



# MEMORANDUM

September 5, 2007

**To:** Cory Streisinger, Director, DCBS  
John Shilts, Administrator, Workers' Compensation Division, DCBS

**From:** Chris Day, Senior Forecasting Analyst, Information Management Division, DCBS

**Subject:** Workers' Compensation Premium Assessment Rates Recommendation for CY 2008

## Issue

In accordance with the requirements of ORS 656.612 and 656.614, the Director must establish workers' compensation premium assessment rates effective for calendar year 2008 for insurers, self-insured employers and self-insured employer groups.

The Director, in accord with ORS 656.612(5), will conduct an administrative rule making hearing on September 24, 2007, and will solicit testimony from staff and interested parties. This memo constitutes staff testimony that will be entered into the record.

## Summary Recommendations

We recommend that the workers' compensation premium assessment rates in Administrative Rules 440-045-0020 and 440-045-0025 be continued at 4.6 percent for insurers, and 4.8 percent for self-insured employers and self-insured employer groups for calendar year 2008.

## Background

The Premium Assessment Operating Account (PAOA) includes the following DCBS program areas that are substantially funded by the workers' compensation premium assessment rate: the Workers' Compensation Division, Workers' Compensation Board, OR-OSHA, the Director's Office, and the Shared Services divisions (Fiscal and Business Services (FABS) and Information Management Division (IMD)). The primary funding mechanism for the PAOA is the annual workers' compensation premium assessment rate established by the Director in accord with ORS 656.612 and 656.614, and Oregon Administrative Rules (OAR) 440-045-0010 through 440-045-0030. The OAR 440 rules were first adopted in October 1999 as required by Senate Bill 592, which was passed during the 70th Legislative Assembly. The OAR codifies the applicable assessment rates for a calendar year. The PAOA also is funded by some fines and penalties, federal grant moneys, investment income, other miscellaneous revenues, and a transfer of funds from the Workers' Benefit Fund (WBF) to reimburse some of the administrative costs incurred by the PAOA account in the administration of WBF programs (see memorandum from Carey Thompson, dated September 12, 2001, "Administrative Cost Transfer from the Workers' Benefit Fund to the Premium Assessment Operating Account").

## Rate Setting Parameters

All department rate analyses and recommendations must be accomplished within the context of the Department's Fund Balance Policy, articulated in FIN-01. For the PAOA account, the policy states that an adequate or acceptable fund balance at the end of the period for which rates and fees are set is an amount approximating six months (two quarters) to twelve months (four quarters) of expenditures and transfers. An adequate account balance should: (1) meet the cash flow needs of the account; (2) accommodate the timing of receipts and expenditures; (3) ensure stable funding for legislatively approved programs and services during uncertain economic times; and (4) minimize the volatility of fees and assessments. To accomplish the rate analysis task, a multi-year forecasted perspective is the generally accepted practice.

The recommended single and multiple year rate schedules take into account the objectives to minimize rate volatility, target a reasonable account balance, and accommodate the other aforementioned parameters according to the following formula:

$$\text{Required Premium Assessment Rate} = \frac{\{\text{Planned and Forecasted Expenditures and Transfers} - (\text{Forecasted Investment Income} + \text{Forecasted Other Revenue})\}}{\text{Forecasted Assessable Premium Base}}$$

The formula clearly shows that finding the ratio of planned (legislatively approved) expenditures and transfers net of non-premium assessment revenue and the assessable (earned) premium base derives the required rate. In the case of the current analysis, the planned expenditures consist of the agency's 2007-09 biennium legislatively adopted budget (LAB) adjusted for the following major components: (1) adjustment to include Cost-of-Living Adjustments (COLAs) and other labor contract provisions, as well as anticipated vacancy savings; and, (2) updated expenditure forecasts for the Non-Complying Employer Program and Self-Insured Employer Adjustment Reserve. The required premium assessment rate also reflects Chapter 574, Oregon Laws 2007 (SB 183), which extends usage of the SAIF Reinsurance Pool Credit through calendar year 2011. Finally, this analysis reflects actual information from the DCBS quarterly financial statements through the period ending June 30, 2007.

Within the context of all of the various parameters discussed above, IMD has developed an analysis and recommendation for the workers' compensation premium assessment rates that should be applicable for calendar year (CY) 2008 and beyond. The results of our analysis, detailed recommendations, and assessment rate schedule considerations are discussed below.

## Detailed Recommendations

### A. Single-Year CY 2007 Recommendations

We recommend that the workers' compensation premium assessment rates be continued at 4.6 percent for insurers, and 4.8 percent for self-insured employers and self-insured employer groups for calendar year 2008.

## B. Multiple-Year Rate Schedule Recommendation

The multiple-year recommended rate schedule is currently for continuation of the 4.6 and 4.8 percent assessment rates through CY 2010, with an increase to 5.0 percent for insurers and 5.2 percent for self-inured employers and self-insured employer groups in 2011 (see the 4.6-5.0% rate schedule in Table 2). By adopting this rate schedule, the account balance coverage ratios are consistent with the department's policy through the end of FY 2012. Naturally, whether the rate will actually remain at 4.6 percent through CY 2010 is subject to much uncertainty. This uncertainty might arise from any number of factors including, among many others, softness in Oregon's economy, mandated new programs funded by the premium assessment, other legislative programmatic changes that affect the workers' compensation system, or changes in insurance industry pricing behaviors.

If the assessment rate is continued at 4.6 percent through CY 2010 and then increased to 5.0 percent in 2011 (the 4.6-5.0% recommended rate schedule in Table 2), expenditures and transfers are projected to relate to revenues in the subsequent fiscal years by the following amounts: FY 2008, -\$10,251,817; FY 2009, -\$11,160,846; FY 2010, -\$11,292,739; FY 2011, -\$10,190,545; and, FY 2012, -\$1,452,780 (see Appendix 2, Net Cash Flow line). From FY 2007 to FY 2012, the fund balance is expected to decrease from \$78.7 million to about \$34.3 million. The decrease in the premium assessment operating account balance through FY 2012 allows for a gradual drawdown of the current PAOA balance and allows for a declination of the coverage ratio into the two-quarter to four-quarter fund balance coverage ratio band. A detailed discussion of the evaluated rate schedules follows.

### **Discussion**

We examined the effects of two different assessment rate schedules (the 4.6-5.0% rate schedule noted above and 4.6-4.9%; maintain at 4.6 through CY 2008 and increase to 4.9% effective 1/1/2009) for calendar years 2008 through 2012, holding constant our assumptions about the premium assessment base, workers' compensation expenditures and other revenues. The analysis reflects the 2007-09 agency legislatively adopted budget and planned expenditures and transfers discussed previously. For FY 2010 through FY 2012, planned expenditures and chargeback are the result of escalating FY 2009 amounts by three percent per annum.

The workers' compensation premium forecast was developed using our premium forecasting system, which is a system of econometric models. Inputs into this system include projections of economic variables from the Department of Administrative Services' (DAS) May 15, 2007, "Oregon Economic and Revenue Forecast" (see Appendix 1 for a summary of forecast values and a brief description of the projected economic environment). We have made no modifications to the DAS economic forecast, which projects that Oregon will grow at a slightly higher rate than the U.S. economy throughout the forecast horizon.

