DCBS | Department of Consumer and Business Services

350 Winter Street NE, Room 200, P.O. Box 14480, Salem, Oregon 97309-0405 503-947-7872 oregon.gov/dcbs

**Exhibit "1"**

# Memo

**To**: Sean O'Day, Director, DCBS
Alana Cox, 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 9, 2026

**Subject**: Workers' Benefit Fund Assessment Recommendation for CY 2027

## 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) 2027 for employers and workers.

**DCBS recommends that the WBF assessment rate be raised to 2.2 cents per hour for CY 2027.**

## 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 raising the assessment rate to 2.2 cents per hour over the forecast period. Assuming there are no more changes to the rate in future years, the fund balance is projected to decrease from $99.96 million at the end of FY 2026 to $56.8 million at the end of FY 2033.

The following table displays the forecast outcomes of raising the assessment rate to 2.2 cents per hour through FY 2033. Note: The values in gray are actuals and the remainder are forecasts.

Fund Balance and Coverage Ratio Outcomes Assuming 2.2 Cents-per-Hour Each Year

| | 2023-2025 biennium | | 2025-2027 biennium | | 2027-2029 biennium | | 2029-2031 biennium | | 2031-2033 biennium | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 |
| Ending Fund Balance | $136,023,763 | $129,534,195 | $99,955,899 | $81,391,683 | $77,797,858 | $73,941,179 | $69,991,850 | $65,798,544 | $61,514,247 | $56,844,694 |
| Coverage Ratio | 7.93 | 7.41 | 4.49 | 3.66 | 4.05 | 3.85 | 3.60 | 3.38 | 3.12 | 2.88 |

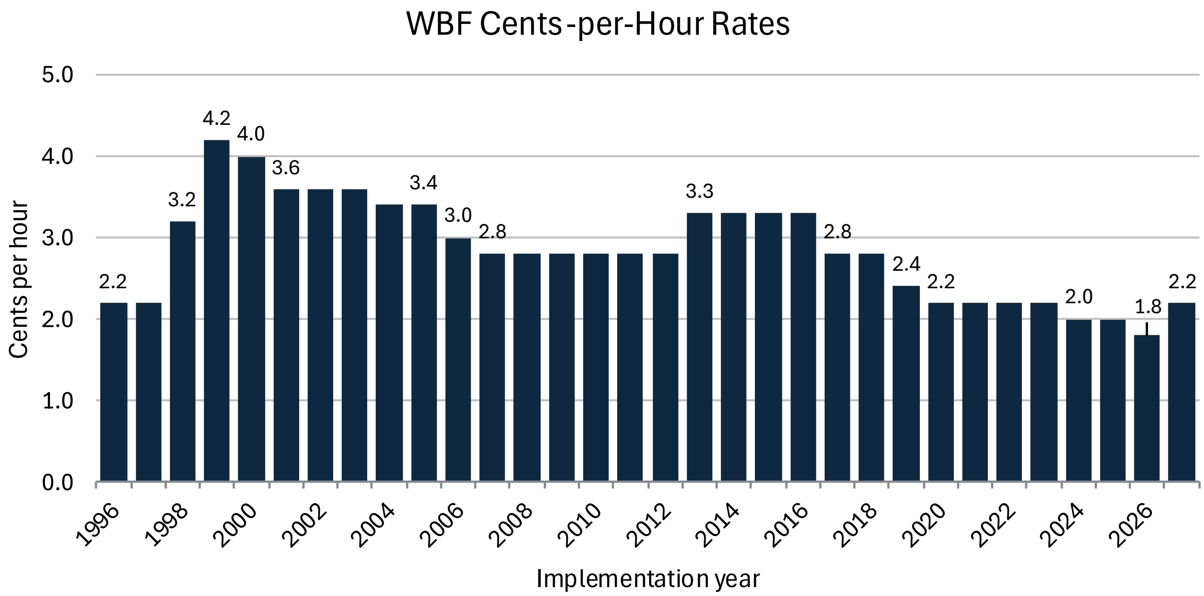
## WBF Assessment Summary

After the Great Recession, SB 1558 (2014) required the Management-Labor Advisory Committee (MLAC) to study the proper WBF minimum fund balance[1]. HB 2788 (2019) was the result of this study and states that the WBF should have a minimum fund balance of 12 months

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

of projected expenditures. Through FY 2033, this is anticipated to be about $79 million. The WBF balance declined more than projected last year. Because the current fund balance is $99.96 million, an increase in the assessment rate is necessary to maintain a fund balance above the statutory floor of 12 months of expenditures.

