



Workers' Benefit Fund 2025 Annual Update

DCBS Research Unit
Kelli Borushko, Senior Economist
Zoe Alley, Senior Forecasting Analyst

Executive Summary

The Workers' Benefit Fund (WBF) is a state-managed fund that provides a variety of benefits for workers injured on the job. Workers who receive benefits from the WBF have exceptional needs that might not otherwise be met by the workers' compensation system, either because of the nature of their claims or the nature of their employers.

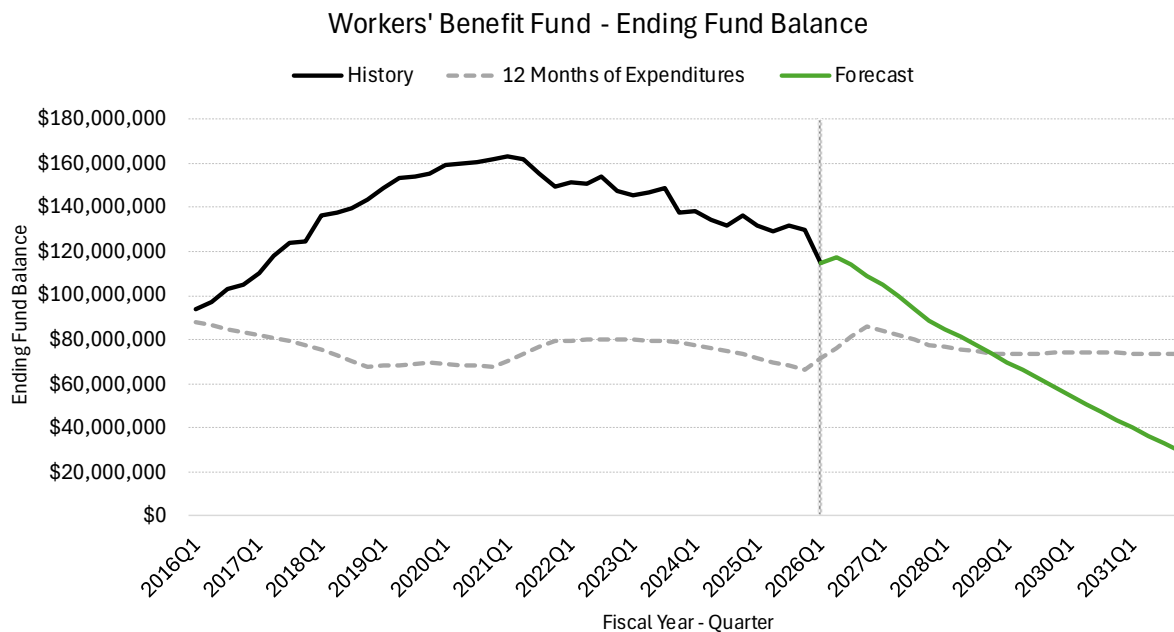
The WBF is primarily used to:

- Provide benefit increases to permanently disabled workers and to families of workers who died from a workplace injury or disease. These cost-of-living adjustments are made to reflect improvements to standard benefits and changes in average wages.
- Support Oregon programs that help injured workers return to work. These programs offer financial assistance to employers that hire injured workers, such as wage subsidies, premium exemptions, and reimbursements for worksite modifications and equipment. These programs help keep Oregon's workers' compensation costs low.

The WBF is funded by a cents-per-hour assessment that subject employers and workers equally share in paying, based on employee hours worked. These revenues must be spent exclusively on the programs set out by ORS 656.605. Effective Jan. 1, 2026, the rate is 1.8 cents per hour.

This rate – established annually by the DCBS director – must be set to maintain a balance above 12 months of projected expenditures. As of Sept. 30, 2025, the WBF has a balance of \$114.7 million and a coverage ratio of 5.77 quarters, or just over 17 months of projected expenditures.

For forecast years, we assume the assessment rate will remain at 1.8 cents per hour. This assumption is used for forecasting purposes only, and is subject to change during each annual rate setting process at the Director's discretion. We also make other assumptions regarding WBF program expenditures as described below. Both the assessment rate and expenditure forecasts are subject to revision each year as economic conditions change and new data are available.



