

Memo

To: Sean O'Day, Interim Director, DCBS
Blake Johnson, Interim Deputy Director, DCBS
Matt West, Administrator, Workers' Compensation Division, DCBS
Lane Foulger, Chief Financial Officer, Central Services Division, DCBS

From: Kelli Borushko, Senior Economist, Central Services Division, DCBS

Date: September 8, 2025

Subject: Workers' Benefit Fund Assessment Recommendation for CY 2026

Rule and Recommendation

In accordance with the requirements of [ORS 656.506](#), the director must establish the Workers' Benefit Fund (WBF) assessment rate effective for calendar year (CY) 2026 for employers and workers.

We recommend that the WBF assessment rate be lowered to 1.8 cents per hour for CY 2026.

Multiple-Year Rate Analysis for Planning

DCBS analyzes the outcomes of several rates to estimate the future adequacy of the fund. Below, we show the outcome of lowering the assessment rate to 1.8 cents per hour through the forecast period. Assuming there are no further changes to the rate in future years, the fund balance is projected to decrease from \$129.5 million at the end of FY 2025 to \$42.8 million at the end of FY 2031.

The following table displays the forecast outcomes of lowering the assessment rate to 1.8 cents per hour through FY 2031. Note: The values in gray are actuals and the remainder are forecasts.

Fund Balance and Coverage Ratio Outcomes Assuming 1.8 Cents-per-Hour Each Year

	2023-2025 biennium		2025-2027 biennium		2027-2029 biennium		2029-2031 biennium	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Ending Fund Balance	\$136,023,763	\$129,534,195	\$112,601,432	\$92,150,442	\$78,649,246	\$65,602,631	\$53,398,008	\$42,755,193
Coverage Ratio	7.93	7.41	5.61	4.56	4.30	3.55	2.88	2.26

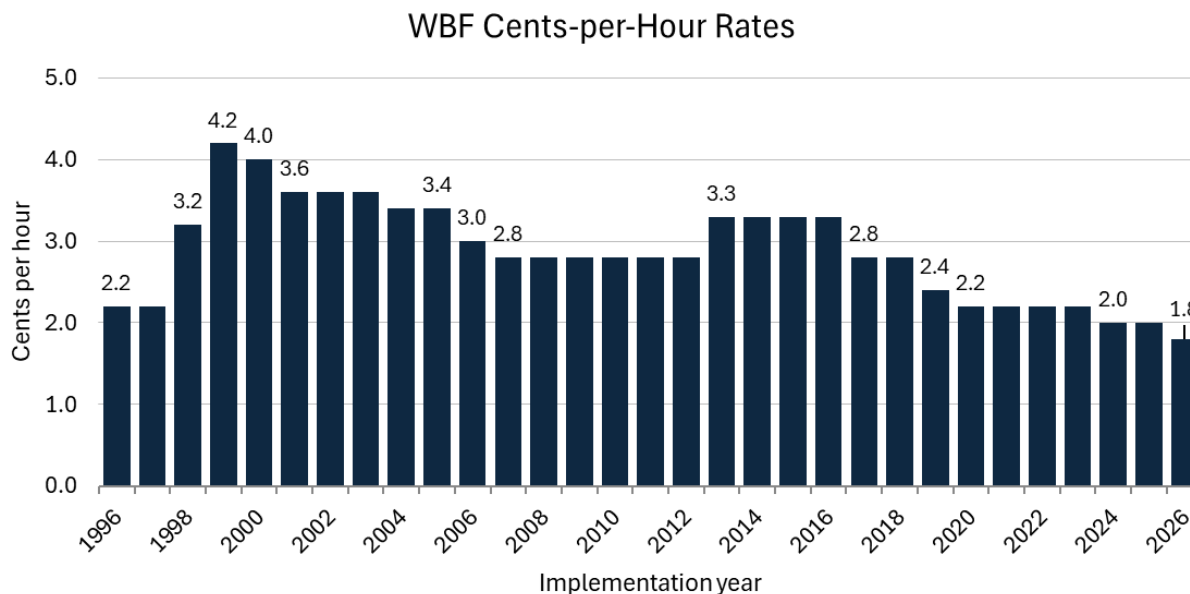
WBF Assessment Summary

After the Great Recession, SB 1558 (2014) required the Management-Labor Advisory Committee (MLAC) to study the proper WBF minimum fund balance¹. HB 2788 (2019) was the result of this study and states that the WBF should have a minimum fund balance of 12 months of projected expenditures. Through FY 2031, this is anticipated to be about \$73.4 million.

