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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### SB 555 (Caballero) - Workers' compensation: average annual earnings

**Version:** April 1, 2025

**Urgency:** No

**Hearing Date:** January 22, 2026

**Policy Vote:** L., P.E. & R. 4 - 1

**Mandate:** No

**Consultant:** Robert Ingenito

**Bill Summary:** SB 555 would require permanent partial disability average weekly earnings to be adjusted annually (as specified) for increases in the cost of living.

### \*\*\*\*\* ANALYSIS ADDENDUM – SUSPENSE FILE \*\*\*\*\*

The following information is revised to reflect amendments  
adopted by the committee on January 22, 2026

#### Fiscal Impact:

- Costs to the Department of Industrial Relations would likely be minor and absorbable.
- This bill would result in increased permanent partial disability payment amounts (relative to current law) to the State as a direct employer beginning in 2026-27. The magnitude is currently unknown and would depend on (1) the dollar thresholds ultimately included in the bill, and (2) the future number of new state employees receiving such payments.

#### Author Amendments:

- Delete current language stating that “Commencing on January 1, 2026, and each January 1 thereafter, the limits specified in subparagraph (A) shall be adjusted by an amount equal to the cost of living adjustment for social security benefits for that year as published by the social security Administration based on changes in the United States Consumer Price Index, and be applied to the previous year’s amount in the same manner as social security adjustments are applied.”
- Insert new language that would “require, for computing average annual earnings for purposes of permanent partial disability indemnity, that average weekly earnings be taken at between \$\_\_\_\_\_ and \$\_\_\_\_\_ for injuries occurring on or after January 1, 2027.”

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