The WBF balance has been declining for the last five years, and is projected to continue declining through the forecast period. There are several reasons for the continued decline:

- The assessment rate was lowered to 1.8 cents per hour effective Jan. 1, 2026. This is the fund's lowest assessment rate since its creation (see Appendix 1). This results in about \$6.5 million less revenue generated for the fund each fiscal year.
- The DCBS 2025-27 Legislatively Adopted Budget includes a one-time \$14.68 million transfer from the WBF to the Bureau of Labor and Industries (BOLI) Wage Security Fund. This transfer will occur quarterly throughout the biennium.
- Expenditures are expected to remain relatively stable over the forecast period. Although we expect increased costs for the return-to-work and Reopened Claims programs, we expect the Retroactive program claims costs to continue their long-term decline.

The remainder of this report describes the current financial status of the WBF in further detail.

WBF Financial Outcomes

The table below shows the financial outcomes for the past two fiscal years and the forecast for the next six years.¹ It assumes the current 1.8 cents-per-hour rate is retained through the forecast period. The fund collected \$62.3 million in assessment revenue in FY 2025. We expect to collect \$61.7 million in FY 2026 and \$57.2 million in FY 2027. Other income includes investments, fines and penalties, and other miscellaneous income.

The breakeven assessment rate is the assessment rate needed for revenue to equal expenditures. The last line of the table shows that the breakeven rate is expected to average 2.4 cents per hour through the forecast period. Therefore, if the 1.8 cents-per-hour rate is retained, the WBF will have a negative net cash flow each year.

The coverage ratio is the number of quarters of expenditures that the fund balance covers. This forecast shows that the fund is expected to fall below the statutory requirement of 4 quarters of expenditures in FY 2028, with a projected coverage ratio of 3.96 quarters.