¹ The report can be accessed at <https://www.oregon.gov/dcbs/mlac/Documents/wbf-study-bal-rpt-121418.pdf>

Because the current fund balance is \$129.5 million, a slow decline in the ending balance is acceptable.

The following table shows the history of the WBF assessment rate since 1996 and with the recommended 2026 amount.



Forecast Assumptions

The primary revenue, expenditure, and transfer assumptions used in this analysis are described below.

Revenue assumptions include:

1. Actual revenue data from the quarterly financial statements through June 30, 2025.
2. The baseline employment forecast from the August 2025 OEA economic forecast.
3. An estimate of the average annual number of hours worked.
4. Updated estimates of the recoveries for the Non-Complying Employer (NCE) program.
5. Estimates of investment income based on the latest information from the State Treasurer's Office.
6. Fines and penalties and other miscellaneous revenue based on recent activity.

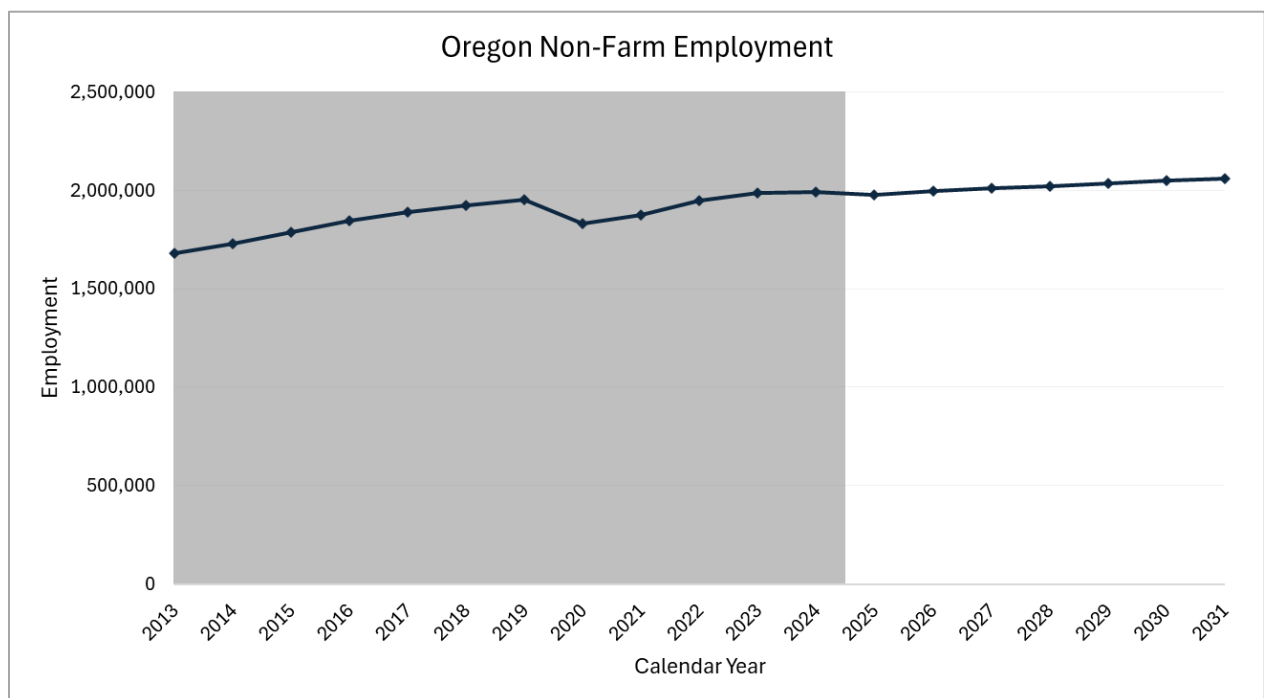
Expenditure and transfer assumptions include:

1. Actual expenditure and transfer data from the quarterly financial statements through June 30, 2025.
2. Updated forecasts of all WBF program expenditures.
3. Updated costs for the Workers' Compensation Division (WCD) and Ombuds for Oregon Workers (OOW) staff administering WBF programs; this includes the additional projected costs as a result of the Service Employees International Union (SEIU) 503 tentative collective bargaining agreement.
4. Costs that WCD and OOW incur administering WBF programs are inflated 3 percent per year beginning July 2027.
5. Projected payments to the Oregon Institute of Occupational Health Sciences (OIOHS) of \$2.0 million in FY 2026.