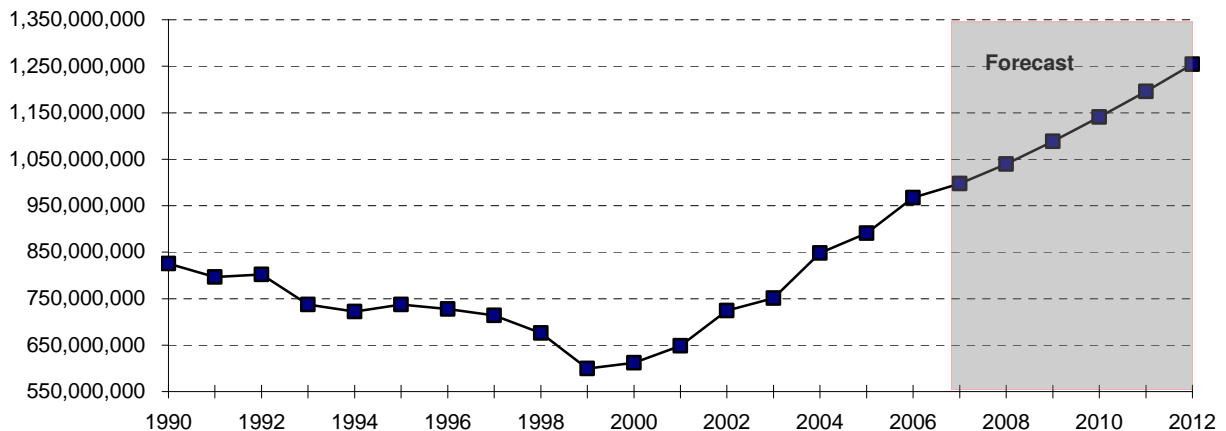
Table 1 shows the actual premium for CY 2006 together with the projected premiums for CY 2007 - CY 2012 used in examining the effects of various assessment rates (the assessable base excludes the premium types noted below the table). Figure 1 displays the actual historical earned premium as well as the forecasted earned premium.

**Table 1. Actual and Projected Workers' Compensation Premiums CY 2006 – 2012  
(100 million of premium)**

	2006	2007	2008	2009	2010	2011	2012
Premiums*	\$9.67	\$9.98	\$10.40	\$10.88	\$11.41	\$11.81	\$12.40
Percent Change		3.21%	4.21%	4.62%	4.87%	3.51%	5.00%

\* Includes Longshoremen's and Harbor Workers' Compensation Act Premiums that are excluded from the assessable premium base. Data is expressed in terms of \$100 million of premium.

**Figure 1. Historical Actual and Forecasted Workers' Compensation Earned Premium  
CY 1990 - CY 2012**



## Rate Analysis

The premium assessment operating account fund balance, including the Self-Insured Employers and Self-Insured Employers Group Adjustment Reserves, amounted to \$78,660,790 at the end of FY 2007. (The analysis relies on financial statements through the quarter ending 6-30-2007.) Table 2 and Figure 2 show the historical and projected ending balance for fiscal years FY 2006 through FY 2012 for two different rate schedules, 4.6-5.0% (staff recommendation) and 4.6-4.9%. In addition, the table shows the projected fund balance as a percent of projected expenditures. (See Appendix 2 for a summary of historical and projected fund revenues, expenditures and transfers and ending fund balances using the staff recommended assessment rate schedule.) Finally, Table 2 also displays the fund balance coverage ratios for each fiscal year. The fund balance coverage ratio is equal to the number of quarters of average expenditures and transfers covered by the ending fund balance for each fiscal year. The current adequacy standard for this account is a coverage ratio of at least two. Given the two rate schedules shown in Table 2, we are recommending the 4.6-5.0% schedule over the 4.6-4.9% schedule for the following reasons: 1) the 4.6-5.0% rate schedule allows the rate to remain unchanged for four years (through CY 2010); 2) it provides a faster draw-down of the PAOA balance; and, 3) it requires only a four-tenths percentage point increase to be at the equilibrium rate in CY 2011.

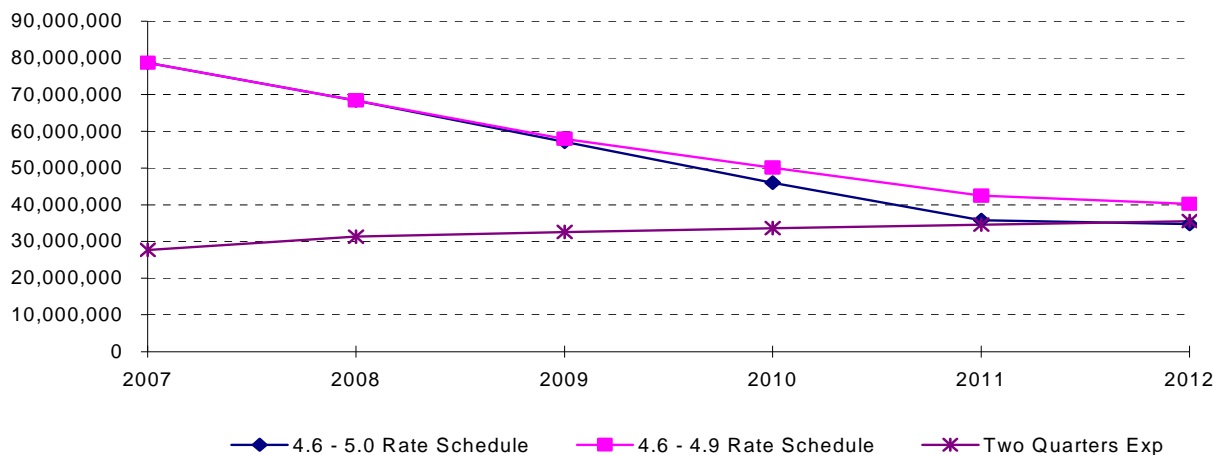
**Table 2. Actual and Projected Workers' Compensation Ending Balances (000,000's)**

<u>Fiscal Year</u>	<u>Ending Balance at</u> <u>4.6-5.0%</u>	<u>Percent of Expenses*</u>	<u>Coverage Ratio</u>	<u>Ending Balance at</u> <u>4.6-4.9%</u>	<u>Percent of Expenses*</u>	<u>Coverage Ratio</u>
2007	\$78.7	142.1%	5.77	\$78.7	142.1%	5.77
2008	\$68.4	109.2%	4.38	\$68.4	109.2%	4.38
2009	\$57.2	87.8%	3.52	\$58.0	89.0%	3.57
2010	\$46.0	68.5%	2.75	\$50.1	74.6%	2.99
2011	\$35.8	51.7%	2.08	\$42.5	61.5%	2.47
2012	\$34.3	48.2%	1.93	\$40.2	56.5%	2.27

\* Actual ending fund balance as a percent of the annual FY expenses plus adjustments and transfers.

Appendices 3 and 4 show projected quarterly revenues and expenditures that result in the above fiscal year balances for the two assessment rate schedules.

**Figure 2. Ending Fund Balances of the Premium Assessment Operating Account, FY 2007 - 2012**



## Self-Insured Employer and Employer Group Reserves

### A. Self-Insured Employer Adjustment Reserve

On January 1, 1988, the additional assessment against self-insured employers to fund the Self-Insured Employer Adjustment Reserve (SIEAR) was discontinued. As expected, interest on the Reserve's account balance and subrogation recoveries continued to exceed expenditures, until FY 1998. The failure of Montgomery Ward occasioned a substantial increase in expenditures, and the legal dispute regarding payment performance under the terms of surety contract language contributed to substantial increases in the reserve expenditures. In FY 2000 and FY 2001, \$554,000 was recovered from the two surety companies associated with the Montgomery Ward's case and deposited into the SIEAR. Due to continued defaults by some self-insurers and an

increase in Montgomery Ward's reserve exposure, the SIEAR fund balance decreased 28.7 percent from June 1998 to June 2005.

As a result of the issues discussed above, effective January 1, 2005, an additional assessment of 0.2 percent against self-insured employers to fund the Self-Insured Employer Adjustment Reserve (SIEAR) was re-instituted.

As stated in FIN-01, a fund balance approximating \$1 million is a reasonable minimum balance given the history of the reserve's long-term liability; the average liability for the past four years for the periods ending December 31<sup>st</sup> amounts to \$1,101,821 (see Exhibit A). Assuming a \$1 million liability, the reserve ratio, the ratio of estimated liabilities to fund balance would approximate a value of one. This value means that the long-term liability would be fully funded, a requirement which the department makes of all Oregon workers' compensation insurers (see for example ORS 733.050 regarding inadequate reserves). By using this minimum fund balance, reserves will be sufficient to ensure that claims obligations can be met. Hence, we recommend the SIEAR fund balance should approximate \$1 million, an amount close to the average long-term liability.