The following table shows the history of the WBF assessment rate since 1996 and with the recommended 2027 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, 2026.
2. The baseline employment forecast from the August 2026 Office of Economic Analysis (OEA) economic forecast.
3. An estimate of the average annual number of hours worked, sourced from the U.S. Census Bureau.
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 Oregon State Treasury.
6. Fines and penalties and other miscellaneous revenue based on recent activity.

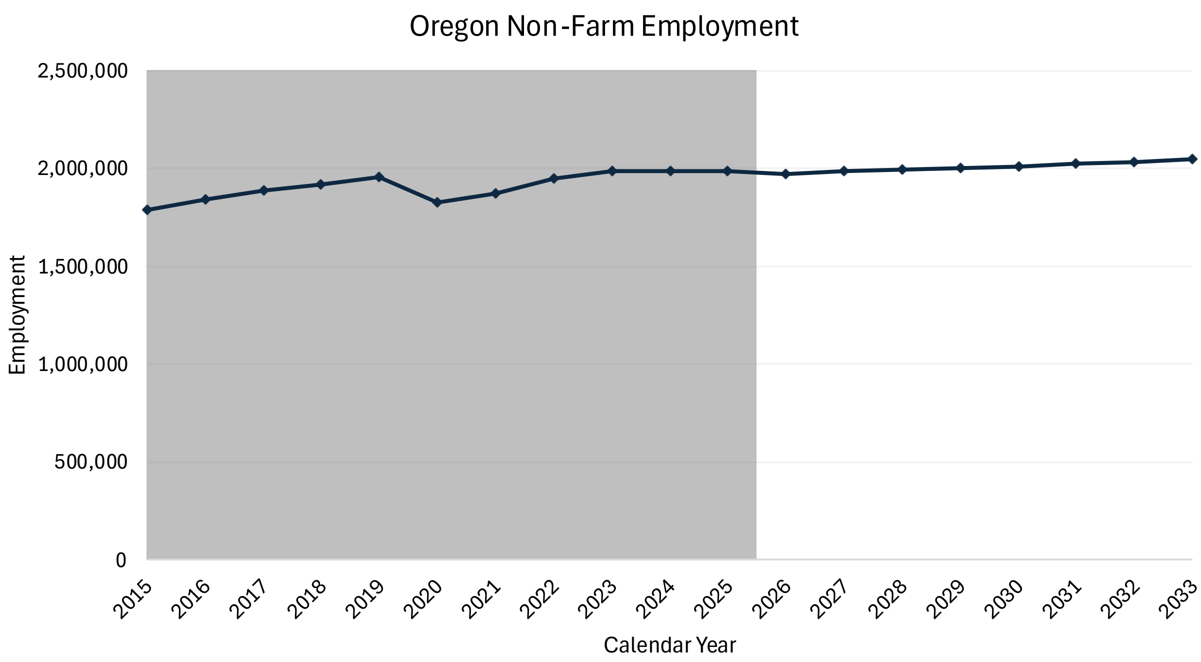
## Expenditure and transfer assumptions include:

1. Actual expenditure and transfer data from the quarterly financial statements through June 30, 2026.
2. Updated forecasts of all WBF program expenditures.
3. Updated costs for the Workers' Compensation Division (WCD) and Ombuds Office for Oregon Workers (OOW) staff administering WBF programs.
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 2027.
6. Payments to the Oregon Bureau of Labor and Industries (BOLI) of about $7.9 million in 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.
9. An estimate for workers' compensation system tax refunds (which reduce the assessment collected through this mechanism).

