



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4500 (as reported without amendment)
 Sponsor: Representative Frank M. Fitzgerald
 House Committee: Human Resources and Labor
 Senate Committee: Human Resources, Labor and Veterans Affairs

Date Completed: 1-31-96

RATIONALE

Under the Worker's Disability Compensation Act, if death results from an injury, the employer must pay, or cause to be paid, "the reasonable expense of the employee's last sickness and burial". The cost of "burial", however, cannot exceed \$1,500. (The Bureau of Workers' Disability Compensation construes the term "burial" to include all funeral and burial expenses.) As a comparison, the maximum funeral and burial expenses under the standard no-fault policy that drivers in Michigan are required to carry was increased in 1988 from \$1,000 to \$5,000. Many people believe that the level of funeral and burial benefits available under workers' compensation also should be increased.

CONTENT

The bill would amend the Worker's Disability Compensation Act to increase the maximum cost of burial expenses for which an employer is responsible when a work-related injury results in death. Under the bill, the maximum benefit would be \$6,000, or the actual cost, whichever was less.

MCL 418.345

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would bring Michigan workers compensation funeral and burial benefits in line with the costs of typical adult funerals and burials in the State. Although \$1,500 may have been a sufficient amount for funeral and burial expenses in 1971, it falls far short of today's costs. According to figures provided by the Michigan Funeral Directors Association, in 1994, the national average cost of an adult funeral alone

(that is, not including actual burial expenses) was \$3,954.09, while the average cost in Michigan was \$3,878.40. When the outer burial container and "cash advance" items (such as flowers, clergy honoraria, and opening and closing fees) are included, however, the national average price for an adult funeral in 1994 rose to \$5,186, and this figure still does not include the costs for traditional cemetery goods and services (that is, the cost of actual burial in a cemetery).

The \$1,500 maximum benefit specified in the Act has not changed since 1971, while the consumer price index for Detroit increased 252.8% between 1971 and 1994. To keep pace with inflation alone, then, the benefit level should be \$5,292, though even this amount might not be enough to pay for all the costs associated with a funeral plus the actual cemetery burial expenses. Raising the maximum benefit level to \$6,000 or actual expenses is reasonable and overdue.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.