The SIEAR account balance as of June 30, 2007 was \$1,341,613. This balance increased modestly from the June 30, 2006 ending balance of \$1,115,912. We recommend that the assessment differential for self-insured employers continue at 0.2 percent. Given current revenue and expenditure forecasts, the balance should reach about \$2,452,076 by the end of FY 2012 (see Appendix 5). If current trends continue, the assessment may be able to be discontinued or lowered in future years, depending upon the experience of the reserve.

#### B. Self-Insured Employer Group Adjustment Reserve

The Self-Insured Employer Group Adjustment Reserve was created in 1981. The Reserve's account balance as of June 30, 2007 was \$379,088. We recommend that the assessment differential for self-insured employer groups continue at 0.2 percent. Assuming no expenditures and a constant group membership level, the balance should reach about \$785,318 by the end of FY 2012 (see Appendix 6). There is a risk that a reserve liability could emerge.

If you have any questions about this analysis and recommendations, please let me know.

cc:	Greg Malkasian	Dorothy Oliver	Scott Harra
	Jerry Managhan	Carey Thompson	Anita Mendiola
	David Miller	Lou Savage	Gary Helmer
	Carl Lundberg	Mary Schwabe	Michael Wood
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# Appendix 1

## WORKERS' COMPENSATION PREMIUM FORECASTING MODEL VARIABLES AND OUTPUT

YEAR	OREGON WAGE/SAL. EMPL <sup>1</sup>	OREGON SERV,MFG,&CON EMPL <sup>1,5</sup>	OREGON UNEMP RATE <sup>2</sup>	TOTAL ORE PAYROLL <sup>1</sup> (000's)	OREGON AC. DIS. CLAIMS <sup>2</sup>	PRIME RATE <sup>1</sup>	LOAD FACTOR <sup>2</sup>	INCURRED WC LOSSES <sup>3</sup>	TOTAL WC PREMIUM <sup>4</sup>
1966	639,300	N/A	4.2	3,856	0	N/A	N/A	40,226,409	52,227,408
1967	651,000	N/A	4.8	4,050	0	N/A	N/A	44,039,462	57,992,632
1968	677,900	N/A	4.4	4,444	32,509	N/A	N/A	51,648,996	74,262,024
1969	707,300	N/A	4.4	4,867	35,372	N/A	N/A	68,390,328	86,896,720
1970	709,200	N/A	7.1	5,170	30,338	N/A	N/A	80,963,569	91,490,448
1971	727,200	N/A	7.6	5,601	30,663	N/A	N/A	100,406,642	113,160,816
1972	774,300	N/A	6.8	6,288	34,835	N/A	N/A	114,133,078	144,014,768
1973	816,200	N/A	6.2	7,091	36,802	N/A	N/A	143,098,799	157,091,952
1974	838,211	444,062	7.5	7,843	34,214	10.8	N/A	170,553,812	207,486,224
1975	837,276	431,309	10.6	8,428	32,172	7.9	N/A	207,477,570	233,180,848
1976	878,592	453,904	9.6	9,594	31,013	6.8	N/A	257,645,816	296,045,728
1977	936,815	485,282	7.3	10,911	38,657	6.8	N/A	312,529,219	413,593,824
1978	1,009,150	519,081	6.1	12,638	47,844	9.1	N/A	389,664,690	488,696,160
1979	1,055,890	544,065	6.7	14,369	44,697	12.7	N/A	362,779,609	525,765,664
1980	1,044,550	530,775	8.4	15,404	44,930	15.3	N/A	361,035,849	544,482,816
1981	1,018,670	510,107	9.8	16,120	37,498	18.9	N/A	292,523,179	413,999,808
1982	960,897	480,290	11.6	16,027	31,535	14.9	N/A	338,168,251	346,803,648
1983	966,562	488,317	10.9	16,684	34,037	10.8	1.120	349,414,925	345,397,376
1984	1,006,270	514,711	9.4	18,071	37,702	12.0	1.060	417,525,402	342,905,824
1985	1,029,560	528,172	8.7	18,980	38,808	9.9	1.150	472,895,419	443,916,960
1986	1,058,090	544,770	8.0	20,001	40,157	8.3	1.210	584,331,162	565,400,832
1987	1,099,550	569,581	6.3	21,430	41,033	8.2	1.224	605,232,777	676,901,568
1988	1,155,750	603,588	5.8	23,507	42,982	9.3	1.258	698,724,558	722,861,760
1989	1,203,430	632,125	5.4	25,479	39,170	10.9	1.268	727,942,125	792,314,560
1990	1,260,041	648,324	5.4	27,695	35,857	10.0	1.260	551,336,009	825,250,944
1991	1,257,949	643,583	6.4	28,962	31,479	8.5	1.264	461,916,826	796,229,056
1992	1,280,538	655,069	7.3	30,938	30,786	6.3	1.260	494,862,491	802,196,992
1993	1,321,188	684,663	6.9	32,722	30,741	6.0	1.257	492,897,371	736,940,224
1994	1,375,962	723,801	5.5	35,151	31,530	7.1	1.233	563,489,854	722,141,842
1995	1,431,734	762,605	4.9	38,112	30,564	8.8	1.241	539,542,560	737,307,449
1996	1,486,642	798,579	5.6	41,455	28,389	8.3	1.204	445,462,234	727,458,585
1997	1,538,621	832,758	5.6	44,962	27,922	8.4	1.204	494,610,666	714,065,636
1998	1,564,329	841,947	5.7	47,646	27,049	8.4	1.188	512,381,554	675,734,612
1999	1,587,623	851,511	5.5	50,672	25,802	8.0	1.162	476,185,701	599,263,850
2000	1,619,492	870,357	5.1	54,803	25,365	9.2	1.171	528,457,192	611,977,886
2001	1,606,940	858,535	6.4	55,239	24,645	6.9	1.184	584,826,318	648,358,575
2002	1,586,586	843,396	7.6	55,319	23,482	4.7	1.226	551,439,476	723,991,908
2003	1,575,569	839,776	8.1	56,558	21,832	4.1	1.250	623,687,868	750,772,993
2004	1,607,786	863,903	7.3	59,705	22,325	4.3	1.280	735,388,141	848,186,360
2005	1,658,205	895,443	6.1	63,467	22,114	6.2	1.290	697,729,974	890,619,483
2006	1,712,000	930,000	5.7	68,000	23,373	8.0	1.286	813,037,668	967,151,919
2007	1,732,000	945,000	6.0	71,000	23,415	8.2	1.292	838,603,274	997,797,835
2008	1,760,000	961,000	6.0	75,000	23,454	8.0	1.305	870,659,772	1,039,724,126
2009	1,789,000	982,000	5.8	79,000	23,627	8.0	1.316	910,008,502	1,088,129,333
2010	1,818,000	999,000	5.6	84,000	23,751	8.0	1.329	950,211,016	1,140,804,074
2011	1,843,000	1,013,000	5.6	89,000	23,816	8.0	1.343	992,463,216	1,195,820,784
2012	1,865,000	1,026,000	5.7	93,000	23,867	7.7	1.359	1,037,663,317	1,254,518,475
2013	1,885,000	1,039,000	5.8	98,000	23,963	7.7	1.375	1,085,079,525	1,315,833,598

1. From Department of Administrative Services' May 2007 "Oregon Economic and Revenue Forecast:"

The first quarter 2007 initial estimate of job growth was a 2.8 percent annual rate over the fourth quarter 2006 and represented the 15th consecutive quarter of job growth. The Oregon Office of Economic Analysis (OEA) forecasts that Oregon's economy will grow at a slightly higher rate than the U.S. economy between 2007 and 2013. Even though the Oregon economy is projected to grow faster than the nation, per capita income and average wages will take some time to catch up with the national averages. Oregon's long-term growth will be fueled by a number of key factors: steady immigration and population growth, Pacific Rim orientation, strength in the semiconductor industry, export growth and high commodity prices, continued strength in domestic markets, business cost advantages, environmental issues, affordable housing, biotechnology and nanotechnology, sustainable development, and quality of life. The major risks facing the Oregon economy are: a major deceleration in the U.S. economy, a hard landing in China, geopolitical risks, inflation and Federal Reserve Bank reactions, a sharp fall of the U.S. dollar, a sharp and major stock market correction, a possible meltdown of the housing market, rising regional energy prices, avian flu, initiatives and referendums, and a slowdown in semiconductors, software, and communications.