## WBF Revenue Forecast

The graph below shows the OEA August 2026 total nonfarm 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. 26, 2026.*

We estimate average annual hours worked using information from U.S. Census Bureau's usual weeks and hours worked survey from 2025. We estimate that the average Oregonian who pays the WBF assessment will work about 1,616 hours a year.

The WBF also receives investment income. This totaled $1.78 million in FY 2026. Based on Treasury yield data, we project 1.93 percent earnings on WBF investments going forward.

The WBF also receives funds from fines and penalties. In FY 2026, fines totaled about $1.77 million. We forecast about $1.1 million for each future year.

## WBF Program Expenditures Forecast

Expenditures from the Retroactive Program, the costliest WBF program, were $43.6 million in FY 2026. 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. Fluctuations in fiscal year expenditures are due to timing variations. We expect costs to hover around $35 million each year over the forecast period.

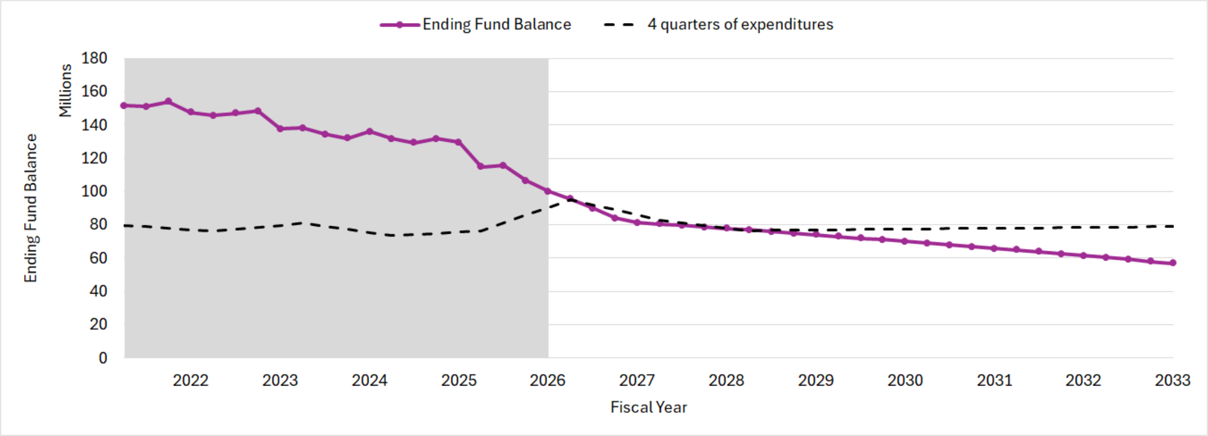
Expenditures from the Reemployment Assistance Program (primarily the Employer-at-Injury Program and the Preferred Worker Program) were about $33.7 million FY 2026. We forecast expenditures to drop in FY 2027 and then gradually increase through the forecast period.

## WBF Forecast Outcomes

Under the baseline OEA forecast and the recommended assessment rate of 2.2 cents per hour, total revenue is forecast to average $79.0 million a year over the next five years. The fund balance is forecast to decrease each year through FY 2033. In FY 2033, assuming no changes are made to the rate, we expect an ending fund balance of about $56.9 million and a coverage ratio of 2.88 quarters, or just less than nine months of expenditures.

# Appendix 1 – WBF Financial Outcomes

**WORKERS' BENEFIT FUND**
**Fund balance and four quarters of expenditures**
**Fiscal years 2022-2033; Actual data through 6/30/2026**
**2.2 cents-per-hour assessment rate, effective Jan. 1, 2027**




