Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1079 (Substitute S-1 as reported)
Senate Bill 1080 (as reported without amendment)
Sponsor: Senator John Cherry
Senator Mary Cavanaugh
Committee: Labor

CONTENT

Senate Bill 1079 (S-1) would amend Chapter 3 (Compensation) and Chapter 4 (Occupational Diseases and Disablements) of the Worker's Disability Compensation Act to do the following:

-- Modify standards used to determine entitlement for disability compensation for a personal injury.
-- Increase the maximum weekly rate for disability compensation from 90% to 100% of the State average weekly wage.
-- Specify that if an employee's health insurance, dental insurance, or both did not continue during a disability, the value of the insurance would have to be included in the calculation of the employee's average weekly wage, even if the wage exceeded 2/3 of the State average weekly wage at the time of injury.
-- Add serious and permanent scarring or disfigurement to the face or head to the schedule of personal injuries that would qualify an individual for disability compensation and prescribe a period of 52 weeks of compensation.
-- Specify that tables published by the Director of the Department of Labor and Economic Opportunity (LEO) for the year in which an employee's injury occurred would have to be used to calculate the injured employee's after-tax average weekly wage, wage loss, or amount of benefits to be coordinated under the Act.
-- Prohibit an entity from discriminating against an employee for filing a complaint under the Act.
-- Delete requirements for establishing an initial showing of disability.
-- Modify definitions related to disability compensation for personal injury and occupational diseases and disablements.

Senate Bill 1080 would amend Chapter 3 (Compensation) of the Worker's Disability Compensation Act to do the following:

-- Conclusively presume the spouse of an employee who died from a personal injury to be wholly dependent on that employee's earnings for 208 weeks after death.
-- Require a spouse presumed to be wholly dependent on a deceased employee's earnings to be paid for 500 weeks after death if the spouse established an entitlement to ongoing weekly compensation payments and did not remarry.
-- Increase, from 16 to 18 years of age, the age under which the child of an employee who died from a personal injury would be conclusively presumed to be wholly dependent on for support from the deceased employee.
-- Increase, from $6,000 to $12,000, the maximum funeral and burial expense that an employer must pay in the event of an employee death from a personal injury.
-- Require the minimum weekly benefit upon an employee's death to be 50% of the State average weekly wage for a wholly dependent individual, instead of an individual.
-- Specify that partially dependent individuals would not be entitled to a minimum weekly benefit.

-- Delete the requirement that benefits cease for a 16- or 17-year-old self- supporting dependent child of a deceased employee.

MCL 418.301 et al. (S.B. 1079)
418.321 et al. (S.B. 1080)

BRIEF RATIONALE

According to testimony, Public Act 266 of 2011 reduced the compensation received by injured workers in the State, and only injured workers in Arkansas and Texas receive less compensation than injured workers in Michigan. Some people believe injured workers should be compensated more for their workplace injuries, so the bill has been suggested.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

Senate Bill 1079 (S-1)

The bill would have an indeterminate fiscal impact on the State and on local units of government. Increasing the weekly rate for disability compensation, excluding employee's health insurance and/or dental insurance from the 2/3 of the State average weekly wage cap, and removing of requirements for establishing an initial showing of disability could increase the number of benefit recipients and the average cost per case. It is unknown how many workers' compensation recipients could be affected by the bill, but it is likely to increase the overall average cost per case. The number of claims for lost time over seven days in 2022 totaled 21,563 and the total payouts for that year was $834.2 million. Total payouts have declined around 23% since 2014 while the number of claims have remained roughly the same. It is unknown how much the overall payouts would increase and if or by how much that would increase the overall premiums on employers.

The bill would have a one-time fiscal impact on LEO. The most significant part of the one-time impact would be updating forms and procedures regarding the changes in the bill. The Workers' Disability Compensation Agency is mostly funded with restricted dollars, which is funded by assessments on the insurance policies and through other fees. The bill would have an indeterminate negative fiscal impact on the State through increased workers' compensation payments. In Fiscal Year (FY) 2023-24, the State of Michigan paid out $17.6 million in workers' compensation. Total payments have been declining over the past three years, from a total of $20.1 million in FY 2021-22 and $18.3 million in FY 2022-23. It is currently unknown if the increased payments would be significant enough to reverse this trend and to what extent. The bill would have an indeterminate negative fiscal impact on local governments. This negative fiscal impact is in the form of increased payments for workers' compensation premiums for local government units.

Senate Bill 1080

The bill would have an indeterminate fiscal impact on LEO and no fiscal impact on local units of government. The bill could increase the number of payouts to survivors of workers who died as a result of personal injury of an employee. It is unknown how many survivors would be affected by the bill, but there could be an increase in payouts. This could also increase the assessments on the various funds that support LEO's administration of the Act. The overall impact would likely be minor.

Date Completed: 12-16-24

Fiscal Analyst: Cory Savino, PhD