

BOARD OF SUPERVISORS

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March 11, 2026

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

The Honorable Jesse Gabriel
Chair, Assembly Committee on Budget
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Laura Richardson
Chair, Senate Budget Subcommittee No. 5
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Sharon Quirk-Silva
Chair, Assembly Budget Subcommittee No. 5
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: Stabilizing the Subsequent Injuries Benefit Trust Fund (SIBTF) - SUPPORT

Dear Senate and Assembly Budget Chairs,

I am writing on behalf of the Kern County Board of Supervisors to express our strong support for comprehensive reforms to the Subsequent Injuries Benefit Trust Fund (SIBTF) that are currently being advanced through the state budget process. These reforms are critical to protecting local governments, employers, and legitimately injured workers from the mounting fiscal and administrative crisis facing the fund.

Originally established in 1945 to encourage the hiring of workers with pre-existing disabilities, particularly returning World War II veterans, the SIBTF was intended to provide supplemental benefits when a workplace injury combined with a documented prior disability to create significantly greater permanent impairment. However, over the last decade, a series of court decisions, outdated statutory language, and litigation abuses have broadened the program far beyond what the Legislature envisioned.

As a result, SIBTF costs have exploded:

- Applicant volume has nearly tripled, often involving minor or common health conditions rather than the severe disabilities for which the program was designed.
- Average benefits per claim have increased almost sixfold, from approximately \$13,700 to more than \$80,000.
- Assessments on public and private employers have risen by more than 800% since 2011.
- Total liabilities for resolved and pending cases now reach into the billions—potentially as high as \$28 billion.

These rising assessments function as an ever-growing tax on jobs and an increasing strain on state and local agency budgets. According to the Legislative Analyst's Office (LAO), employers face annual lifetime liabilities of \$2 to \$3 billion per year for each new cohort of claims. In addition, the Division of Workers' Compensation (DWC) is struggling under severe backlogs, with many SIBTF cases taking five to eight years to resolve, delaying benefits for truly deserving workers and increasing administrative costs for all employers.

Recent analyses from RAND and the LAO reached the same conclusion: the broadened SIBTF program no longer reflects the Legislature's intended benefit structure. Both reports also identify a clear, balanced path forward to restore fiscal stability while preserving protections for workers with severe pre-existing conditions.

The comprehensive budget trailer bill under consideration reflects these expert recommendations and includes the following critical reforms:

- Strengthening eligibility criteria to ensure SIBTF benefits are reserved for workers whose combined disabilities genuinely meet the program's original purpose.
- Requiring documented pre-existing conditions, such as prior medical records, workplace accommodations, or testimony recorded before the industrial injury, to eliminate post-hoc assertions of disability.
- Restoring a rational method for combining disabilities by overturning the 2020 *Todd v. SIBTF* decision, which allowed simple addition of disabilities and drove a surge in maximum awards.
- Applying medical-legal reporting standards to SIBTF to create consistency with other workers' compensation processes and improve the integrity of evaluations.
- Investing in claims administration to reduce severe backlogs, provide timely benefits, and lower administrative costs for all employers.

By contrast, pending legislation such as AB 1576 (Ortega), while containing some helpful provisions, fails to address the core structural problems driving cost escalation and would leave employers and local governments exposed to continuing unsustainable liabilities. Governor Newsom vetoed similar legislation last year, noting that only comprehensive reforms, like those included in the current budget proposal, can stabilize the fund.

Swift legislative action, therefore, is essential. Without immediate reform, state and local governments, private employers, and the injured workers who depend on an efficient and fair system will face worsening delays, ballooning assessments, and growing financial exposure over the next decade.

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For these reasons, the Kern County Board of Supervisors supports enactment of the comprehensive SIBTF reforms included in the proposed budget trailer bill and urges the Legislature to adopt them without delay.

Respectfully,

A handwritten signature in blue ink, appearing to read "Phillip Peters", with a stylized flourish at the end.

Phillip Peters, Chairman
Kern County Board of Supervisors

cc: Honorable Members, Senate Committee on Budget and Fiscal Review
 Honorable Members, Assembly Committee on Budget
 Honorable Members, Senate Budget Subcommittee No. 5
 Honorable Members, Assembly Budget Subcommittee No. 5
 Honorable Members, Kern Legislative Delegation
 Kern County Counsel – Risk Management Division
 Shaw Yoder Antwih Schmelzer & Lange