| Period | Assessment Revenue | Other Revenue | Investment Income | Total Revenue | Total Expenses | Expenses | Chargeback | Excess (Deficit) | Transfers | Ending Fund Balance | Coverage Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2022 | $68,653,030 | $842,710 | $3,849,491 | $79,954,565 | $79,395,611 | $77,042,826 | $2,352,785 | $558,954 | ($2,603,197) | $147,573,553 | |
| FY 2023 | $70,512,566 | $1,128,792 | $393,787 | $76,628,062 | $87,615,161 | $85,773,616 | $1,841,545 | ($10,987,099) | $975,889 | $137,562,343 | |
| FY 2024 | $67,861,600 | $1,587,886 | $1,576,017 | $77,621,152 | $78,744,534 | $77,622,750 | $1,121,784 | ($1,123,383) | ($415,198) | $136,023,762 | |
| 09/30/24 | 15,866,125 | 704,822 | 705,631 | 18,061,539 | 24,223,470 | 24,223,470 | 0 | (6,161,932) | 1,767,461 | 131,629,292 | 7.03 |
| 12/31/24 | 15,396,971 | 338,551 | 608,420 | 17,028,106 | 20,432,892 | 19,950,997 | 481,894 | (3,404,786) | 1,058,708 | 129,283,214 | 6.91 |
| 03/31/25 | 15,896,173 | 923,267 | 590,678 | 18,148,714 | 16,641,134 | 16,392,088 | 249,046 | 1,507,580 | 944,263 | 131,735,057 | 7.04 |
| 06/30/25 | 15,112,617 | 577,094 | 791,589 | 17,928,849 | 21,045,801 | 21,045,801 | 0 | (3,116,952) | 916,068 | 129,534,173 | 6.92 |
| FY 2025 | $62,271,886 | $2,543,734 | $2,696,318 | $71,167,207 | $82,343,297 | $81,612,357 | $730,940 | ($11,176,090) | $4,686,500 | $129,534,173 | |
| 09/30/25 | 16,030,776 | 603,828 | 568,933 | 18,054,197 | 29,665,171 | 29,120,635 | 544,537 | (11,610,974) | (3,187,116) | 114,736,083 | 5.16 |
| 12/31/25 | 15,939,362 | 350,512 | 467,627 | 17,606,142 | 15,793,326 | 15,489,023 | 304,302 | 1,812,816 | (1,018,422) | 115,530,477 | 5.19 |
| 03/31/26 | 16,224,318 | 1,319,324 | 439,577 | 19,248,592 | 27,165,282 | 26,883,621 | 281,661 | (7,916,690) | (1,231,382) | 106,382,405 | 4.78 |
| 06/30/26 | 14,029,148 | 779,823 | 300,813 | 17,420,753 | 22,103,634 | 21,811,916 | 291,718 | (4,682,881) | (1,743,625) | 99,955,899 | 4.49 |
| FY 2026 | $62,223,604 | $3,053,487 | $1,776,950 | $72,329,684 | $94,727,413 | $93,305,194 | $1,422,218 | ($22,397,729) | ($7,180,545) | $99,955,899 | |
| 09/30/26 | 14,046,507 | 457,830 | 482,287 | 16,294,720 | 20,357,092 | 20,022,037 | 335,055 | (4,062,372) | (439,274) | 95,454,253 | 4.29 |
| 12/31/26 | 14,050,375 | 457,830 | 460,567 | 16,276,868 | 20,345,556 | 20,028,965 | 316,591 | (4,068,688) | (1,558,487) | 89,827,079 | 4.04 |
