

May 20, 2026

The Honorable Members of the
California State Assembly
California State Senate
Sacramento, CA 95814

RE: Subsequent Injuries Benefits Trust Fund Trailer Bill Language (RN 26 04602) — Request for Removal from the Budget Trailer Bill Process

Dear Honorable Members of the California Legislature:

I write on behalf of the California Coalition for Injured Workers concerning the Subsequent Injuries Benefits Trust Fund (SIBTF) trailer bill language released by the Department of Finance on January 16, 2026. Drawing on my service as Attorney General and Treasurer, I respectfully urge that these provisions be removed from the budget trailer bill and that any SIBTF reform proceed through the regular legislative process. The proposal would change the rules retroactively on tens of thousands of seriously disabled workers who settled their underlying cases years ago in reliance on the existing law — a basic question of fairness that should not be decided through a budget vehicle. However, the negative consequences of the trailer bill are far broader. While it has been presented as a fiscal cleanup, it is instead a structural rewrite of a self-funded, employer-financed benefit program that will extend cost increases into California's workers' compensation system, into city and county budgets, and ultimately onto the California taxpayer. A change of this magnitude belongs in a policy bill.

Substantial Opposition

Opposition to this proposal has assembled significant weight across the workers' compensation community. Roughly 150,000 public safety personnel — represented by the Peace Officers Research Association of California, the California Professional Firefighters, the California Association of Highway Patrolmen, and CAL FIRE Local 2881 — have submitted formal letters of concern. Injured workers' advocates have done the same. The breadth of this coalition reflects the breadth of the consequences.

Beyond the formal opposition lies a concern that deserves the Assembly's direct attention: basic fairness to workers who relied on the existing law. By the Department's own estimate, approximately 30,000 SIBTF applications are currently pending — filed by firefighters, peace officers, construction workers, farmworkers, and others with serious combined disabilities. Many of these workers settled their underlying workers' compensation cases years ago on the express understanding that the Fund would be available — accepting lower stipulations, foregoing further litigation against their employers, and structuring their lives around the expectation of SIBTF benefits. Some have been waiting four, five, or more years for adjudication in a backlog the State itself created. To change the rules now would be a fundamental breach of faith with people who acted in good faith on the law as it stood. It is one thing to debate the future shape of the program. It is another to apply that debate backward to workers who have already relied on it for nearly eighty years.

Unintended Consequences

Cost-shifting to the California taxpayer. When SIBTF stops paying for catastrophic combined disability, the cost does not disappear. Workers cut off from the Fund land on Medi-Cal, SSI/SSDI, IHSS, and county general

assistance — all taxpayer-funded. State employees in catastrophic condition shift to General Fund workers' compensation obligations. Municipal exposure flows to local taxpayers through property tax, sales tax, and general fund dollars. The trade is not "employer pays" versus "no one pays" — it is "employers pay through SIBTF assessments" versus "taxpayers pay through municipal budgets, the General Fund, and the safety net."

Cost-shifting within the workers' compensation system. Removing SIBTF as a release valve pushes catastrophic combined disability back onto industrial carriers and self-insured public entities. Proposed Labor Code section 4754.1(c) requires all SIBTF evidence to be developed in the basic case at the industrial carrier's expense. To preserve a SIBTF claim, applicants will request QME panels on every body part with any conceivable pre-existing condition, and the defense will lack the procedural tools to object. A finding of any industrial contribution — at any level — produces lifetime medical exposure for that body part under section 4600. **A one-percent industrial finding produces one-hundred-percent treatment exposure.** In operation, the bill represents one of the most consequential expansions of applicant-side QME panel rights in the system's history.

Workload and retroactivity at the WCAB. Denials do not eliminate cases — they generate threshold disputes, apportionment fights, and constitutional challenges. Proposed section 4757 applies the new framework to every open file without a final determination, which means the retroactivity discussed above will play out across approximately 30,000 pending applications. The result will be a substantial new wave of litigation at a WCAB that is already strained — measured in years of delay, not months.

The Existing Fiscal Analyses Are Too Simplistic

The Legislative Analyst's Office and RAND have produced useful but limited analyses focused largely on SIBTF assessments and direct program cost. None addresses the broader picture described above — the cost shift to the California taxpayer, the cost shift within the workers' compensation system, the WCAB litigation that retroactivity under section 4757 will invite, or the behavioral response of the underlying ecosystem once the SIBTF release valve is removed. A reform of this scale requires a comprehensive fiscal and policy analysis that captures these effects. The Assembly cannot responsibly evaluate whether the proposal achieves any net fiscal benefit without one.

The Subsequent Injuries Benefits Trust Fund has served California for nearly eighty years, ensuring employers are responsible only for the disability they cause and protecting workers when industrial injury combines with pre-existing impairment. A Fund with that history, and a workers' compensation system with this much at stake, deserves a process equal to the weight of the changes proposed. A budget trailer bill is not that process.

I respectfully ask that the SIBTF provisions be removed from the trailer bill and addressed through regular order. I appreciate your consideration and stand ready to engage constructively.

Respectfully,



Bill Lockyer

Former Attorney General of California (1999–2007)

Former Treasurer of California (2007–2015)