



CALIFORNIA STATE
ASSOCIATION OF
COUNTIES

June 15, 2016

The Honorable Richard Roth
Member, California State Senate
State Capitol, Room 4034
Sacramento, California 95814



LEAGUE OF
CALIFORNIA CITIES

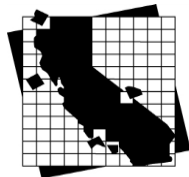
**SB 897 (Roth) – Workers’ Compensation
As Amended on May 11, 2016 – OPPOSE
To be heard in Assembly Insurance Committee on June 22, 2016**

Dear Senator Roth:



RURAL COUNTY
REPRESENTATIVES OF
CALIFORNIA

On behalf of the California State Association of Counties (CSAC), the League of California Cities (LCC), the California Special Districts Association (CSDA), the Rural County Representatives of California (RCRC), the California Association of Joint Powers Authorities (CAJPA), the California Coalition on Workers’ Compensation (CCWC) and the CSAC Excess Insurance Authority (CSAC-EIA), we write with regret to express our opposition to Senate Bill 897, which would provide an additional year of leave with full salary to certain peace officers who have been temporarily or permanently disabled as a result of a “catastrophic injury” suffered in the course of employment.



CALIFORNIA SPECIAL
DISTRICTS
ASSOCIATION

Workers’ Compensation Benefits Currently Provided

An injured worker who cannot return to normal or modified work duties as the result of a workplace injury or illness is entitled to two years of temporary disability (TD) benefits under California Labor Code §4650. These benefits are intended to serve as a wage replacement benefit for injured workers who are unable to work following an injury and are paid at a rate of two-thirds of the average weekly wage over the past year; the payments are based on pre-tax wages and no federal, state or income taxes are paid on TD benefits.



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JOINT POWERS
AUTHORITIES

TD benefits are capped at 104 weeks, but it’s important to note that the injured worker may collect these payments over a five-year period and the cap can be extended to 240 weeks in certain cases (severe burns, amputations, pulmonary fibrosis, etc.)



CSAC EXCESS
INSURANCE
AUTHORITY

Labor Code §4850 requires state and municipal governments to provide specified categories of peace officers with a more substantial wage loss benefit. Many peace officers receive up to one full year of their salary in lieu of the regular method of calculated TD benefits. These payments are also not subject to taxes and the officers continue to accrue vacation leave, sick leave and retirement benefits service credit. Following the year of fully-paid leave, this category of public employees are then allowed one additional year of wage loss benefits in the form of temporary disability payments.



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COALITION ON
WORKER'S
COMPENSATION

Following two years of wage replacement benefits, should a return to active duty be unfeasible, an injured peace officer may opt for a disability retirement pension, which, barring settlement must be at least 50 percent of his or her highest salary.

“Catastrophic Injury” and “Severe”

SB 897 would entitle certain peace officers to an additional year of leave with full salary if that officer is “...disabled, whether temporarily or permanently, by a catastrophic injury arising out of and in the course of his or her duties.” While our coalition appreciates the attempt by the author to define “catastrophic injury” within the bill as *severe burns, severe bodily injuries resulting from the collapse of a building and severe bodily injuries resulting from a shooting, stabbing, or other battery*, the use of the modifier “severe” itself is undefined in current statute. This leaves local governments in the position of being responsible for determining when an injury is “severe” enough to qualify for another year of full salary benefits under §4850 and exposes our agencies to further litigation when disagreement exists between our employers and injured workers as to whether these additional benefits have been triggered.

Cost Concerns

Many public agencies are self-insured for workers' compensation claims. Payments are treated in a pay-as-you-go manner. Therefore, any increase in costs has a direct impact on the same local funds that are utilized to provide services to our residents. While employers wait to experience the full effects of promised cost savings following the passage of the workers' compensation system reforms in 2012, it should be noted that public agencies in California share some of the highest workers' compensation costs in the state. We believe that the current benefits available to this class of employees is an optimal balance between providing fair treatment and rehabilitation benefits to injured workers and maintaining a stable fiscal situation for local governments – the additional, unnecessary expansion of benefits in SB 897 will lead to unprecedented and unpredictable costs to public agencies and provide a disincentive for officers to return to work.

For these reasons, our organizations must respectfully oppose SB 897. Should you have any questions, please contact Faith Conley (CSAC) at 916.650.8117, Dane Hutchings (LCC) at 916.658.8200, Dillon Gibbons (CSDA) at 916.442.7887, Paul A. Smith (RCRC) at 916.447.4806, Juli Broyles (CAJPA) at 916.441.5050, Jason Schmelzer (CCWC) at 916.446.4656 and Michael W. Pott (CSAC-EIA) at 916.850.7300.

cc: The Honorable Tom Daly, Chair, Assembly Insurance Committee
Members and Consultant, Assembly Insurance Committee
Bill Lewis, Consultant, Assembly Republican Caucus