6. Payments to the Bureau of Labor and Industries (BOLI) of about \$7.9 million in FY 2026 and FY 2027. This total includes a one-time transfer, spread over eight quarters, to help with BOLI's budget shortfall, and continued payments for enforcement of anti-discrimination laws.
7. Updated estimates of the transfers from the Premium Assessment Operating Account (PAOA) for the NCE Program expenditures.
8. Estimates of the payments from the WBF for claims costs of the self-insurer groups that have dissolved under the provisions of SB 1558, passed during the 2014 legislative session.

WBF Revenue Forecast

The graph below shows the OEA August 2025 total non-farm employment forecast. This forecast is used to produce the financial outcomes discussed in this recommendation. Note: The values in gray are actuals and the remainder are forecast.



Employment data sourced from the [Office of Economic Analysis](#)' quarterly Economic and Revenue Forecast employment data tables released Aug. 27, 2025.

We estimate average annual hours worked using information from the Occupational Injury and Illness survey that Research Unit staff conduct for the Bureau of Labor Statistics, combined with an additional estimate from Oregon's Department of Employment. We estimate that Oregonians who pay the WBF assessment will work an average of 1,615 hours in a year. The WBF also receives investment income. This totaled \$2.7 million in FY 2025. We expect investment income to be \$3.0 million in FY 2031.

The WBF also receives funds from fines and penalties. In FY 2025, fines totaled about \$1.6 million. We forecast about \$889,000 for each future year.

WBF Program Expenditures Forecast

Expenditures from the Retroactive Program, the costliest WBF program, were \$38.6 million in FY 2025. The majority of claims are now more than 30 years old, and the number of beneficiaries is declining each year. However, rapid increases in the average weekly wage, on which Retroactive Program expenditures are partially based, have more than offset the reduction in the number of claims in recent years. Costs dipped slightly in FY 2024, but returned to FY 2023 levels in FY 2025. We expect costs to decrease through the forecast period as wages increase less quickly and older claims continue to drop out of the program.

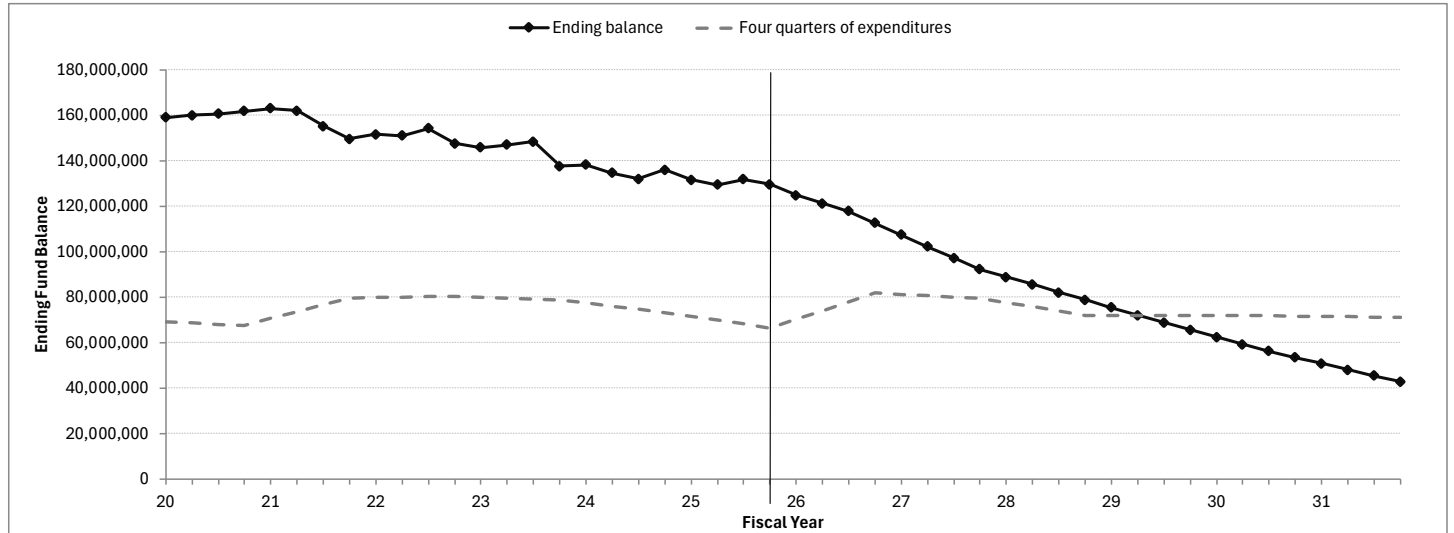
Expenditures from the Reemployment Assistance Program (primarily the Employer-at-Injury Program and the Preferred Worker Program) were about \$25.5 million FY 2025. We forecast expenditures to increase by about 13 percent in FY 2026 and then gradually increase through the forecast period.