| 03/31/27 | 14,074,251 | 457,830 | 433,416 | 16,273,593 | 20,503,509 | 20,177,929 | 325,581 | (4,229,916) | (1,536,378) | 84,060,784 | 3.78 |
| 06/30/27 | 17,353,212 | 457,830 | 405,593 | 19,524,731 | 20,657,453 | 20,302,502 | 354,951 | (1,132,722) | (1,536,378) | 81,391,683 | 3.66 |
| FY 2027 | $59,524,345 | $1,831,322 | $1,781,863 | $68,369,912 | $81,863,610 | $80,531,433 | $1,332,177 | ($13,493,698) | ($5,070,517) | $81,391,683 | |
| 09/30/27 | 17,382,385 | 457,830 | 392,715 | 19,541,026 | 20,617,980 | 20,225,515 | 392,465 | (1,076,954) | 124,526 | 80,439,255 | 4.19 |
| 12/31/27 | 17,401,357 | 457,830 | 388,119 | 19,555,402 | 20,617,980 | 20,225,515 | 392,465 | (1,062,578) | 298,622 | 79,675,299 | 4.15 |
| 03/31/28 | 17,424,319 | 457,830 | 384,433 | 19,574,678 | 20,845,082 | 20,452,617 | 392,465 | (1,270,404) | 321,013 | 78,725,908 | 4.10 |
| 06/30/28 | 17,450,240 | 457,830 | 379,853 | 19,596,018 | 20,845,082 | 20,452,617 | 392,465 | (1,249,063) | 321,013 | 77,797,858 | 4.05 |
| FY 2028 | $69,658,301 | $1,831,322 | $1,545,120 | $78,267,125 | $82,926,124 | $81,356,263 | $1,569,861 | ($4,658,999) | $1,065,173 | $77,797,858 | |
| 09/30/28 | 17,466,528 | 457,830 | 375,375 | 19,607,829 | 20,845,082 | 20,452,617 | 392,465 | (1,237,253) | 321,013 | 76,881,618 | 4.00 |
| 12/31/28 | 17,483,074 | 457,830 | 370,954 | 19,619,954 | 20,845,082 | 20,452,617 | 392,465 | (1,225,128) | 321,013 | 75,977,503 | 3.96 |
| 03/31/29 | 17,500,198 | 457,830 | 366,591 | 19,632,715 | 21,000,269 | 20,607,803 | 392,465 | (1,367,553) | 343,691 | 74,953,640 | 3.90 |
| 06/30/29 | 17,516,540 | 457,830 | 361,651 | 19,644,117 | 21,000,269 | 20,607,803 | 392,465 | (1,356,152) | 343,691 | 73,941,179 | 3.85 |
| FY 2029 | $69,966,340 | $1,831,322 | $1,474,571 | $78,504,616 | $83,690,701 | $82,120,840 | $1,569,861 | ($5,186,085) | $1,329,407 | $73,941,179 | |
| 09/30/29 | 17,535,076 | 457,830 | 356,766 | 19,657,768 | 21,045,506 | 20,641,267 | 404,239 | (1,387,737) | 501,234 | 73,054,676 | 3.75 |
| 12/31/29 | 17,556,465 | 457,830 | 352,489 | 19,674,880 | 21,045,506 | 20,641,267 | 404,239 | (1,370,626) | 343,691 | 72,027,740 | 3.70 |
| 03/31/30 | 17,583,879 | 457,830 | 347,534 | 19,697,339 | 21,108,321 | 20,704,082 | 404,239 | (1,410,982) | 366,659 | 70,983,417 | 3.65 |