Workers' Benefit Fund - Actuals through September 2025

	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	61,667,601	57,229,212	57,756,413	58,135,552	58,749,665	59,825,179
Other Income	3,163,903	5,240,052	4,945,141	4,151,502	3,285,844	2,847,245	2,548,608	2,287,633
Total Revenue Excluding NCE	\$ 71,025,503	\$ 67,511,938	\$ 66,612,743	\$ 61,380,714	\$ 61,042,256	\$ 60,982,798	\$ 61,298,273	\$ 62,112,812
Expenditures:								
Workers with Disability Program	169,067	67,007	23,936	23,936	23,936	23,936	23,936	23,936
Reemployment Assistance Program	26,503,711	25,456,662	30,452,644	30,190,529	30,767,709	31,350,501	31,951,705	32,564,601
Reopened Claims Program	2,227,367	3,573,773	2,965,035	3,036,174	3,172,420	3,384,404	3,288,978	3,069,516
Retroactive Program	34,306,895	38,615,322	34,674,014	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	1,384,554	1,278,977	1,278,977	1,278,977	1,278,977	1,278,977
SB 1558 Claim Payments	76,142	42,794	32,014	6,413	5,807	5,314	4,777	4,180
WBF Program Expenditure Total	\$ 64,707,363	\$ 69,428,360	\$ 69,532,197	\$ 66,768,895	\$ 66,863,769	\$ 67,019,435	\$ 66,869,751	\$ 66,595,927
				2%	4%	7%	-3%	-7%
WBF Administrative Expenditures:								
DCBS Administrative Expenditures	6,214,729	4,668,197	5,891,273	6,167,472	6,439,243	6,595,855	6,793,730	6,997,542
OHSU Transfer Out	1,965,013	1,940,961	1,979,171	2,032,212	2,046,404	2,059,164	2,073,300	2,084,212
BOLI Transfer Out	460,000	316,000	7,837,580	7,875,000	535,000	535,000	535,000	535,000
Miscellaneous Expenditures	36,206	9,318	844	0	0	0	0	0
WBF Administrative Expenditure Total	\$ 8,675,948	\$ 6,934,476	\$ 15,708,868	\$ 16,074,684	\$ 9,020,647	\$ 9,190,019	\$ 9,402,030	\$ 9,616,754
Total WBF Expenditures Excluding NCE	\$ 73,383,311	\$ 76,362,836	\$ 85,241,065	\$ 82,843,579	\$ 75,884,417	\$ 76,209,453	\$ 76,271,781	\$ 76,212,681
WBF administrative percentage	11.8%	9.1%	18.4%	19.4%	11.9%	12.1%	12.3%	12.6%
DCBS administrative percentage	8.5%	6.1%	6.9%	7.4%	8.5%	8.7%	8.9%	9.2%
WBF Net Cash Flow	\$ (2,357,808)	\$ (8,850,898)	\$ (18,628,322)	\$ (21,462,865)	\$ (14,842,160)	\$ (15,226,656)	\$ (14,973,508)	\$ (14,099,869)
NCE Program Revenue	6,595,648	3,655,269	4,773,114	5,229,939	5,229,939	5,229,939	5,229,939	5,229,939
NCE Program Expenditures	5,857,430	6,305,779	6,579,268	6,332,516	6,361,060	6,389,732	6,418,534	6,447,466
NCE Program, transfer from PAOA	81,008	5,011,819	(445,777)	2,520,134	1,145,393	1,174,129	1,202,996	1,231,993
NCE Net Cash Flow	\$ 819,227	\$ 2,361,309	\$ (2,251,931)	\$ 1,417,556	\$ 14,272	\$ 14,336	\$ 14,401	\$ 14,466
Total Revenue	\$ 77,621,152	\$ 71,167,208	\$ 71,385,857	\$ 66,610,652	\$ 66,272,195	\$ 66,212,736	\$ 66,528,212	\$ 67,342,751
Total Expenditures	\$ 79,240,741	\$ 82,668,615	\$ 91,820,333	\$ 89,176,095	\$ 82,245,477	\$ 82,599,185	\$ 82,690,315	\$ 82,660,147
Net Cash Flow	\$ (1,538,581)	\$ (6,489,589)	\$ (20,880,253)	\$ (20,045,309)	\$ (14,827,888)	\$ (15,212,320)	\$ (14,959,107)	\$ (14,085,403)
Ending Fund Balance	\$ 136,023,763	\$ 129,534,174	\$ 108,653,921	\$ 88,608,612	\$ 73,780,724	\$ 58,568,404	\$ 43,609,297	\$ 29,523,894
Balance Coverage Ratio	7.93	7.41	5.46	4.35	3.96	3.10	2.24	1.44
Breakeven Assessment Rate	0.022	0.023	0.026	0.025	0.023	0.023	0.023	0.023

Note: The total Retroactive Program expenditures for FY 2025 appears misleadingly high, because some payments for FY 2024 Q4 were posted in FY 2025 Q1. As this apparent increase in Retroactive Program expenditures merely reflects the timing of payments, it is not projected to continue through the forecast period.

¹ Actual revenue and expenditure data is through September 2025, so the FY 2026 figures contain three months of actual data and nine months of forecast data.

