California Workers' Compensation Institute
BULLETIN
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Data provided by the U.S. Department of Labor data to the California Division of Workers' (DWC) shows California's State Average Weekly Wage (SAWW) increased from $1,704 to $1,789 (+4.98826 percent) in the 12 months ending March 31, 2025, so as of January 1, 2026, California workers' compensation claims administrators will need to increase minimum and maximum weekly temporary total disability (TTD) and permanent total disability (PTD) rates for 2026 injuries, along with several other benefits.

California law [LC §4453(a)(10)] ties TTD and PTD rates to the percentage increase in the average weekly wage paid to employees covered by unemployment insurance as reported by the Department of Labor for California for the 12 months ending March 31 of the year preceding the injury. The DWC has calculated that the latest increase in the SAWW means that the maximum weekly TTD and PTD rates for accident year (AY) 2026 claims will rise to $1,764.11, an increase of $83.82 from the $1,680.29 weekly maximum for AY 2025 claims, while the weekly minimum rate will increase by $12.58 from $252.03 to $264.61. The bump up in the weekly TTD and PTD rates in 2026 will mark the second year in a row that the rates have increased as the rates for 2025 injury claims also went up after the SAWW rose 3.77588 percent in the 12 months ending March 31, 2024.

The latest increase in the SAWW also requires the following workers' comp benefit increases in 2026:

- LC §4661.5 requires that TTD paid two or more years after the date of injury be based on the TTD rate in effect on the date of the payment unless that would reduce the amount paid, so claims administrators will need to increase payments on existing claims that are eligible for more than 104 weeks of TTD. Those include claims involving amputations, severe burns, chronic lung disease or any of nine long-term injuries noted in LC §4656(c)(3), where the injured worker may continue to be paid TTD for up to 240 compensable weeks within 5 years of the date of injury. For example, a worker who suffered a severe burn while on the job on May 1, 2024, and who is still receiving TD at the 2024 weekly maximum of $1,619.15, should see that payment increase by $144.96 per week to the 2026 weekly maximum of $1,764.11 beginning May 1, 2026, if that rate is justified by their at-injury earnings. Claims administrators also may need to increase TTD payments on claims in which the initial TTD payment was delayed, or was started, stopped, and then resumed, if the injured worker is still eligible for the benefit more than two years after the injury date.

- LC §4659(c) requires cost of living adjustments (COLAs) for workers injured on or after January 1, 2003 who have either a permanent total disability (100 percent PD) or a permanent disability rated at least 70 percent but less than 100 percent, entitling them to a life pension. Thus, effective January 1, 2026, claims administrators will need to make cost of living adjustments to the life pension and permanent total disability payments to these claimants to account for the 4.98826 percent increase.

- LC §4702(b) requires that unless the Appeals Board has ordered otherwise, death benefit payments "shall be paid in installments in the same manner and amounts as temporary total disability indemnity would have to be made to the employee," so the maximum weekly rate for death benefit installment payments also will increase as of January 1, 2026, to reflect the new TTD maximum. The minimum weekly rate for death benefit installment payments will also need to be increased to $264.61 effective January 1, 2026.

There are penalties for underpaying benefits, so claims administrators should review all changes in benefit rates with counsel to assure appropriate and accurate adjustments. Due to the recent shutdown of the federal government, the Department of Labor has yet to post California's average weekly wage for the first quarter of this year on its website, which is needed to confirm the calculation of the change in the SAWW for the 12 months ending March 31, 2025, but it did provide the information to the DWC which calculated the rates for 2026 injuries.

A Newsline announcing the new rates will be posted on the DWC website here, and the Department of Labor will be posting the updated SAWW data for the first quarter of this year in its Unemployment Insurance data tables which are available at https://oui.doleta.gov/unemploy/data_summary/DataSum.asp.

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