2. From Research and Analysis Section, Department of Consumer and Business Services, 8/2007.
3. From Research and Analysis Section, Department of Consumer and Business Services, 8/2007. Loss figures have been adjusted to reflect changes in SAIF's reserving practices.
4. From Research and Analysis Section, Department Consumer and Business Services, 8/2007. Includes coverage related to the Longshore and Harbor Workers' Compensation Act and excess coverage for self-insurers.
5. Oregon Construction Employment, Oregon Service Employment, and Oregon Manufacturing Employment data experienced a break in the series beginning in CY 2003 due to the shift from SIC to NAICS.

Note: Vocational Rehabilitation coverage is included in loss and premium figures and are estimated for forecasting purposes prior to 1986.

Source: Research & Analysis Section, IMD, Department of Consumer and Business Services

Sep-07

# Appendix 2

## WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT REVENUE, EXPENDITURES, TRANSFERS, AND FUND BALANCES FISCAL YEARS 2006-2012; ACTUAL DATA THROUGH 6/30/2007 4.6% ASSESSMENT RATE EFFECTIVE 1/1/2007 AND 5.0% EFFECTIVE 1/1/2011

REVENUES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Assessments <sup>1</sup>	\$59,116,776	\$54,837,574	\$45,774,585	\$47,784,315	\$50,070,365	\$53,622,191	\$59,898,664
Fines and Penalties <sup>2</sup>	1,592,963	1,899,910	1,960,000	2,020,000	2,080,000	2,140,000	2,200,000
Investment Income	3,164,161	3,900,346	3,958,959	3,425,401	2,844,557	2,266,935	1,907,835
Federal Funds <sup>2</sup>	6,181,097	5,775,882	5,830,000	5,890,000	5,950,000	6,010,000	6,070,000
Other <sup>2</sup>	808,607	743,516	505,976	510,620	514,888	519,324	524,800
SAIF Reinsurance Pool Credit <sup>11</sup>	(5,409,146)	(5,628,582)	(5,615,761)	(5,615,761)	(5,615,761)	(5,615,761)	(882,201)
<b>Total</b>	<b>\$65,454,458</b>	<b>\$61,528,646</b>	<b>\$52,413,760</b>	<b>\$54,014,576</b>	<b>\$55,844,049</b>	<b>\$58,942,690</b>	<b>\$69,719,098</b>
<b>EXPENDITURES</b>							
Administration <sup>3</sup>	\$59,875,629	\$62,948,831	\$69,282,038	\$72,109,876	\$74,273,172	\$76,501,368	\$78,796,409
Self-Insured Empl Res. <sup>2</sup>	339,803	359,043	301,242	296,530	300,089	303,898	307,979
Chargeback <sup>6</sup>	(7,215,360)	(7,250,545)	(7,553,937)	(7,862,261)	(8,098,129)	(8,341,073)	(8,591,305)
Oregon Health Sciences University <sup>4</sup>	1,660,813	1,699,566	1,748,879	1,778,600	1,811,757	1,841,186	1,865,895
<b>Total</b>	<b>\$54,660,885</b>	<b>\$57,756,895</b>	<b>\$63,778,221</b>	<b>\$66,322,746</b>	<b>\$68,286,889</b>	<b>\$70,305,379</b>	<b>\$72,378,978</b>
<b>ADJUSTMENTS/TRANSFERS</b>							
Non-Complying Employer <sup>5</sup>	\$166,312	(\$74,314)	(\$1,218,868)	(\$1,294,164)	(\$1,358,475)	(\$1,397,110)	(\$1,478,902)
Insurance Division <sup>7</sup>	(1,402)	25,354	(167,207)	(165,751)	(181,680)	(206,510)	(177,835)
WBF Administrative Expenses <sup>9</sup>	2,198,454	2,301,819	2,658,720	2,767,239	2,850,256	2,935,764	3,023,837
BOLI Transfer <sup>10</sup>	(164,750)	(138,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
Contractors' Board Transfer <sup>12</sup>	0	151,754	0	0	0	0	0
Misc Transfers/Adjustments <sup>8</sup>	14,685	123,045	0	0	0	0	0
<b>Total</b>	<b>2,213,299</b>	<b>2,389,658</b>	<b>1,112,645</b>	<b>1,147,324</b>	<b>1,150,101</b>	<b>1,172,144</b>	<b>1,207,100</b>
Net Cash Flow	\$13,006,872	\$6,161,409	(\$10,251,817)	(\$11,160,846)	(\$11,292,739)	(\$10,190,545)	(\$1,452,780)
<b>Ending Fund Balance</b>	<b>\$72,499,381</b>	<b>\$78,660,790</b>	<b>\$68,408,973</b>	<b>\$57,248,127</b>	<b>\$45,955,388</b>	<b>\$35,764,843</b>	<b>\$34,312,064</b>
<b>Balance Coverage Ratio</b>	<b>5.43</b>	<b>5.77</b>	<b>4.38</b>	<b>3.52</b>	<b>2.75</b>	<b>2.08</b>	<b>1.93</b>
Required Fund Balance	\$26,223,793	\$27,683,619	\$31,332,788	\$32,587,711	\$33,568,394	\$34,566,617	\$35,585,939
Funds Surplus/Shortfall	\$46,275,588	\$50,977,171	\$37,076,185	\$24,660,416	\$12,386,994	\$1,198,226	(\$1,273,875)

For the purposes of this analysis, self-insured employer reserves are included in the Premium Assessment Operating Account. All figures are actual through quarter ending 6/30/2007

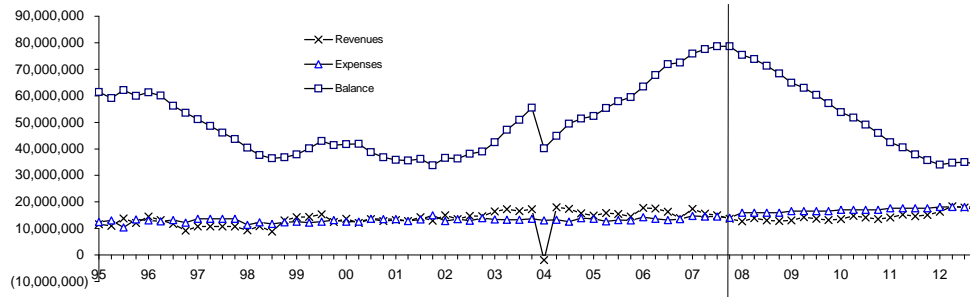
- Assessment forecasts are based on a premium assessment rate of 4.6 percent through CY 2010, and 5.0 percent effective 1/1/2011.
- Estimates are from the R&A Section, Information Management Division, Department of Consumer and Business Services, 2007-09 Legislatively Adopted Budget. In FY 2004, 'Other', includes a financial statement accrual for the transfer to the General Fund from WCD and PAOA in accordance with House bills 2148 and 5077 passed during the 2003 legislative session.
- Includes Department and Board administrative costs, expenditures of Federal funds, capital outlay, and Shared Services costs.
- Planned OHSU transfers and/or expenditures are equal to 1/16 cent per worker per hour.
- Net Non-Complying Employer expenditures are transferred to the Workers' Benefit Fund.
- Chargeback expenditures reflect Shared service chargeback recoveries, from non-PAOA account, DCBS entities. Beginning in FY 2004, chargeback expenditures also include indirect costs from the WBF.
- Transfer to Insurance Division in the first quarter of each Fiscal Year to fund workers' compensation activities. Estimated transfers for FY 2008 - FY 2012 are from the Insurance Division Funding Study, 8/2007.
- Miscellaneous transfers and adjustments are from actual quarterly financial statements.
- Quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- Quarterly transfer to the Bureau of Labor and Industries. This was included in Administration expenditures prior to FY 2002.
- Annual premium assessment credit for SAIF from CY 2004 through CY 2011, in accordance with HB 3630.
- Transfer from Construction Contractors' Board for expenses related to the Interagency Agreement for the implementation of HB 2078.

Column detail may not add to totals due to rounding.

Source: Information Management Division, Department of Consumer and Business Services, 8/2007.