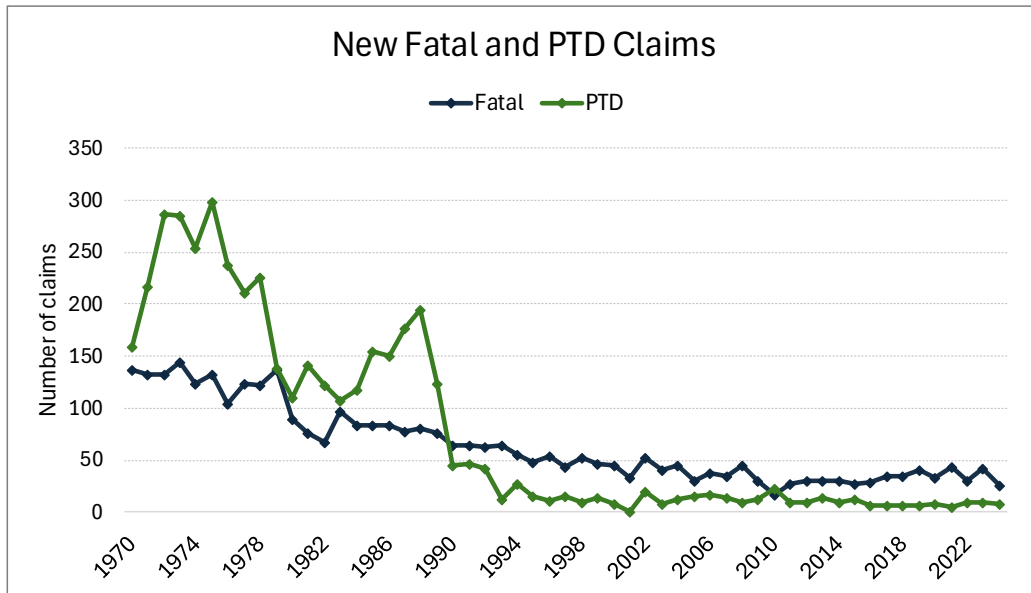
WBF Programs

After fairly steady declines between FY 2012 and FY 2018, WBF expenditures have averaged around \$77 million, excluding non-complying employers, over the last five years. About 90 percent of the WBF's expenditures pay for WBF programs. The remaining 10 percent go to services that support these programs, such as workplace safety research, investigations of workplace discrimination claims, and DCBS administrative expenses. Descriptions and forecasts for the WBF programs are below.

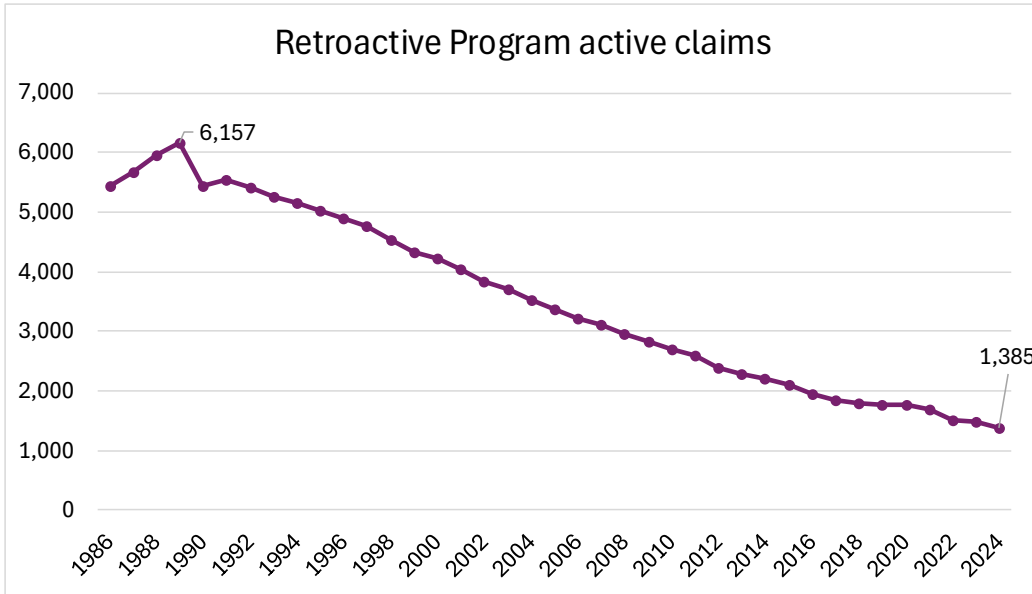
Retroactive Program – ORS 656.506 (7)

For death or permanent total disability benefits, when the benefit under the Retroactive Program bulletin exceeds the benefit granted at the time of injury, the workers or beneficiaries become eligible for Retroactive Program benefits increases. The program also covers benefits payable due to death from permanent total disability or temporary total disability with injury dates prior to April 1, 1974. Insurers and self-insured employers pay the benefits and then request reimbursement from the WBF. Due to the length of time eligible workers and their beneficiaries can receive benefits, the Retroactive Program is the costliest WBF program. In FY 2025, the program had \$38.6 million in expenditures, which accounted for 56 percent of the WBF program expenditures.

