



CALIFORNIA STATE
ASSOCIATION OF
COUNTIES

April 4, 2014

The Honorable John A. Pérez
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, California 95814



LEAGUE OF CALIFORNIA
CITIES

**Re: AB 1035 (Pérez): Workers' compensation: firefighters and peace officers
As Amended on March 27, 2014 – OPPOSE
To be heard April 9, 2014 in the Senate Labor and Industrial Relations
Committee**

Dear Speaker Pérez:



CALIFORNIA
ASSOCIATION OF JOINT
POWERS AUTHORITIES

As representatives for public agencies that employ firefighters and peace officers, the California State Association of Counties (CSAC), the League of California Cities (LCC), the California Association of Joint Powers Authorities (CAJPA), the California Coalition on Workers' Compensation (CCWC), the CSAC Excess Insurance Agency (CSAC-EIA) and the Santa Cruz County Fire Agencies Insurance Group (SCCFAIG) regret that we must oppose AB 1035.

Our organizations support eliminating hardships and maintaining reasonable income levels for surviving dependents of public safety officers; however, AB 1035 proposes to expand the statute of limitations for which death benefit claims can be filed and thus goes beyond ensuring protections against financial hardships when a public safety officer dies, instead treating the benefit as a life insurance policy for public safety officers.



CALIFORNIA COALITION
ON WORKERS'
COMPENSATION

Should AB 1035 become law, it could create major financial liabilities for public agencies that employ firefighters and peace officers. That cost, as of now, is largely unknown. Workers' compensation costs come directly out of the general fund of public agencies – including the State of California – and we cannot support an unknown expansion of liability. In addition, our public agencies, which set aside funds to pay for workers' compensation claims like any other employer, have not anticipated a law change that could come with substantial new liability. The resulting need to augment claim reserves could result in the diversion of funds away from other priorities.



CSAC EXCESS
INSURANCE AUTHORITY

In his veto letter of AB 1373 (Pérez, 2013), Governor Brown wrote,

"This measure is identical to the one I vetoed last year [AB 2415 (Pérez, 2013)]. At that time, I outlined the information I wanted to see before I would be in a position to properly evaluate the implications of this bill. The information is still forthcoming."



SANTA CRUZ COUNTY
FIRE AGENCIES
INSURANCE GROUP

Accordingly, the Commission on Health and Safety and Workers' Compensation (CHSWC) contracted with Bickmore Risk Services (BRS) to analyze the potential impact of AB 1373. Prior to that, at a June 2013 CHSWC meeting, a BRS researcher warned the body that it would be difficult to perform a reliable cost analysis for AB 1373 due to:

- A lack of data in the California Department of Industrial Relation's Worker's Compensation Information System (WCIS)
- Limits in national data due to no solid statistics on the rates of California safety workers versus nationwide, and

- An inability to apply past trends in death benefit claims since future claims would be for a different population with different ages and distribution of dependents.

While our organizations appreciate the dedication of CHSWC and BRS to studying the large potential fiscal impacts to public agencies that would result from an extension of the death benefits statute of limitations, the resulting draft study released by BRS in October 2013 (“Potential Impact of AB 1373,” 2013) contains incomplete data that does not adequately reflect the costs that will be borne by our public agencies.

First, the BRS study provided what it characterizes as a “rough minimum” estimate of the potential increased costs for active safety member employees of state and local governments. We are unsure as to why BRS excluded the current public safety retiree population from their calculations, but since our understanding is that the date of injury used for the assignment of liability in such cases is always the last date of employment that exposed the employee to injurious exposure (even where the claim itself was filed after retirement), the study grossly underestimates potential fiscal liability to our agencies.

Additionally, the BRS study is limited to firefighters, but AB 1035 provisions would apply to both firefighters and peace officers. Such a data limitation makes it difficult to analyze the full cost impact of this legislation.

Further, our organizations recently joined labor organizations and private sector employers in a collaboration to reform California’s workers’ compensation system and increase benefits to injured workers while cutting unnecessary costs for employers. AB 1035 would undermine the outcome of this historic effort by imposing new, costly benefits and burdensome costs on public agencies.

Our organizations agree with Governor Brown’s sentiment when he vetoed AB 2451 in 2012:

“What is needed is rational, thoughtful consideration of balancing the serious fiscal constraints faced at all levels of government against our shared priority to adequately and fairly compensate the families of those public safety heroes who succumb to work-related injuries and disease.”

For these reasons, our organizations respectfully oppose your AB 1035. You may direct any questions to Faith Conley (CSAC) at 916-650-8117, Dan Carrigg (LCC) at 916-658-8222, Julianne Broyles (CAJPA) at 916-441-5050, Jason Schmelzer (CCWC) at 916-446-4656, extension 1015, Jack Blyskal (CSAC-EIA) at 916-850-7300 and John Scott (SCCFAIG) at 530-888-9070.

cc: Members, Senate Labor and Industrial Relations Committee
Gideon Baum, Consultant, Senate Labor and Industrial Relations Committee