WBF Forecast Outcomes

Under the baseline OEA forecast and the recommended assessment rate of 1.8 cents per hour, total revenue is forecast to average \$68.0 million a year over the next five years. The fund balance is forecast to decrease each year through FY 2031. In FY 2031, assuming no changes are made to the rate, we expect an ending fund balance of about \$42.8 million and a coverage ratio of 2.26 quarters, or just under seven months of expenditures.

Appendix 1 – WBF Financial Outcomes

WORKERS' BENEFIT FUND REVENUES, EXPENSES, AND FUND BALANCES FISCAL YEARS 2020-2031; ACTUAL DATA THROUGH 06/30/2025



Period	Assessment revenue	Other revenue	Investment income	Total revenue	Total expenses	Expenses	Chargeback	Excess (deficit)	Transfers / adjustments	Ending fund balance	Coverage ratio
FY 2020	\$74,267,480	\$260,005	\$4,152,752	\$82,491,927	\$76,001,227	\$74,546,308	\$1,454,919	\$6,490,701	\$2,146,062	\$161,751,233	
FY 2021	\$64,378,131	\$171,093	\$2,464,302	\$72,049,254	\$84,182,691	\$82,509,609	\$1,673,082	(\$12,133,437)	\$14,536	\$149,617,796	
FY 2022	\$68,653,030	\$780,375	\$3,849,491	\$79,954,565	\$81,998,807	\$79,646,022	\$2,352,785	(\$2,044,242)	(\$2,603,197)	147,573,554	
FY 2023	\$70,512,566	(\$117,428)	\$393,787	\$76,628,062	\$86,639,272	\$84,797,727	\$1,841,545	(\$10,011,210)	\$975,889	137,562,344	
09/30/23	17,693,073	48,258	465,988	19,796,053	19,190,002	18,731,402	458,600	606,051	734,054	138,168,395	8.04
12/31/23	17,430,338	24,810	256,155	19,558,939	23,208,073	22,986,666	221,408	(3,649,134)	(716,704)	134,519,260	7.84
03/31/24	17,401,640	375,384	180,432	19,490,776	22,043,681	21,779,852	263,828	(2,552,905)	223,736	131,966,356	7.69
06/30/24	15,336,549	199,931	673,442	18,775,384	14,717,977	14,540,029	177,948	4,057,407	(656,284)	136,023,763	7.93
FY 2024	\$67,861,600	\$648,383	\$1,576,017	\$77,621,152	\$79,159,733	\$78,037,949	\$1,121,784	(\$1,538,581)	(\$415,198)	136,023,763	
09/30/24	15,866,125	165,767	705,631	18,061,539	22,456,010	22,456,010	0	(4,394,471)	1,767,461	131,629,292	7.58
12/31/24	15,396,971	32,751	608,420	17,028,106	19,374,184	18,892,289	481,894	(2,346,077)	1,058,708	129,283,215	7.44
03/31/25	15,896,173	620,707	590,678	18,148,714	15,696,872	15,447,826	249,046	2,451,842	944,263	131,735,057	7.59
06/30/25	15,112,617	88,056	791,589	17,928,849	20,129,732	20,129,732	0	(2,200,884)	916,068	129,534,174	7.41
FY 2025	\$62,271,886	\$907,281	\$2,696,318	\$71,167,207	\$77,666,797	\$76,925,856	\$730,940	(\$6,489,589)	\$4,686,500	129,534,174	
09/30/25	15,709,361	119,485	871,866	18,230,498	23,037,521	22,416,154	621,366	(4,807,023)	(2,554,836)	124,727,151	6.24
12/31/25	15,685,918	119,485	850,765	18,185,954	21,728,855	21,418,172	310,683	(3,542,902)	(1,706,254)	121,184,249	6.06
03/31/26	15,741,407	119,485	813,002	18,203,679	21,709,243	21,390,343	318,900	(3,505,564)	(1,699,166)	117,678,685	5.88
06/30/26	14,210,288	119,485	781,418	16,640,676	21,718,250	21,399,350	318,900	(5,077,274)	(1,699,166)	112,601,411	5.61