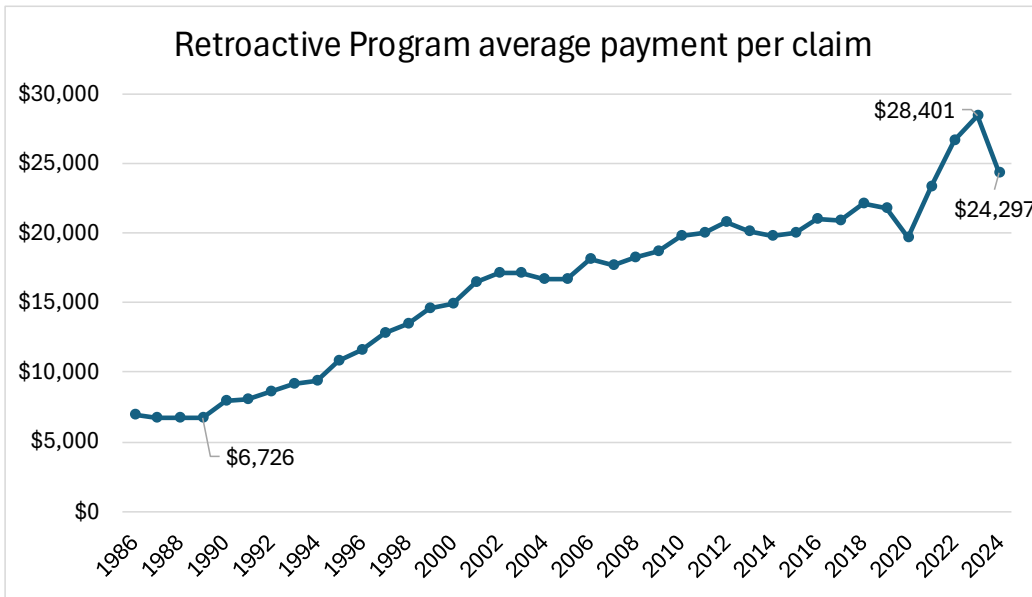
The next figures illustrate the Retroactive Program's trends. Few new claims are entering the program. During the 1970s, there was, on average, one new fatal or permanent total disability (PTD) claim each day; over the last decade, there was less than one new fatal or PTD claim each week. In CY 2024, WBF payments were made on 1,385 claims.



Future expenditures are estimated by forecasting the decline in the number of reimbursable claims and the increase in average payments. Over the past ten years, claims have decreased by about 4.1 percent per year.



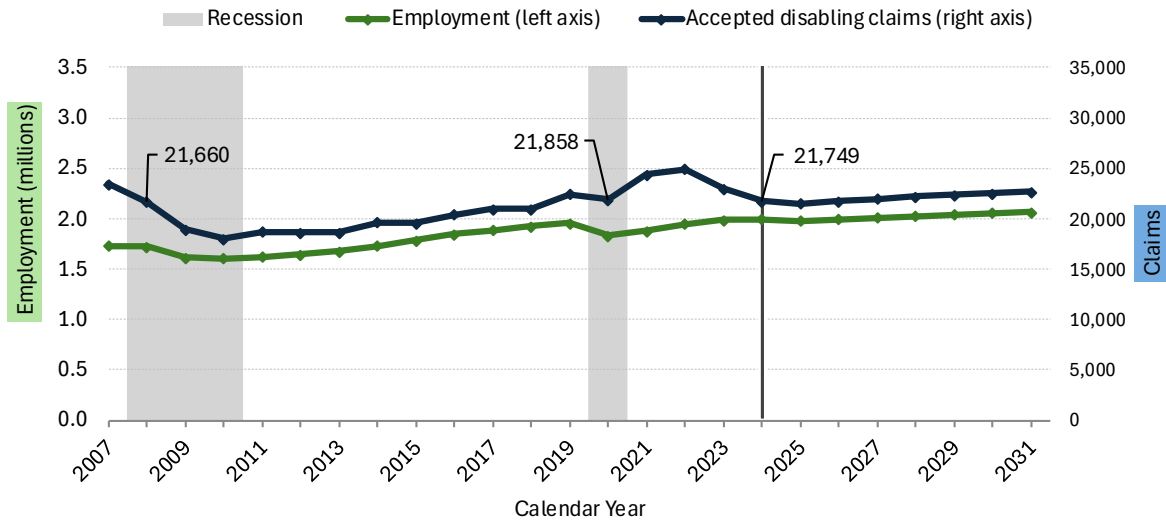
Meanwhile, the average payment has increased by about 3.1 percent per year over the same period.



