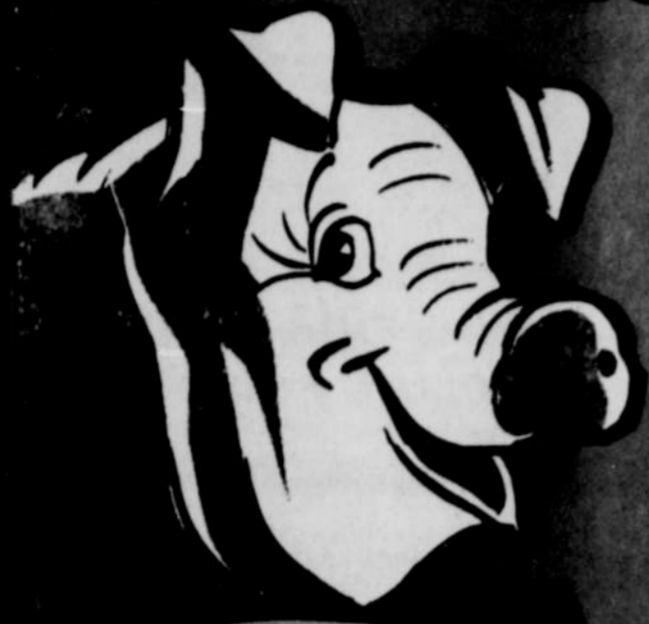
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Thurs., Fri., Sat. May 20, 21, 22



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THURS., FRI., SAT. MAY 20, 21, 22



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700x15 6 ply	28 ⁹⁷	24 ³⁷	2 ⁵³
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Variable pitch tread design for quiet ride.



Veloce Fabric Radial

SIZE	PRICE	TAX
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165x13	26.58	1.82
155x15	28.53	1.61
165x15	29.25	1.96

Economy & Dependability

Bolide Steel Radial

SIZE	PRICE	TAX
155x12	31.47	1.48
155x13	32.66	1.59
165x13	33.47	1.80
175x14	40.61	2.11
155x15	37.46	1.76
165x15	38.76	1.95

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Seiberling 110 Polyester

SIZE	W/W	B/W	TAX
B78x13	22.49	20.50	1.84
E78x14	24.41	21.97	2.25
F78x14	26.56	23.96	2.39
G78x14	27.40	24.66	2.55
H78x14	29.22		2.75
G78x15	27.99	25.19	2.58
H78x15	29.90		2.80
L78x15	32.43		3.08

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Economy and Dependability



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SIZE	PRICE	TAX
BR78x13	31.69	2.03
CR78x14	34.71	2.21
ER78x14	37.02	2.45
FR78x14	38.22	2.63
GR78x14	40.42	2.80
HR78x14	41.85	2.99
GR78x15	41.51	2.88
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LR78x15	45.06	3.34

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