

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 4, 2012  
POSITION: Oppose

BILL NUMBER: AB 1145  
AUTHOR: G. Cedillo

**BILL SUMMARY: Workers' Compensation: Permanent Disability Benefits**

This bill would provide for a supplemental job displacement voucher (SJDV) to cover various reeducation and skill enhancement expenses.

**FISCAL SUMMARY**

The Department of Industrial Relations (DIR) indicates that any costs resulting from this bill would be minor and absorbable within existing resources.

The DIR indicates that because this bill broadens the approved uses of job displacement vouchers, employer costs could increase. However, the increased costs associated with the use of vouchers should be somewhat offset by the fact that injured workers will be retrained and return to work in a shorter period of time.

**COMMENTS**

The Department of Finance is opposed to this bill because it does not propose a comprehensive solution to address various issues surrounding the Workers' Compensation system.

Currently, employees cannot receive supplemental job displacement benefit vouchers until the injury has been found to be permanent and the employee does not return to work 60 days after the termination of temporary disability payments. However, in order for the employer to not be liable for providing supplemental job displacement benefit vouchers, the employer must offer work within 30 days of the termination of temporary disability payments, which may be too soon to know if the employee can return to work and in what capacity, since a determination of permanent disability has likely not yet been made.

Current law:

- Specifies that if an injured worker does not return to work for their employer within 60 days as a result of permanent disability, they will be eligible for a specified level of supplemental job displacement benefits based on their level of permanent disability.
- Specifies that supplemental job displacement benefit vouchers are approved for issuance to an injured worker when their permanent disability rating has been officially determined by the Disability Evaluation Bureau.
- Provides that employers are exempt from providing supplemental job displacement benefit vouchers if, within 30 days of the termination of temporary disability payments, the employer offers and the employee does not accept work.

(Continued)

**COMMENTS** (continued)

Analyst/Principal (0241) J. Sturges	Date	Program Budget Manager Lisa Ann L. Mangat	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

G. Cedillo

January 4, 2012

AB 1145

This bill:

- Provides, for injuries occurring on or after January 1, 2013, for a supplemental job displacement benefit in the form of a voucher for up to \$6,000 to cover various reeducation and skill enhancement expenses, as specified.
- Provides that the SJDV would expire two years after the date the voucher is furnished to the employee or five years after the date of injury, whichever is later.
- Exempts employers who make an offer of reemployment or continued employment, as specified, from providing vouchers.
- Requires the administrative director to adopt regulations implementing the program.

An identical bill, AB 211 (Cedillo), of the 2011-12 Legislative Session, was vetoed by Governor Brown, stating he "is reluctant to enact piecemeal changes to the Workers' Compensation system in the absence of more comprehensive reform that addresses both the cost and benefits under the system."

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
7350/DIR	SO	No		-----	No/Minor	Fiscal Impact	-----		3031
<u>Fund Code</u>	<u>Title</u>								
3031	Workers' Compensation Return-to-Work Fd								