

# JLBC Fiscal Note

**BILL #** SB 1136

**SPONSOR:** Gowan

**PREPARED BY:** Ethan Scheider

**TITLE:** workers' compensation; death benefits; remarriage

**STATUS:** Senate Engrossed

## Description

SB 1136 would allow the surviving spouse of a deceased first responder to continue to receive monthly workers' compensation death benefit payments if the surviving spouse remarries. The bill applies eligibility for prospective death benefit payments to surviving spouses of first responders who lost benefits due to remarriage on or after January 1, 2000.

## Estimated Impact

We estimate that the bill would have an annual impact to Arizona government employers of \$683,400 to \$1.7 million annually. Of this amount, the annual impact to the state would be \$38,700 to \$96,700 from the Risk Management Fund, and the annual local government impact would be \$644,700 to \$1.6 million.

## Analysis

Our estimate assumes the following:

- 1) We estimate that since January 1, 2000, approximately 19 to 48 surviving spouses have stopped receiving workers' compensation benefits due to remarriage and would become eligible to continue receiving benefits under the bill.
  - According to the Officer Down Memorial page, there have been a total of 83 Arizona public safety officer deaths in the line of duty since 2000. Of these deaths, 9 were employed by the state and 74 were employed by local governments.
  - According to the International Association of Fire Fighters, there have been 76 Arizona firefighter line of duty deaths since 2000. We assume that all of these deceased firefighters were employed by local governments.
  - We are unable to gather data on the number of paramedics line of duty deaths since 2000. As such, these positions are excluded from our analysis, but we assume them to be minimal.
  - We assume that 60% of deceased first responders have a surviving spouse based on prior actuarial analysis of firefighter benefits.
  - Furthermore, we assume 20%-50% of the surviving spouses that received death benefits remarried and lost their benefits during the period of 2000 to the present. This assumption generates the range that appears in the Estimated Impact section.
  - The surviving spouse would receive 52.5% of the death benefit if there are surviving children, who would receive 47.5% divided equally among surviving children. Children only qualify if they are 18 years old or younger, over 18 years old and incapable of self-support or 22 years old if they are enrolled as a full time student in any accredited educational institution.
- 2) Based on Bureau of Labor Statistics data, we estimate an average annual benefit of \$35,800 to surviving spouses that would be entitled to resume receiving death benefits under the bill. This figure represents two-thirds of our estimated \$53,700 average annual salary for first responders during the period of 2000-2026, as the amount of the death benefit paid to spouses is calculated at a maximum of 66.7% of the deceased's average monthly wage. This assumes that any surviving children no longer meet the requirements to qualify for benefits.
- 3) Surviving children of deceased first responders are currently able to receive up to 66.7% of the deceased's average monthly wage if the surviving spouse has died or was remarried. Under the bill, if surviving children are still receiving the maximum allowable benefit when a previously remarried spouse becomes eligible to continue receiving payments, there would be no net change in the indemnity to a state or local government employer.
- 4) We understand that for the award of death benefits, government employers (or their respective insurance pools) set aside some reserve for the payment of these benefits over the lifetime of the surviving spouse and/or dependents. As the amount of these set aside costs are dependent on each entity's actuarial evaluations of the beneficiaries, we are unable to estimate these one-time set aside costs.