# Appendix 3

## WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT REVENUES, EXPENSES, TRANSFERS, AND FUND BALANCES <sup>1</sup> FISCAL YEARS 1995-2013; ACTUAL DATA THROUGH 6/30/2007 4.6% ASSESSMENT RATE EFFECTIVE 1/1/2007 AND 5.0% ASSESSMENT RATE EFFECTIVE 1/1/2011



Period Ending	Assessment Income <sup>2,6</sup>	Investment Income	Total Revenue <sup>3</sup>	Expenses <sup>4</sup>	Excess (Deficit)	Transfers/Adjustments <sup>5</sup>	Ending Fund Balance	Coverage Ratio
FY 1995	\$31,571,670	\$5,707,304	\$48,381,633	\$49,228,966	(\$847,333)	(\$1,739,550)	\$59,952,740	4.22
FY 1996	\$32,092,873	\$7,237,983	\$48,405,210	\$51,127,124	(\$2,721,914)	(\$3,600,679)	\$53,630,147	4.58
FY 1997	\$31,538,968	\$4,286,546	\$43,018,801	\$54,733,305	(\$11,714,504)	\$1,727,719	\$43,643,362	3.29
FY 1998	\$32,857,934	\$2,400,800	\$42,076,593	\$47,553,547	(\$5,476,954)	(\$1,352,754)	\$36,813,654	2.90
FY 1999	\$46,943,507	\$2,120,008	\$56,312,301	\$50,469,892	\$5,842,409	(\$1,319,838)	\$41,336,225	2.93
FY 2000	\$42,293,900	\$2,333,324	\$52,007,780	\$52,181,605	(\$173,825)	(\$4,376,597)	\$36,785,803	3.49
FY 2001	\$42,858,965	\$3,321,962	\$53,264,500	\$54,690,884	(\$1,426,384)	(\$1,575,895)	\$33,783,524	2.20
FY 2002	\$48,738,305	\$1,559,872	\$57,824,518	\$53,228,803	\$4,595,715	\$651,447	\$39,030,686	2.86
FY 2003	\$58,239,386	\$1,538,278	\$67,570,319	\$53,639,597	\$13,930,722	\$2,544,779	\$55,506,187	4.38
FY 2004	\$58,513,903	\$1,842,440	\$49,028,464	\$52,636,037	(\$3,607,573)	(\$514,930)	\$51,383,684	3.74
FY 2005	\$55,236,669	\$2,319,656	\$60,581,274	\$52,618,446	\$7,962,828	\$145,997	\$59,492,509	4.62
09/30/05	16,096,962	696,134	17,760,814	14,236,426	3,524,388	405,172	63,422,069	4.59
12/31/05	15,755,121	802,121	17,491,623	13,673,404	3,818,219	545,025	67,785,313	5.16
03/31/06	15,217,043	923,089	16,308,699	13,209,922	3,098,777	1,077,720	71,961,810	5.93
06/30/06	12,047,650	742,817	13,893,322	13,541,133	352,189	185,382	72,499,381	5.43
FY 2006	\$59,116,776	\$3,164,161	\$65,454,458	\$54,660,885	\$10,793,573	\$2,213,299	\$72,499,381	5.43
09/30/06	15,793,349	1,034,594	17,360,747	14,688,076	2,672,671	671,953	75,844,005	5.41
12/31/06	13,943,608	922,065	15,570,855	14,509,286	1,061,569	702,852	77,608,426	5.62
03/31/07	13,296,483	1,050,343	14,994,200	14,545,568	448,632	636,339	78,693,397	5.66
06/30/07	11,804,134	893,344	13,602,844	14,013,965	(411,121)	378,514	78,660,790	5.77
FY 2007	\$54,837,574	\$3,900,346	\$61,528,646	\$57,756,895	\$3,771,751	\$2,389,658	\$78,660,790	5.77
09/30/07	11,183,158	781,433	12,634,645	15,943,285	(3,308,640)	99,411	75,451,560	4.76
12/31/07	11,966,953	1,292,959	13,929,966	15,943,936	(2,013,970)	373,580	73,811,170	4.74
03/31/08	11,728,211	681,043	13,079,308	15,945,505	(2,866,198)	319,827	71,264,800	4.56
06/30/08	10,896,262	1,203,525	12,769,841	15,945,495	(3,175,654)	319,827	68,408,973	4.38
FY 2008	45,774,585	3,958,959	52,413,760	63,778,221	(11,364,462)	1,112,645	68,408,973	4.38
09/30/08	11,661,944	704,796	13,067,955	16,577,328	(3,509,374)	62,761	64,962,360	3.93
12/31/08	12,479,296	1,068,654	14,249,165	16,579,470	(2,330,305)	399,457	63,031,513	3.90
03/31/09	12,230,333	654,317	13,585,864	16,581,511	(2,995,647)	342,553	60,378,419	3.72
06/30/09	11,412,743	997,635	13,111,592	16,584,437	(3,472,845)	342,553	57,248,127	3.52
FY 2009	47,784,315	3,425,401	54,014,576	66,322,746	(12,308,170)	1,147,324	57,248,127	3.52
09/30/09	12,214,718	602,076	13,549,076	17,068,335	(3,519,259)	45,660	53,774,528	3.16
12/31/09	13,070,814	888,702	14,691,798	17,070,509	(2,378,710)	408,307	51,804,125	3.11
03/31/10	12,810,049	545,610	14,087,941	17,072,537	(2,984,596)	348,067	49,167,596	2.94
06/30/10	11,974,784	808,169	13,515,234	17,075,509	(3,560,275)	348,067	45,955,388	2.75
FY 2010	50,070,365	2,844,557	55,844,049	68,286,889	(12,442,840)	1,150,101	45,955,388	2.75
09/30/10	12,816,255	499,336	14,078,981	17,573,677	(3,494,696)	26,357	42,487,049	2.42
12/31/10	13,714,512	699,123	15,177,026	17,575,341	(2,398,315)	424,444	40,513,178	2.36
03/31/11	13,440,905	442,836	14,647,132	17,576,897	(2,929,765)	360,672	37,944,084	2.20
06/30/11	13,650,519	625,641	15,039,551	17,579,464	(2,539,913)	360,672	35,764,843	2.08
FY 2011	53,622,191	2,266,935	58,942,690	70,305,379	(11,362,689)	1,172,144	35,764,843	2.08
09/30/11	14,610,264	394,594	16,321,357	18,092,237	(1,770,880)	50,047	34,044,011	1.89
12/31/11	15,634,777	559,938	18,393,415	18,093,741	299,673	430,691	34,774,376	1.97
03/31/12	15,322,713	383,222	17,904,635	18,095,169	(190,534)	363,181	34,947,023	1.97
06/30/12	14,330,910	570,081	17,099,691	18,097,831	(998,139)	363,181	34,312,064	1.93
FY 2012	59,898,664	1,907,835	69,719,098	72,378,978	(2,659,879)	1,207,100	34,312,064	1.93

- Includes WC Division, WC Board, OR-OSHA, Shared Services, and Self-Insured Employer Adjustment Reserves.
- Premium forecasts are based on WC Premium Forecasting Model run 8/2007. Data reflect premium assessment rates of 16.8% from 7/1/82 to 12/31/85, 12.0% during CY 86, 7.0% during CY 87, 5.5% during CY 88 and CY 89, 4.5% during the period CY 90 - CY 97, 7.3% from CY 98 - CY 2001, 8.0% from CY 2002 - CY 2003, 7.0% from CY 2004, 6.8% for CY 2005, 5.5% for CY 2006, 4.6% for CY 2007 - CY 2010, and 5.0% for CY 2011-CY 2012.
- Includes NCE recoveries, fines & forfeitures, Federal funds and other Rehab revenues through 12/31/95. Also includes a financial statement accrual of negative revenue in the first quarter of FY 2004, amounting to \$18.5 million, for the transfer to the General Fund in accordance with HB 2148 and HB 5077 passed during the 2003 legislative session.
- Includes expenses, capital outlay, and transfers to the Insurance Division and the Bureau of Labor and Industries (BOLI) and the Insurance Division. Projected account incremental chargeback revenue is included starting FY 95. The expenditures for FY 2008 and FY 2009 are based on the 2007-09 Legislatively Adopted Budget. Expenditures are escalated at three percent per annum for FY 2010 through FY 2012.
- Transfers through 3/31/95 include 1/2 cent per worker per day to OHSU, beginning in the fourth quarter of CY 87, retroactive to 1/1/87. As of 6/30/95 the transfer to OHSU equals 1/16 cents-per-hour equivalent revenue. As of 1/1/96, two quarters of expenditures for the NCE and Rehab plus quarterly net expenditures for these reserves was transferred to the Workers' Benefit Fund. Effective 7/1/2001, there is a quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- The actual and forecasted premium assessment rates are as follows:

2005 = 6.8%	2006 = 5.5%	2007 = 4.6%	2008 = 4.6%
2009 = 4.6%	2010 = 4.6%	2011 = 5.0%	2012 = 5.0%

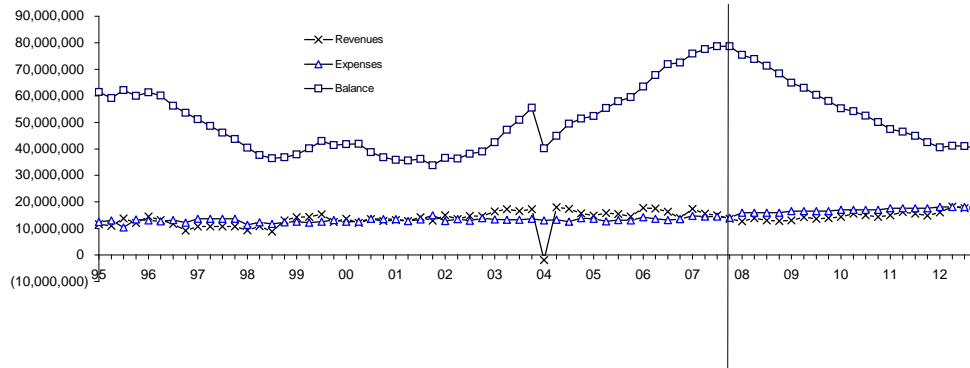
Note: All data subject to revision.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

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# Appendix 4

## WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT REVENUES, EXPENSES, TRANSFERS, AND FUND BALANCES <sup>1</sup> FISCAL YEARS 1995-2013; ACTUAL DATA THROUGH 6/30/2007 4.6% ASSESSMENT RATE EFFECTIVE 1/1/2007 AND 4.9% ASSESSMENT RATE EFFECTIVE 1/1/2009



Period Ending	Assessment Income <sup>2,6</sup>	Investment Income	Total Revenue <sup>3</sup>	Expenses <sup>4</sup>	Excess (Deficit)	Transfers/Adjustments <sup>5</sup>	Ending Fund Balance	Coverage Ratio
FY 1995	\$31,571,670	\$5,707,304	\$48,381,633	\$49,228,966	(\$847,333)	(\$1,739,550)	\$59,952,740	4.22
FY 1996	\$32,092,873	\$7,237,983	\$48,405,210	\$51,127,124	(\$2,721,914)	(\$3,600,679)	\$53,630,147	4.58
FY 1997	\$31,538,968	\$4,286,546	\$43,018,801	\$54,733,305	(\$11,714,504)	\$1,727,719	\$43,643,362	3.29
FY 1998	\$32,857,934	\$2,400,800	\$42,076,593	\$47,553,547	(\$5,476,954)	(\$1,352,754)	\$36,813,654	2.90
FY 1999	\$46,943,507	\$2,120,008	\$56,312,301	\$50,469,892	\$5,842,409	(\$1,319,838)	\$41,336,225	2.93
FY 2000	\$42,293,900	\$2,333,324	\$52,007,780	\$52,181,605	(\$173,825)	(\$4,376,597)	\$36,785,803	3.49
FY 2001	\$42,858,965	\$3,321,962	\$53,264,500	\$54,690,884	(\$1,426,384)	(\$1,575,895)	\$33,783,524	2.20
FY 2002	\$48,738,305	\$1,559,872	\$57,824,518	\$53,228,803	\$4,595,715	\$651,447	\$39,030,686	2.86
FY 2003	\$58,239,386	\$1,538,278	\$67,570,319	\$53,639,597	\$13,930,722	\$2,544,779	\$55,506,187	4.38
FY 2004	\$58,513,903	\$1,842,440	\$49,028,464	\$52,636,037	(\$3,607,573)	(\$514,930)	\$51,383,684	3.74
FY 2005	\$55,236,669	\$2,319,656	\$60,581,274	\$52,618,446	\$7,962,828	\$145,997	\$59,492,509	4.62
09/30/05	16,096,962	696,134	17,760,814	14,236,426	3,524,388	405,172	63,422,069	4.59
12/31/05	15,755,121	802,121	17,491,623	13,673,404	3,818,219	545,025	67,785,313	5.16
03/31/06	15,217,043	923,089	16,308,699	13,209,922	3,098,777	1,077,720	71,961,810	5.93
06/30/06	12,047,650	742,817	13,893,322	13,541,133	352,189	185,382	72,499,381	5.43
FY 2006	\$59,116,776	\$3,164,161	\$65,454,458	\$54,660,885	\$10,793,573	\$2,213,299	\$72,499,381	5.43
09/30/06	15,793,349	1,034,594	17,360,747	14,688,076	2,672,671	671,953	75,844,005	5.41
12/31/06	13,943,608	922,065	15,570,855	14,509,286	1,061,569	702,852	77,608,426	5.62
03/31/07	13,296,483	1,050,343	14,994,200	14,545,568	448,632	636,339	78,693,397	5.66
06/30/07	11,804,134	893,344	13,602,844	14,013,965	(411,121)	378,514	78,660,790	5.77
FY 2007	\$54,837,574	\$3,900,346	\$61,528,646	\$57,756,895	\$3,771,751	\$2,389,658	\$78,660,790	5.77
09/30/07	11,183,158	781,433	12,634,645	15,943,285	(3,308,640)	99,411	75,451,560	4.76
12/31/07	11,966,953	1,292,959	13,929,966	15,943,936	(2,013,970)	373,580	73,811,170	4.74
03/31/08	11,728,211	681,043	13,079,308	15,945,505	(2,866,198)	319,827	71,264,800	4.56
06/30/08	10,896,262	1,203,525	12,769,841	15,945,495	(3,175,654)	319,827	68,408,973	4.38
FY 2008	45,774,585	3,958,959	52,413,760	63,778,221	(11,364,462)	1,112,645	68,408,973	4.38
09/30/08	11,661,944	704,796	13,067,955	16,577,328	(3,509,374)	62,761	64,962,360	3.93
12/31/08	12,479,296	1,068,654	14,249,165	16,579,470	(2,330,305)	399,457	63,031,513	3.90
03/31/09	12,230,333	654,317	13,585,864	16,581,511	(2,995,647)	342,553	60,378,419	3.72
06/30/09	12,154,835	997,635	13,853,684	16,584,437	(2,730,753)	342,553	57,990,220	3.57
FY 2009	48,526,408	3,425,401	54,756,668	66,322,746	(11,566,077)	1,147,324	57,990,220	3.57
09/30/09	13,009,311	609,820	14,351,413	17,068,335	(2,716,922)	45,660	55,318,957	3.25
12/31/09	13,921,450	914,565	15,568,297	17,070,509	(1,502,211)	408,307	54,225,053	3.25
03/31/10	13,643,615	570,887	14,946,783	17,072,537	(2,125,753)	348,067	52,447,367	3.14
06/30/10	12,753,285	862,801	14,348,367	17,075,509	(2,727,141)	348,067	50,068,292	2.99
FY 2010	53,327,661	2,958,073	59,214,861	68,286,889	(9,072,028)	1,150,101	50,068,292	2.99
09/30/10	13,649,832	543,719	14,956,942	17,573,677	(2,616,735)	26,357	47,477,914	2.71
12/31/10	14,606,883	782,433	16,152,707	17,575,341	(1,422,634)	424,444	46,479,724	2.71
03/31/11	14,315,367	507,581	15,586,339	17,576,897	(1,990,558)	360,672	44,849,837	2.61
06/30/11	13,378,343	741,189	14,882,923	17,579,464	(2,696,540)	360,672	42,513,969	2.47
FY 2011	55,950,425	2,574,923	61,578,911	70,305,379	(8,726,468)	1,172,144	42,513,969	2.47
09/30/11	14,318,832	468,567	16,103,898	18,092,237	(1,988,339)	50,047	40,575,677	2.25
12/31/11	15,322,790	669,104	18,190,594	18,093,741	96,853	430,691	41,103,221	2.33
03/31/12	15,016,987	452,621	17,668,308	18,095,169	(426,861)	363,181	41,039,541	2.31
06/30/12	14,045,210	672,273	16,916,183	18,097,831	(1,181,648)	363,181	40,221,073	2.27
FY 2012	58,703,819	2,262,564	68,878,982	72,378,978	(3,499,996)	1,207,100	40,221,073	2.27