FY 2026	\$61,346,974	\$477,941	\$3,317,050	\$71,261,107	\$88,193,869	\$86,624,020	\$1,569,849	(\$16,932,762)	(\$7,659,421)	112,601,411	
09/30/26	14,261,797	119,485	750,211	16,661,278	21,928,075	21,609,175	318,900	(5,266,797)	(1,684,958)	107,334,614	5.34
12/31/26	14,299,364	119,485	718,644	16,667,279	21,791,901	21,473,001	318,900	(5,124,622)	(1,699,166)	102,209,992	5.08
03/31/27	14,323,985	119,485	693,388	16,666,644	21,701,297	21,375,808	325,488	(5,034,653)	(1,692,046)	97,175,339	4.82
06/30/27	14,348,149	119,485	679,113	16,676,532	21,701,450	21,381,201	320,249	(5,024,918)	(1,692,046)	92,150,421	4.56
FY 2027	\$57,233,294	\$477,941	\$2,841,355	\$66,671,732	\$87,122,723	\$85,839,186	\$1,283,537	(\$20,450,990)	(\$6,768,215)	92,150,421	
09/30/27	14,364,023	119,485	664,874	16,678,168	20,014,677	19,638,578	376,098	(3,336,509)	159,726	88,813,912	4.89
12/31/27	14,379,366	119,485	655,948	16,684,585	19,992,012	19,651,935	340,076	(3,307,426)	145,454	85,506,486	4.70
03/31/28	14,396,919	119,485	647,119	16,693,309	20,269,457	19,919,528	349,929	(3,576,148)	152,606	81,930,338	4.49
06/30/28	14,423,131	119,485	645,265	16,717,666	19,998,779	19,648,850	349,929	(3,281,113)	152,606	78,649,225	4.30
FY 2028	\$57,563,439	\$477,941	\$2,613,207	\$66,773,728	\$80,274,924	\$78,858,892	\$1,416,033	(\$13,501,196)	\$610,393	78,649,225	
09/30/28	14,440,451	119,485	639,017	16,728,739	20,036,553	19,665,978	370,575	(3,307,815)	166,942	75,341,410	4.11
12/31/28	14,461,643	119,485	629,774	16,740,688	20,050,126	19,679,551	370,575	(3,309,439)	152,606	72,031,971	3.92
03/31/29	14,480,205	119,485	620,532	16,750,008	19,972,532	19,601,957	370,575	(3,222,525)	159,790	68,809,447	3.74
06/30/29	14,505,923	119,485	611,581	16,766,775	19,973,611	19,603,036	370,575	(3,206,836)	159,790	65,602,610	3.55
FY 2029	\$57,888,222	\$477,941	\$2,500,904	\$66,986,209	\$80,032,823	\$78,550,523	\$1,482,300	(\$13,046,614)	\$639,129	65,602,610	
09/30/29	14,529,774	119,485	602,688	16,781,733	20,003,635	19,621,943	381,692	(3,221,902)	174,191	62,380,708	3.40
12/31/29	14,555,950	119,485	593,752	16,798,973	20,017,418	19,635,726	381,692	(3,218,445)	159,790	59,162,263	3.21
03/31/30	14,582,380	119,485	584,835	16,816,486	19,852,560	19,470,868	381,692	(3,036,074)	167,007	56,126,189	3.04
06/30/30	14,899,404	119,485	576,521	17,125,196	19,853,398	19,471,706	381,692	(2,728,202)	167,007	53,397,986	2.88
FY 2030	\$58,567,509	\$477,941	\$2,357,796	\$67,522,387	\$79,727,011	\$78,200,242	\$1,526,769	(\$12,204,624)	\$667,996	53,397,986	
09/30/30	14,949,090	119,485	569,221	17,167,581	19,885,526	19,492,383	393,143	(2,717,944)	181,473	50,680,042	2.72
12/31/30	14,935,054	119,485	561,962	17,146,286	19,899,511	19,506,368	393,143	(2,753,225)	167,007	47,926,817	2.56
03/31/31	14,957,909	119,485	554,594	17,161,774	19,756,480	19,363,337	393,143	(2,594,706)	174,256	45,332,112	2.41
06/30/31	14,983,126	119,485	547,752	17,180,149	19,757,089	19,363,946	393,143	(2,576,940)	174,256	42,755,172	2.26
FY 2031	\$59,825,179	\$477,941	\$2,233,529	\$68,655,791	\$79,298,605	\$77,726,033	\$1,572,572	(\$10,642,815)	\$696,993	42,755,172	