| 06/30/30 | 17,641,675 | 457,830 | 342,495 | 19,750,096 | 21,108,321 | 20,704,082 | 404,239 | (1,358,225) | 366,659 | 69,991,850 | 3.60 |
| FY 2030 | $70,317,096 | $1,831,322 | $1,399,284 | $78,780,084 | $84,307,654 | $82,690,698 | $1,616,957 | ($5,527,571) | $1,578,242 | $69,991,850 | |
| 09/30/30 | 17,628,817 | 457,830 | 337,711 | 19,732,453 | 21,152,852 | 20,736,486 | 416,366 | (1,420,399) | 366,659 | 68,938,110 | 3.54 |
| 12/31/30 | 17,661,162 | 457,830 | 332,626 | 19,759,715 | 21,152,852 | 20,736,486 | 416,366 | (1,393,138) | 366,659 | 67,911,631 | 3.49 |
| 03/31/31 | 17,693,561 | 457,830 | 327,674 | 19,787,161 | 21,243,303 | 20,826,936 | 416,366 | (1,456,141) | 389,921 | 66,845,410 | 3.43 |
| 06/30/31 | 17,718,061 | 457,830 | 322,529 | 19,806,516 | 21,243,303 | 20,826,936 | 416,366 | (1,436,787) | 389,921 | 65,798,544 | 3.38 |
| FY 2031 | $70,701,601 | $1,831,322 | $1,320,540 | $79,085,845 | $84,792,310 | $83,126,844 | $1,665,465 | ($5,706,465) | $1,513,158 | $65,798,544 | |
| 09/30/31 | 17,745,661 | 457,830 | 317,478 | 19,829,065 | 21,291,295 | 20,862,438 | 428,857 | (1,462,230) | 483,568 | 64,819,882 | 3.29 |
| 12/31/31 | 17,768,739 | 457,830 | 312,756 | 19,847,420 | 21,291,295 | 20,862,438 | 428,857 | (1,443,874) | 389,921 | 63,765,928 | 3.23 |
| 03/31/32 | 17,795,184 | 457,830 | 307,671 | 19,868,780 | 21,416,827 | 20,987,970 | 428,857 | (1,548,047) | 413,480 | 62,631,361 | 3.18 |
| 06/30/32 | 17,818,110 | 457,830 | 302,196 | 19,886,232 | 21,416,827 | 20,987,970 | 428,857 | (1,530,595) | 413,480 | 61,514,247 | 3.12 |
| FY 2032 | $71,127,694 | $1,831,322 | $1,240,101 | $79,431,498 | $85,416,245 | $83,700,815 | $1,715,429 | ($5,984,746) | $1,700,449 | $61,514,247 | |
| 09/30/32 | 17,843,214 | 457,830 | 296,806 | 19,905,946 | 21,466,260 | 21,024,537 | 441,723 | (1,560,314) | 413,480 | 60,367,414 | 3.06 |
| 12/31/32 | 17,868,113 | 457,830 | 291,273 | 19,925,312 | 21,466,260 | 21,024,537 | 441,723 | (1,540,948) | 413,480 | 59,239,946 | 3.00 |
| 03/31/33 | 17,892,541 | 457,830 | 285,833 | 19,944,300 | 21,588,547 | 21,146,824 | 441,723 | (1,644,248) | 437,342 | 58,033,040 | 2.94 |
| 06/30/33 | 17,916,925 | 457,830 | 280,009 | 19,962,860 | 21,588,547 | 21,146,824 | 441,723 | (1,625,687) | 437,342 | 56,844,694 | 2.88 |
| FY 2033 | $71,520,792 | $1,831,322 | $1,153,921 | $79,738,417 | $86,109,614 | $84,342,722 | $1,766,892 | ($6,371,197) | $1,701,644 | $56,844,694 | |

