



April 22, 2026

The Honorable John Laird
Chair, Senate Committee on Budget & Fiscal Review
1020 N Street, Suite 502
Sacramento, CA 95814

The Honorable Laura Richardson
Chair, Senate Budget Subcommittee No. 5 on Corrections, Public Safety, Judiciary Labor & Transportation
1020 N Street, Room 502
Sacramento, CA 95814

Subject: Subsequent Injuries Benefit Trust Fund (SIBTF) Liabilities

Dear Senate Budget and Senate Budget Subcommittee 5 Chairs,

The California Chamber of Commerce and the undersigned organizations are pleased to **SUPPORT** proposed budget trailer bill language addressing the looming fiscal crisis that is California's Subsequent Injuries Benefits Trust Fund (SIBTF).

In 1945, California set up a subsequent injury fund as part of our workers' compensation system, primarily to incentivize employers to hire disabled war veterans in an era that predated state and federal fair employment laws. The intent of the special fund was to compensate workers beyond the standard benefits where their work-related disability was worsened by a pre-existing condition and, as a result, their permanent disability (PD) rating is higher than it would have been absent that pre-existing condition.

After being infrequently used for more than a half century, the volume of applicants to SIBTF has nearly tripled over the past decade. According to the Legislative Analyst's Office, "Most SIBTF claims cite common health issues as pre-existing disabilities (rather than severe conditions as originally intended)." Even so, benefits paid per claim have skyrocketed from \$13,699 to \$80,814. Total fund liabilities for resolved and pending cases are in the billions of dollars, with some actuarial studies estimating the cost as high as \$28 billion. The continued lack of resolution regarding the SIBTF adversely affects employers, workers, and the public at large. Public and private employers bear escalating financial and administrative burdens, diverting resources from more productive uses, while workers with valid claims suffer extensive delays due to a backlog of cases that fall outside the fund's proper scope – delays that are projected to worsen significantly.

The Status Quo Will Cost the State, Local Entities, and Private Employers Billions of Dollars Each Year

SIBTF claims and their administration are funded by workers' compensation assessments paid by public and private sector employers alike, including the State of California. According to a July 2025 [LAO report](#), both public and private employers are likely facing lifetime SIBTF costs totaling between \$2 billion to \$3 billion for each batch of claims that are submitted annually. The financial burden to finance this out-of-control system works as a tax on jobs because it is paid by employers as an assessment on their workers' compensation premiums. The massive expansion in cost is weighing down small and large employers alike in the private sector, and is burdening stressed state and local budgets as California struggles to backfill federal funding cuts.

Employer Assessments 2019/20 - 2025/26

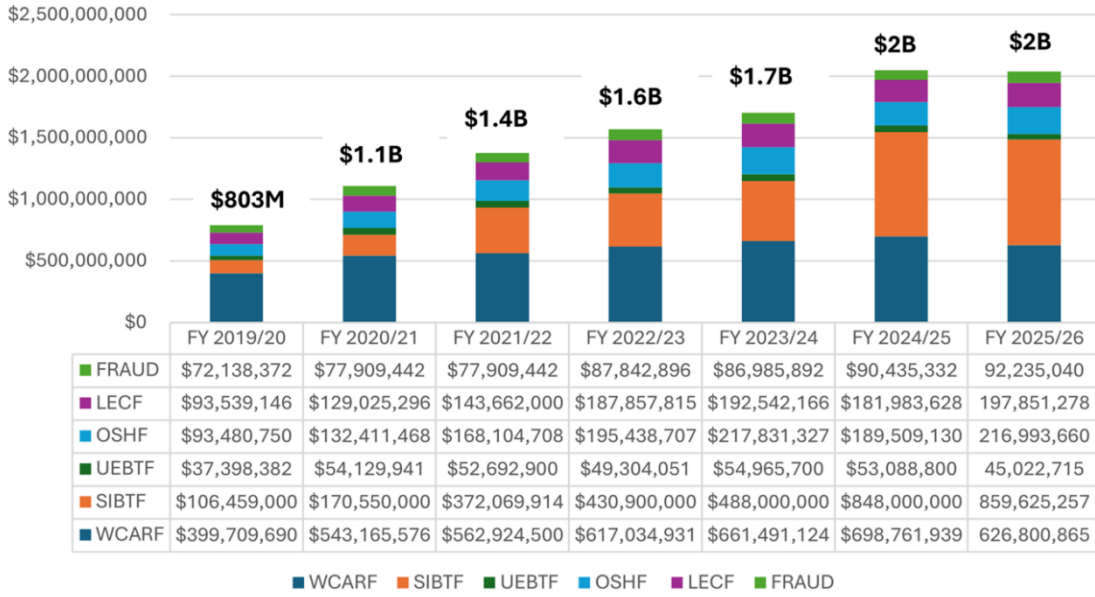
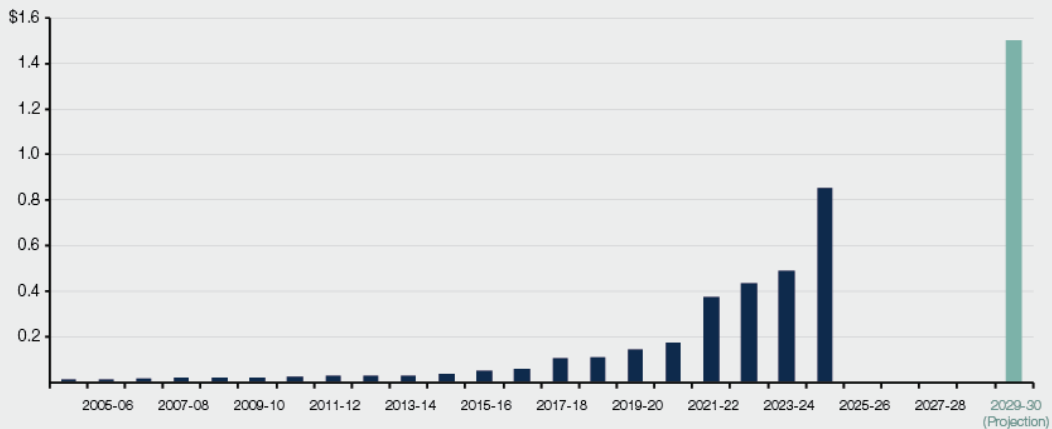


