

July 2, 2025

The Honorable Lola Smallwood-Cuevas
Chair, Senate Labor, Public Employment and Retirement Committee
1021 O Street, Suite 2200
Sacramento, CA 95814

RE: **AB 1329 (Ortega) – Subsequent Injuries Benefit Trust Fund**
OPPOSE UNLESS AMENDED

Dear Senator Smallwood-Cuevas,

The undersigned organizations are respectfully opposed to AB 1329 (Ortega), which would make several changes to the Subsequent Injuries Benefit Trust Fund (SIBTF), which provides additional Permanent Disability benefits to injured workers who have prior impairment that compounds the impact of the workplace injury. This fund was created to ensure injured workers are adequately compensated for the combined effects of their occupational and non-occupational impairments.

California's SIBTF was established in 1945 with the purpose of encouraging employers to hire and retain workers that suffered from pre-existing disabilities. At the time, there was concern that employers would be reluctant to hire workers with disabilities for fear that the employer would be fully liable for the combined effects of an existing disability and a new workplace injury. SIBTF was established to protect the interests of veterans returning from World War II who were seeking to return to the workforce but presented a liability risk to employers.

While both state and federal law have evolved to protect workers from discrimination, SIBTF still serves an important function for injured workers who face the unfortunate results of combined industrial and non-industrial disabilities or impairments. The volume of applicants to SIBTF has nearly tripled over the past decade, causing assessments on employers to rise 800% between 2011 and 2024. Total annual payments from SIBTF have grown from \$13.6 million in 2010 to \$232 million in 2022. Total fund liabilities for resolved and pending cases between 2010 and 2022 are estimated at \$7.9 billion, which is paid by direct assessments on employers.

The precipitous increase in the number of applications and payouts from the fund are the result of several factors, few of which are addressed by the current contents of AB 1329. Our organizations believe that the legislature should address the easily identifiable problems with SIBTF in a comprehensive manner. The Department of Industrial Relations

commissioned a study of the fund and its recent explosion in applicants and payments, and made several findings that could help the legislature identify reasonable and balanced policy solutions. Additionally, Governor Newsom's May Revision identified the SIBTF as an important budget-related policy issue that needed to be addressed.

For these reasons, our organizations respectfully oppose your AB 1329 because the bill in print does not adequately address the problems with the SIBTF. We would like to work with your office and the Newsom Administration on amendments that would comprehensively address the significant problems that are destabilizing the fund.

Sincerely,

American Property Casualty Insurance Association
California Chamber of Commerce
California Coalition on Workers' Compensation
Public Risk, Innovation, Solutions, and Management