- Includes WC Division, WC Board, OR-OSHA, Shared Services, and Self-Insured Employer Adjustment Reserves.
- Premium forecasts are based on WC Premium Forecasting Model run 8/2007. Data reflect premium assessment rates of 16.8% from 7/1/82 to 12/31/85, 12.0% during CY 86, 7.0% during CY 87, 5.5% during CY 88 and CY 89, 4.5% during the period CY 90 - CY 97, 7.3% from CY 98 - CY 2001, 8.0% from CY 2002 - CY 2003, 7.0% from CY 2004, 6.8% for CY 2005, 5.5% for CY 2006, 4.6% for CY 2007 - CY 2008, and 4.9% for CY 2009-CY 2012.
- Includes NCE recoveries, fines & forfeitures, Federal funds and other Rehab revenues through 12/31/95. Also includes a financial statement accrual of negative revenue in the first quarter of FY 2004, amounting to \$18.5 million, for the transfer to the General Fund in accordance with HB 2148 and HB 5077 passed during the 2003 legislative session.
- Includes expenses, capital outlay, and transfers to the Insurance Division and the Bureau of Labor and Industries (BOLI) and the Insurance Division. Projected account incremental chargeback revenue is included starting FY 95. The expenditures for FY 2008 and FY 2009 are based on the 2007-09 Legislatively Adopted Budget. Expenditures are escalated at three percent per annum for FY 2010 through FY 2012.
- Transfers through 3/31/95 include 1/2 cent per worker per day to OHSU, beginning in the fourth quarter of CY 87, retroactive to 1/1/87. As of 6/30/95 the transfer to OHSU equals 1/16 cents-per-hour equivalent revenue. As of 1/1/96, two quarters of expenditures for the NCE and Rehab plus quarterly net expenditures for these reserves was transferred to the Workers' Benefit Fund. Effective 7/1/2001, there is a quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- The actual and forecasted premium assessment rates are as follows:

2005 = 6.8%	2006 = 5.5%	2007 = 4.6%	2008 = 4.6%
2009 = 4.9%	2010 = 4.9%	2011 = 4.9%	2012 = 4.9%

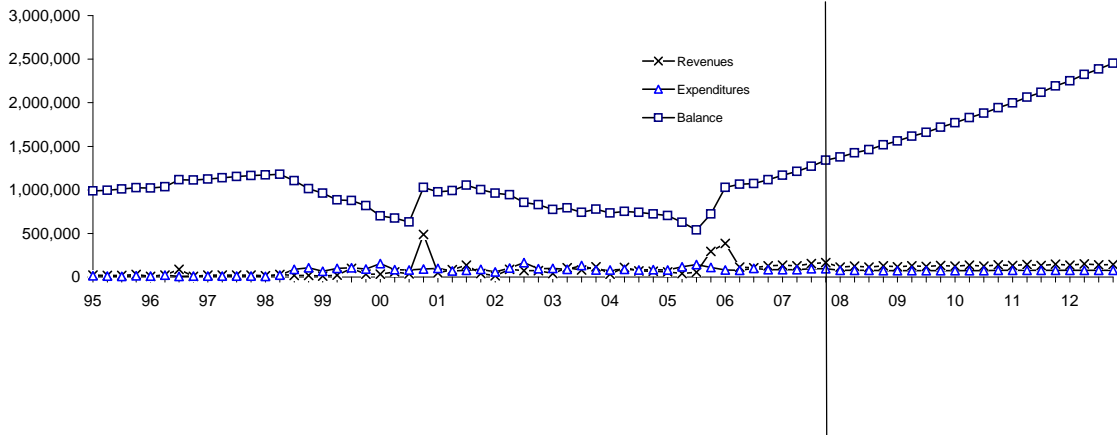
Note: All data subject to revision.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

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# Appendix 5

## SELF-INSURED EMPLOYER ADJUSTMENT RESERVE REVENUES, EXPENSES, AND FUND BALANCES FISCAL YEARS 1995-2012; ACTUAL DATA THROUGH 6/30/2007



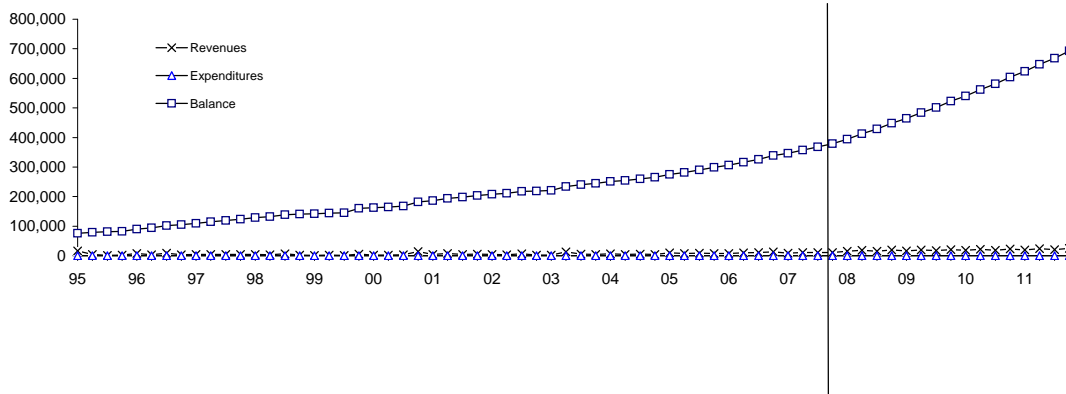
Period Ending	Revenue	Investment Income	Total Revenue	Expenses	Excess (Deficit)	Transfers/ Adjustments	Ending Fund Balance
FY 1995	\$15,713	\$76,920	\$92,633	\$45,776	\$46,857	\$0	\$1,025,098
FY 1996	\$61,075	\$64,942	\$126,017	\$53,276	\$72,741	\$13,678	\$1,111,517
FY 1997	\$4,169	\$86,558	\$90,727	\$36,894	\$53,833	\$0	\$1,165,350
FY 1998	\$10,484	\$67,805	\$78,289	\$228,347	(\$150,058)	\$0	\$1,015,292
FY 1999	\$116,832	\$51,175	\$168,007	\$364,667	(\$196,660)	\$0	\$818,632
FY 2000	\$576,927	\$41,097	\$618,024	\$408,765	\$209,259	\$0	\$1,027,891
FY 2001	\$240,099	\$67,256	\$307,355	\$331,857	(\$24,502)	\$0	\$1,003,389
FY 2002	\$206,443	\$43,970	\$250,413	\$422,455	(\$172,042)	\$0	\$831,347
FY 2003	\$321,290	\$24,128	\$345,418	\$397,965	(\$52,547)	\$0	\$778,800
FY 2004	\$259,709	\$22,217	\$281,926	\$335,728	(\$53,802)	\$0	\$724,998
FY 2005	\$428,547	\$20,314	\$448,861	\$449,938	(\$1,077)	\$0	\$723,921
09/30/05	375,880	9,283	385,163	79,298	305,865	0	1,029,786
12/31/05	103,804	10,480	114,284	77,924	36,360	0	1,066,146
03/31/06	94,223	10,650	104,873	98,036	6,837	0	1,072,983
06/30/06	108,687	18,787	127,474	84,545	42,929	0	1,115,912
FY 2006	\$682,594	\$49,200	\$731,794	\$339,803	\$391,991	\$0	\$1,115,912
09/30/06	128,214	8,658	136,872	85,031	51,841	0	1,167,753
12/31/06	114,803	13,815	128,618	83,327	45,291	0	1,213,044
03/31/07	141,172	13,359	154,531	96,855	57,676	0	1,270,720
06/30/07	149,396	15,327	164,723	93,830	70,893	0	1,341,613
FY 2007	\$533,585	\$51,159	\$584,744	\$359,043	\$225,701	\$0	\$1,341,613
09/30/07	99,619	13,328	112,947	75,776	37,172	0	1,378,785
12/31/07	99,619	23,627	123,247	75,776	47,471	0	1,426,255
03/31/08	99,619	13,160	112,779	75,776	37,003	0	1,463,259
06/30/08	102,573	24,712	127,284	73,915	53,370	0	1,516,629
FY 2008	\$401,431	\$74,827	\$476,257	\$301,242	\$175,016	\$0	\$1,516,629
09/30/08	102,573	15,625	118,198	73,915	44,283	0	1,560,912
12/31/08	102,573	25,678	128,250	73,915	54,336	0	1,615,247
03/31/09	102,573	16,768	119,340	73,915	45,426	0	1,660,673
06/30/09	105,764	27,439	133,203	74,786	58,417	0	1,719,090
FY 2009	\$413,482	\$85,510	\$498,992	\$296,530	\$202,462	\$0	\$1,719,090
09/30/09	105,764	18,080	123,844	74,786	49,057	0	1,768,147
12/31/09	105,764	29,221	134,985	74,786	60,199	0	1,828,346
03/31/10	105,764	19,256	125,020	74,786	50,234	0	1,878,580
06/30/10	109,276	30,878	140,155	75,730	64,425	0	1,943,005
FY 2010	\$426,568	\$97,436	\$524,004	\$300,089	\$223,915	\$0	\$1,943,005
09/30/10	109,276	21,112	130,388	75,730	54,659	0	1,997,664
12/31/10	109,276	32,871	142,148	75,730	66,418	0	2,064,083
03/31/11	109,276	22,562	131,838	75,730	56,109	0	2,120,191
06/30/11	112,903	34,959	147,862	76,709	71,153	0	2,191,344
FY 2011	\$440,733	\$111,504	\$552,237	\$303,898	\$248,339	\$0	\$2,191,344
09/30/11	112,903	24,177	137,080	76,709	60,372	0	2,251,716
12/31/11	112,903	37,035	149,938	76,709	73,229	0	2,324,945
03/31/12	112,903	25,621	138,525	76,709	61,816	0	2,386,761
06/30/12	116,865	26,303	143,168	77,853	65,315	0	2,452,076
FY 2012	\$455,575	\$113,136	\$568,711	\$307,979	\$260,732	\$0	\$2,452,076