Figure 6

Subsequent Injury Benefit Employer Taxes (In Billions)



2029-30 projection based on Department of Industrial Relations assessment of recent program trends.

For context, the chart below displays the increases in assessments for the SIBTF alone for various public entities over the last five years:

Agency	SIBTF Tax 2020		SIBTF Tax 2025		SIBTF Tax Growth \$		SIBTF Tax Growth %
County of Los Angeles	\$	2,230,743	\$	11,879,439	\$	9,648,696	433%
City of Los Angeles	\$	2,230,743	\$	6,294,331	\$	4,063,588	182%
City and county of San Francisco	\$	703,211	\$	2,531,296	\$	1,828,085	260%
PTSC-MTA Risk Management Authority	\$	470,265	\$	1,826,883	\$	1,356,618	288%
University of California	\$	501,616	\$	1,587,262	\$	1,085,646	216%
Los Angeles Unified School District	\$	628,052	\$	1,523,427	\$	895,375	143%
City of San Diego	\$	228,134	\$	1,115,515	\$	887,381	389%
San Francisco Municipal Transportation Agency	\$	292,606	\$	917,845	\$	625,239	214%
County of Riverside	\$	301,928	\$	808,162	\$	506,234	168%
County of Alameda	\$	184,433	\$	749,857	\$	565,424	307%

The Proposed Budget Language Implements Recommendations Consistent with Two Recent Reports

We applaud the administration for its work on this issue and the proposed budget trailer language. It is critical that the Legislature take swift action to pass this bill through the budget process. Several years ago, the Department of Industrial Relations contracted with Rand to study the explosion in SIBTF costs and recommend solutions, and that [report](#) was issued in June of 2024. The subsequent LAO report echoes much of Rand’s analysis and recommendations. The LAO concluded, “The broadened SIBTF benefit program is no longer aligned with the Legislature’s intended benefit structure for workers’ compensation.”

These independent recommendations, as implemented in the proposed budget trailer bill, realign the SIBTF with its original intent. Critically, the proposed language:

- **Revises Eligibility Criteria to Protect Legitimate Claims**
Administrative law decisions and outdated statutes have allowed aggressive attorneys to expand eligibility for SIBTF benefits beyond its original intent.
- **Requires Previous Documentation of Pre-existing Conditions**
Current law allows qualifying pre-existing conditions to be established without prior documentation by worker testimony alone, and this can be after the workplace injury occurs while trying to establish justification for SIBTF benefits.
- **Restores Appropriate Method of Combining Multiple Disabilities**
The 2020 decision in *Todd v. SIBTF* dramatically altered the method by which the prior disability and workplace disability are added together to determine SIBTF benefits. This decision changed longtime practices that considered the interaction between disabilities in multiple body parts and instead allows disabilities to be combined based on simple addition. This has caused the number of maximum awards to skyrocket, including in cases where it is not appropriate.
- **Applies Well-established Medical Legal Report Laws to SIBTF**
Employer and labor representatives have collaborated twice in the last 20 years to negotiate mutually agreeable reforms to the workers’ compensation system. In one of those reform negotiations, the state established new rules and processes for obtaining medical-legal reports that are necessary for deciding

benefit levels. Unfortunately, those processes were not applied to the SIBTF claims because the rules for SIBTF claims are in a separate labor code section.

The proposed budget trailer bill language must be passed and signed into law now. The explosion in costs and worsening delays for injured workers with severe, pre-existing disabilities over the next decade will continue unabated if legislative action isn't immediately taken, harming California's fiscal outlook.

Sincerely,



Ashley Hoffman
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