Reemployment Assistance Program (RAP) – ORS 656.622

The forecasts for the RAP and Reopened Claims Programs (described in detail in the next section) depend on the forecast of future accepted disabling claims (ADCs). The following figure shows the number of ADCs by year. ADCs declined sharply during the Great Recession but then grew at the same rate as employment until the beginning of the COVID-19 pandemic. The number of ADCs fell in 2020, but then increased in 2021 and 2022. These increases are largely explained by accepted COVID-related claims. ADCs came down to just under 23,000 in 2023 and have since returned to pre-pandemic levels.

Accepted Disabling Claims and Employment



The RAP provides incentives to employers for employing injured workers. The Employer-at-Injury Program (EAIP) and the Preferred Worker Program (PWP) are the two major programs that comprise the RAP. In FY 2025, the RAP expenditures were about 36.7 percent of WBF expenditures.

Program	2023-2025		2025-2027		2027-2029		2029-2031	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
EAIP	\$20,696,068	\$19,900,419	\$25,225,049	\$24,633,064	\$25,091,408	\$25,558,280	\$26,033,840	\$26,518,248
PWP claims costs	\$2,340,787	\$2,254,118	\$2,003,032	\$2,057,436	\$2,042,868	\$2,028,408	\$2,014,044	\$1,999,788
PWP wage subsidy	\$1,180,136	\$1,138,687	\$1,216,290	\$1,367,600	\$1,436,596	\$1,501,704	\$1,571,852	\$1,644,532
PWP worksite modifications/purchases	\$2,284,410	\$2,163,438	\$2,007,577	\$2,131,500	\$2,195,908	\$2,261,180	\$2,331,040	\$2,401,104
Other programs	\$2,310	\$0	\$433	\$578	\$578	\$578	\$578	\$578
Total	\$26,503,711	\$25,456,662	\$30,452,380	\$30,190,178	\$30,767,358	\$31,350,150	\$31,951,354	\$32,564,250

The EAIP provides incentives, such as wage subsidies, worksite modifications, and work-related purchases, to return workers to employment more quickly than they would have without assistance. About 19 percent of claimants with an ADC have participated in the EAIP over the last five years. We forecast the EAIP expenditures to grow by just under 2 percent per year beginning in FY 2028.

The Preferred Worker Program (PWP) assists injured workers who suffer a permanent disability and cannot return to regular work. If an injured worker is hired as a Preferred Worker and has a new injury during the first three years of their reemployment, then the RAP pays the claims costs, including administrative costs.

The PWP program also pays for wage subsidies, direct employment purchases, and worksite modifications. Wage subsidy forecasts are calculated as a function of the claims and the change in the statewide average weekly wage (SAWW). Worksite modifications and obtained employment purchases are forecast as a function of the claims and inflation. Because of these assumptions, PWP costs are projected to grow by just over 2 percent per year beginning in FY 2027.

Reopened Claims Program (ROCP) – ORS 656.278 and 656.625

The Reopened Claims Program reimburses insurers and self-insured employers for certain claim costs after workers' aggravation rights have expired. These rights expire five years after their first claim closure. These reopened claims benefits are given through insurer voluntary re-openings and Board Own Motion orders. Benefits are available in three circumstances:

- Medical benefits can be authorized for claims with dates of injury before January 1, 1966
- Temporary disability (TD) benefit payments can be authorized when, five years after claim closure, the worsening of a compensable injury requires inpatient surgery, outpatient surgery, or any treatment requiring hospitalization
- Permanent partial disability (PPD) benefits can be authorized for new or omitted medical conditions.

