



May 25, 2017

The Honorable Tom Daly
California State Assembly
State Capitol, Room
Sacramento, CA 95864

RE: AB 553 (Daly) – Return to Work Program
OPPOSE

Dear Assemblyman Daly,

The California Coalition on Workers' Compensation must respectfully oppose your AB 553, which would require the Department of Industrial Relations to distribute \$120 million annually to injured workers from the Return to Work Program (RTW Program).

The Commission on Health and Safety and Workers' Compensation (CHSWC) recently released some data and analysis on the RTW Program in response to questions submitted by Senator Tony Mendoza. We believe that the data suggests that utilization of the fund is already growing substantially – Between 2015 and 2017 the number of applications grew from 3765 to 16,284, and total payments from the program grew from \$18,825,000 to \$81,420,000.

The RTW Program appears to be on a trajectory to reach the upper limits of the program's \$120 million statutory cap. It is our opinion that the \$120 million funding level has always been an upper-limit cap and not an annual funding level. During the regulatory implementation of the RTW Fund, we noted that the chosen implementation options would "ultimately lead to oversubscription of the benefit, depletion of the fund, and lead to calls for increasing the \$120 million cap." We have those same concerns as we look at AB 553 and the most probable implementation options, which will all lead to a benefit that varies year-to-year based on the number of applicants.

We believe that there are practical implementation issues with AB 553 and think that the bill could benefit from a discussion between the two parties that originally negotiated the RTW Program – Labor and Management. As discussed earlier in this letter, CHSWC is already cooperating with legislative inquiries about the functionality of the RTW Program. We would support a move to study the issue more thoroughly and attempt to identify a consensus solution. For these reasons, we are respectfully opposed to your AB 553.

Sincerely,

A handwritten signature in black ink that reads "Jason Schmelzer". The signature is written in a cursive, flowing style.

Jason Schmelzer
Legislative Advocate