Appendix 2 – WBF Detailed Financial Outcomes

WBF revenue, expenditures, and transfers
FY 2024 - 2031; actual data through 06/30/2025
1.8 cents-per-hour rate effective 1/1/2026

Biennium FY	2023-2025		2025-2027		2027-2029		2029-2031	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue:								
Assessments	67,861,600	62,271,886	61,346,974	57,233,294	57,563,439	57,888,222	58,567,509	59,825,179
Investment Income	1,576,017	2,696,318	3,317,050	2,841,355	2,613,207	2,500,904	2,357,796	2,233,529
Fines and Penalties	939,503	1,636,453	889,203	889,203	889,203	889,203	889,203	889,203
Other Income	648,383	907,281	477,941	477,941	477,941	477,941	477,941	477,941
Non-Complying Employer Program	6,595,648	3,655,269	5,229,939	5,229,939	5,229,939	5,229,939	5,229,939	5,229,939
Total	\$77,621,152	\$71,167,207	\$71,261,107	\$66,671,732	\$66,773,728	\$66,986,209	\$67,522,387	\$68,655,791
Expenditures:								
Workers with Disability Program	169,067	67,007	124,436	106,708	89,877	73,876	58,646	44,132
Non-Complying Employer Program	5,857,430	6,305,779	6,304,100	6,332,516	6,361,060	6,389,732	6,418,534	6,447,466
Reemployment Assistance Program	28,468,724	27,397,623	30,852,255	31,117,173	31,379,690	31,630,860	31,886,015	32,147,147
Rehabilitation Program								
Reopened Claims Program	2,227,367	3,573,773	2,977,106	3,036,174	3,172,420	3,384,404	3,288,978	3,069,516
Retroactive Program	34,306,895	38,615,322	32,824,253	32,232,866	31,614,920	30,976,303	30,321,378	29,654,717
SB 485 Multiple Wage Jobs	1,424,181	1,672,803	1,278,977	1,278,977	1,278,977	1,278,977	1,278,977	1,278,977
SB 1558 Claim Payments	76,142	42,794	36,465	32,818	29,537	26,583	23,925	21,532
Shared Services Chargeback	1,121,784	730,940	1,569,849	1,283,537	1,416,033	1,482,300	1,526,769	1,572,572
WCD-WBF Administrative Cost	5,036,435	3,836,291	4,478,705	4,551,344	4,687,884	4,828,520	4,973,376	5,122,577
OOW-WBF Administrative Cost	56,510	100,965	88,300	90,289	92,997	95,787	98,661	101,621
Collective Bargaining Agreement Cost	0	0	0	292,106	761,923	504,611	519,749	535,342
Scenario								
Total	\$78,744,534	\$82,343,297	\$80,534,448	\$80,354,508	\$80,885,318	\$80,671,953	\$80,395,008	\$79,995,599
Transfers:								
Non-Complying Employers	81,008	5,011,819	225,579	1,116,785	1,145,393	1,174,129	1,202,996	1,231,993
Bureau of Labor and Industries	(460,000)	(316,000)	(7,885,000)	(7,885,000)	(535,000)	(535,000)	(535,000)	(535,000)
Transfer In - Other	0	0	0	0	0	0	0	0
Transfer Out - Other	(36,206)	(9,318)	0	0	0	0	0	0
Total	(\$415,198)	\$4,686,500	(\$7,659,421)	(\$6,768,215)	\$610,393	\$639,129	\$667,996	\$696,993
Net Cash Flow	(1,538,581)	(6,489,589)	(16,932,762)	(20,450,990)	(13,501,196)	(13,046,614)	(12,204,624)	(10,642,815)
Ending Fund Balance	136,023,763	129,534,174	112,601,411	92,150,421	78,649,225	65,602,610	53,397,987	42,755,172
Balance Coverage Ratio	7.93	7.41	5.61	4.56	4.30	3.55	2.88	2.26