ROCP expenditures were about \$3.6 million in FY 2025. The average expenditures over the previous five years were about \$3 million. The next table below shows the costs paid for these three types of benefits by fiscal year.

Reopened Claim Program Expenditures, FY 2016 - 2025

Fiscal year of payment	Medical Benefits	Timeloss Benefits	PPD Benefits	Total	Claims reimbursed	Average reimbursement
2016	368,701	2,673,927	735,379	3,778,008	225	16,791
2017	352,597	2,258,407	757,072	3,368,077	232	14,518
2018	213,492	2,264,189	832,513	3,310,195	182	18,188
2019	99,718	1,397,894	985,106	2,482,718	179	13,870
2020	115,765	1,603,201	689,789	2,408,755	163	14,778
2021	85,200	1,362,061	979,350	2,426,610	120	20,222
2022	38,190	2,445,142	845,678	3,329,010	140	23,779
2023	87,696	2,740,428	721,765	3,549,888	135	26,295
2024	94,588	1,625,674	507,105	2,227,367	102	21,837
2025	33,018	2,578,268	962,436	3,573,722	123	29,055

Because medical benefits are limited to injuries before January 1966, medical payments were made for few claims; however, individual medical payments can be large and volatile. TD and PPD benefit expenditures are forecast as a function of the number of claims lagged seven years. We forecast expenditures to increase through FY 2029 and then decrease in FY 2030 and FY 2031.

Workers with Disabilities Program – ORS 656.628

The Legislature created the Workers with Disabilities Program in 1981. Senate Bill (SB) 1197 (1990) restricted the program to only include applications for relief submitted prior to May 1, 1990. The program reimburses employers or insurers for costs over \$1,000 for injuries suffered or caused by previously disabled workers. About \$67,000 was paid for the program in FY 2025, and program expenditures are forecast to continue declining.

Senate Bill 485 - Wages for Multiple Jobs

In 2001, Senate Bill 485 added a new component to the WBF. SB 485 allows wages from multiple jobs to be considered in temporary disability computations. Previously, only the wages from the job at injury could be used in these calculations. This provision is effective for claims with injuries that occurred on or after January 1, 2002. The insurers' payments for these jobs are reimbursed from the WBF. About \$1.67 million was paid for these claims in FY 2025. The reimbursement amount is expected to be about \$1.38 million in FY 2026.

Senate Bill 1558 - Claims Payments – ORS 656.445 and 656.614

In 2014, Senate Bill 1558 permitted the orderly dissolution of self-insured groups that wished to disband. Of the seven existing self-insured groups, three disbanded. The statute provided that the WBF would pay claims costs for the employees of members of the disbanded groups once the groups' reserves were exhausted. The reserves for all three groups were exhausted by the end of FY 2015. All claims payments are now being paid from the WBF.

About \$7.8 million has been paid from the WBF for these claims, of which about \$43,000 was paid in FY 2025. Small amounts are expected to be paid in future years.

WBF Administrative Expenditures

In FY 2025 state agency administrative expenditures were about 9.1 percent of WBF expenditures (see table on page 2 of this memo). Of this amount, about 67 percent were DCBS expenditures, and the remaining amount was paid to other agencies.

By statute, the WBF makes payments to the Oregon Institute of Occupational Health Sciences (OIOHS) of 1/16th of a cent per hour worked. These amounts are matched by equal payments from the Premium Assessment Operating Account (PAOA). The Bureau of Labor and Industries (BOLI) receives payments to enforce anti-discrimination laws. BOLI received \$361,000 from the WBF in FY 2025. During the 2025 Legislative Session, the DCBS 2025-27 Legislatively Adopted Budget included a one-time \$14,680,000 transfer from the WBF to the BOLI Wage Security Fund beginning in FY 2026. The WBF forecast includes the impact of this transfer.