1. Revenues received for this program are from quarterly reimbursements from the Retroactive Program, insurance recoveries, and from the 0.2 assessment rate differential paid by Self-Insured Employers.
2. Expenditure forecasts are from WCD Compliance management staff.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

# Appendix 6

## SELF-INSURED EMPLOYER GROUP ADJUSTMENT RESERVE REVENUES, EXPENSES, AND FUND BALANCES FISCAL YEARS 1995-2012; ACTUAL DATA THROUGH 6/30/2007



Period Ending	Revenue	Investment Income	Total Revenue	Expenses	Excess (Deficit)	Transfers/ Adjustments	Ending Fund Balance
FY 1995	\$17,971	\$5,489	\$23,460	\$0	\$23,460	\$0	\$82,489
FY 1996	\$15,604	\$5,706	\$21,310	\$0	\$21,310	\$1,118	\$104,917
FY 1997	\$12,546	\$6,483	\$19,029	\$0	\$19,029	\$0	\$123,946
FY 1998	\$8,691	\$7,705	\$16,396	\$0	\$16,396	\$0	\$140,342
FY 1999	\$2,482	\$7,614	\$10,096	\$0	\$10,096	\$9,808	\$160,246
FY 2000	\$11,624	\$10,030	\$21,654	\$0	\$21,654	\$0	\$181,900
FY 2001	\$8,389	\$12,913	\$21,302	\$0	\$21,302	\$0	\$203,202
FY 2002	\$5,936	\$9,881	\$15,817	\$0	\$15,817	\$0	\$219,019
FY 2003	\$18,436	\$7,013	\$25,449	\$0	\$25,449	\$0	\$244,468
FY 2004	\$13,072	\$7,593	\$20,665	\$0	\$20,665	\$0	\$265,133
FY 2005	\$24,658	\$8,878	\$33,536	\$0	\$33,536	\$0	\$298,669
09/30/05	4,161	3,292	7,453	0	7,453	0	306,122
12/31/05	6,459	3,085	9,544	0	9,544	0	315,666
03/31/06	7,187	3,099	10,286	0	10,286	0	325,952
06/30/06	6,759	5,713	12,472	0	12,472	0	338,424
FY 2006	\$24,566	\$15,189	\$39,755	\$0	\$39,755	\$0	\$338,424
09/30/06	5,390	2,858	8,248	0	8,248	0	346,672
12/31/06	6,387	4,102	10,489	0	10,489	0	357,161
03/31/07	7,170	3,913	11,083	0	11,083	0	368,244
06/30/07	6,377	4,467	10,844	0	10,844	0	379,088
FY 2007	\$25,324	\$15,340	\$40,664	\$0	\$40,664	\$0	\$379,088
09/30/07	11,644	3,766	15,410	0	15,410	0	394,498
12/31/07	11,644	6,760	18,404	0	18,404	0	412,902
03/31/08	11,644	3,810	15,454	0	15,454	0	428,356
06/30/08	12,140	7,234	19,375	0	19,375	0	447,730
FY 2008	\$47,072	\$21,570	\$68,642	\$0	\$68,642	\$0	\$447,730
09/30/08	12,140	4,613	16,753	0	16,753	0	464,484
12/31/08	12,140	7,641	19,781	0	19,781	0	484,265
03/31/09	12,140	5,027	17,167	0	17,167	0	501,432
06/30/09	12,714	8,285	20,999	0	20,999	0	522,431
FY 2009	\$49,135	\$25,566	\$74,701	\$0	\$74,701	\$0	\$522,431
09/30/09	12,714	5,494	18,208	0	18,208	0	540,639
12/31/09	12,714	8,935	21,648	0	21,648	0	562,288
03/31/10	12,714	5,922	18,636	0	18,636	0	580,923
06/30/10	13,337	9,549	22,886	0	22,886	0	603,809
FY 2010	\$51,478	\$29,900	\$81,378	\$0	\$81,378	\$0	\$603,809
09/30/10	13,337	6,561	19,898	0	19,898	0	623,708
12/31/10	13,337	10,263	23,600	0	23,600	0	647,308
03/31/11	13,337	7,076	20,413	0	20,413	0	667,721
06/30/11	13,989	11,010	24,999	0	24,999	0	692,719
FY 2011	\$54,001	\$34,909	\$88,910	\$0	\$88,910	\$0	\$692,719
09/30/11	13,989	7,643	21,632	0	21,632	0	714,351
12/31/11	13,989	11,749	25,738	0	25,738	0	740,089
03/31/12	13,989	8,156	22,145	0	22,145	0	762,234
06/30/12	14,684	8,400	23,084	0	23,084	0	785,318
FY 2012	\$56,651	\$35,948	\$92,599	\$0	\$92,599	\$0	\$785,318

1. Revenues received for this program are from the 0.2 assessment rate differential paid by Self-Insured Employer Groups. Current projections are calculated as 0.2 percent of the current self-insurer group premium forecast.
2. There are currently no expenditures for this program.
3. There are currently six Self-Insured employer groups with a combined total of over 1000 employers; including cities, counties, special districts, contractors groups, Oregon Educators, and Oregon Operators.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

# Exhibit A

## Self-Insured Employer Adjustment Reserve Valuations