# Appendix 2 – WBF Detailed Financial Outcomes

WBF revenue, expenditures, and transfers
Fiscal years 2024 - 2033; Actual data through 6/30/2026
2.2 cents-per-hour rate effective Jan. 1, 2027

| Biennium | 2023-2025 biennium | | 2025-2027 biennium | | 2027-2029 biennium | | 2029-2031 biennium | | 2031-2033 biennium | |
|---|---|---|---|---|---|---|---|---|---|---|
| FY | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 |
| **Revenue:** | | | | | | | | | | |
| Assessments | 67,861,600 | 62,271,886 | 62,223,604 | 59,524,345 | 69,658,301 | 69,966,340 | 70,317,096 | 70,701,601 | 71,127,694 | 71,520,792 |
| Investment Income | 1,576,017 | 2,696,318 | 1,776,950 | 1,781,863 | 1,545,120 | 1,474,571 | 1,399,284 | 1,320,540 | 1,240,101 | 1,153,921 |
| Fines and Penalties | 939,503 | 1,636,453 | 1,774,509 | 1,131,804 | 1,131,804 | 1,131,804 | 1,131,804 | 1,131,804 | 1,131,804 | 1,131,804 |
| Other Income | 648,383 | 907,281 | 1,278,978 | 699,518 | 699,518 | 699,518 | 699,518 | 699,518 | 699,518 | 699,518 |
| Non-Complying Employer Program | 6,595,648 | 3,655,269 | 5,275,643 | 5,232,382 | 5,232,382 | 5,232,382 | 5,232,382 | 5,232,382 | 5,232,382 | 5,232,382 |
| **Total** | 77,621,152 | 71,167,207 | 72,329,684 | 68,369,912 | 78,267,125 | 78,504,616 | 78,780,084 | 79,085,845 | 79,431,498 | 79,738,417 |
| **Expenditures:** | | | | | | | | | | |
| Workers with Disability Program | 169,067 | 67,007 | 23,935 | 15,682 | 15,682 | 15,682 | 15,682 | 7,428 | 3,714 | 0 |
| Non-Complying Employer Program | 5,857,430 | 6,305,779 | 7,537,271 | 6,953,125 | 7,042,123 | 7,132,261 | 7,223,553 | 7,316,013 | 7,409,657 | 7,504,499 |
| Reemployment Assistance Program | 28,468,724 | 27,397,623 | 33,655,517 | 29,236,422 | 29,610,865 | 29,998,906 | 30,398,246 | 30,804,497 | 31,205,996 | 31,598,959 |
| Reopened Claims Program | 2,227,367 | 3,573,773 | 2,511,833 | 3,368,903 | 3,520,080 | 3,755,295 | 3,649,410 | 3,405,898 | 3,295,029 | 3,255,097 |
| Retroactive Program | 34,306,895 | 38,615,322 | 43,627,075 | 35,190,690 | 35,241,799 | 35,292,981 | 35,344,238 | 35,395,570 | 35,446,976 | 35,498,457 |
| SB 485 Multiple Wage Jobs | 1,424,181 | 1,672,803 | 1,480,013 | 1,396,377 | 1,396,377 | 1,396,377 | 1,396,377 | 1,396,377 | 1,396,377 | 1,396,377 |
| SB 1558 Claim Payments | 76,142 | 42,794 | 191,870 | 67,546 | 67,546 | 67,546 | 67,546 | 67,546 | 67,546 | 67,546 |
| Shared Services Chargeback | 1,121,784 | 730,940 | 1,422,218 | 1,332,177 | 1,569,861 | 1,569,861 | 1,616,957 | 1,665,465 | 1,715,429 | 1,766,892 |
| WCD-WBF Administrative Cost | 5,036,435 | 3,836,291 | 4,192,176 | 4,211,736 | 4,370,034 | 4,370,034 | 4,501,135 | 4,636,169 | 4,775,254 | 4,918,512 |
| OOW-WBF Administrative Cost | 56,510 | 100,965 | 85,505 | 90,953 | 91,758 | 91,758 | 94,511 | 97,346 | 100,267 | 103,275 |
| **Total** | 78,744,534 | 82,343,297 | 94,727,413 | 81,863,610 | 82,926,124 | 83,690,701 | 84,307,654 | 84,792,310 | 85,416,245 | 86,109,614 |
| **Transfers:** | | | | | | | | | | |
| Non-Complying Employers | 81,008 | 5,011,819 | 832,304 | 2,839,955 | 1,635,646 | 1,899,879 | 2,148,714 | 2,083,631 | 2,270,922 | 2,272,117 |
| Bureau of Labor and Industries | (460,000) | (316,000) | (8,005,740) | (7,875,000) | (535,000) | (535,000) | (535,000) | (535,000) | (535,000) | (535,000) |
| Transfer In - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer Out - Other | (36,206) | (9,318) | (7,109) | (35,472) | (35,472) | (35,472) | (35,472) | (35,472) | (35,472) | (35,472) |
| **Total** | (415,198) | 4,686,500 | (7,180,545) | (5,070,517) | 1,065,173 | 1,329,407 | 1,578,242 | 1,513,158 | 1,700,449 | 1,701,644 |
| **Net Cash Flow** | (1,538,581) | (6,489,589) | (29,578,274) | (18,564,216) | (3,593,826) | (3,856,679) | (3,949,329) | (4,193,307) | (4,284,297) | (4,669,553) |
| **Ending Fund Balance** | $136,023,763 | $129,534,195 | $99,955,899 | $81,391,683 | $77,797,858 | $73,941,179 | $69,991,850 | $65,798,544 | $61,514,247 | $56,844,694 |
| **Balance Coverage Ratio** | 7.93 | 7.41 | 4.49 | 3.66 | 4.05 | 3.85 | 3.60 | 3.38 | 3.12 | 2.88 |