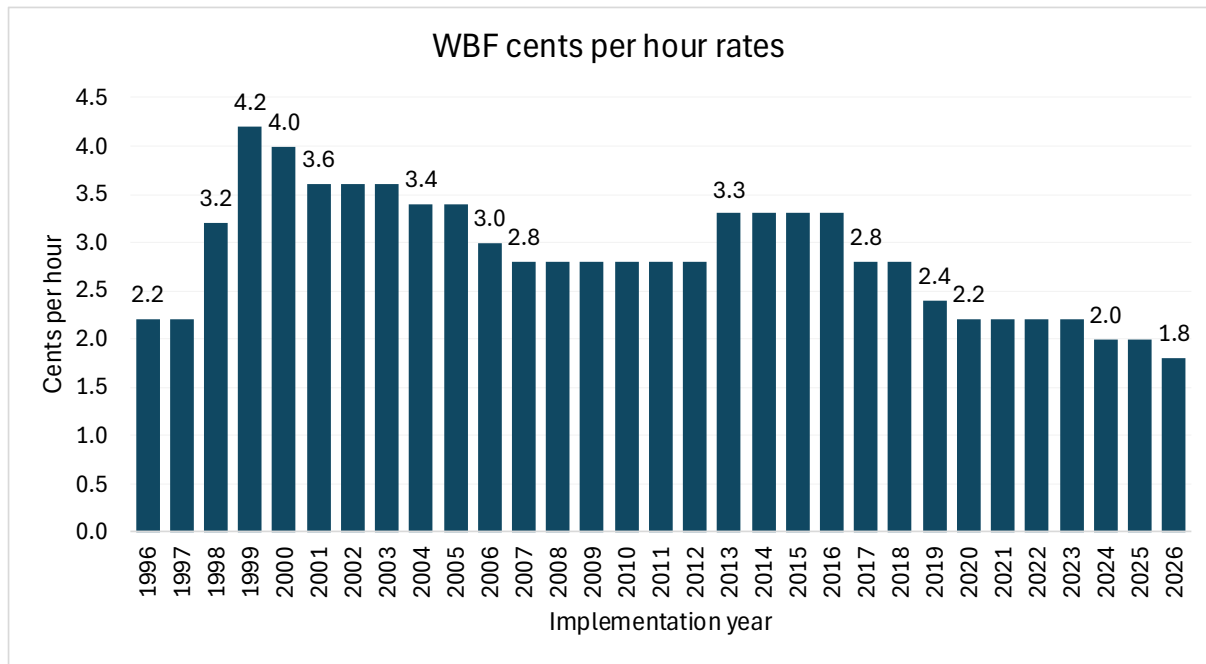
Noncomplying Employers (NCE) Program – ORS 656.054

The Noncomplying Employers (NCE) program revenue flows into and out of the WBF. Although the NCE funds are housed in the WBF, the WBF assessment does not fund the program, and NCE revenues cannot be used to fund WBF programs. Because NCE funds are not used to fund WBF expenditures, when determining compliance with the WBF balance limit specified in House Bill 2788, NCE monies do not count toward the WBF balance.

NCE revenue includes NCE recoveries, fines and penalties, and interest. The expenditures are payments to the NCE claims administrator, Sedgwick Claims Management Services, Inc. The NCE expenditures totaled \$6.3 million in FY 2025. When expenditures exceed revenue, there is a transfer from PAOA to cover the difference; in FY 2025, this transfer was about \$5 million. When revenues exceed expenditures, the excess is transferred to PAOA.

Appendix 1 – WBF Rate History

The following graph shows the WBF cents-per-hour worked rate since the fund's creation. The current rate, effective Jan. 1, 2026, is the lowest in history.



Appendix 2 – WBF Long-Term Liability

Each fiscal year, DCBS analysts calculate the long-term liability of the WBF programs. These valuations consider the paid loss – the amount claimants have received as of the valuation date – and determine the case reserve – the amount still to be paid on the claim – for each fund. The table below shows the projected long term liability for each fund as of June 30, 2025. The Retroactive program makes up the majority of the projected long-term liability because of the claims can remain open for many decades if claimants or their beneficiaries remain eligible for reimbursements from the program.

WBF long-term liability at 6/30/2025	
Retroactive Program	807,863,646
Reemployment Assistance	50,512,501
Reopened Claims	16,245,672
Workers with Disabilities	659,895
Self-insured Employer Group Claims	290,119
Total	875,571,833