

WORKERS' COMPENSATION
MANAGEMENT-LABOR ADVISORY COMMITTEE
Full Committee Meeting
April 02, 2026
10:00 a.m.
Virtual meeting

Committee members present (via zoom):

MLAC members and Organization they represent
Co-Chair Patrick Priest, CIS Trust
Co-Chair Scott Strickland, SMART, Local 16
Sara Duckwall, Duckwall Fruit
Margaret Weddell, Labor Representative
Stacy Lewallen, Fortis Construction, Inc
Emily Cronan, Oregon Nurses Association
Ryan Hearn, Anduril Industries
Kim Schlessinger, Samaritan Health Services
Sean O'Day, Director DCBS

Committee members absent:

Sarah Merrick, City of Salem Fire Department

Staff:

Teri Watson, MLAC Committee Administrator
Baaba Ampah, MLAC Assistant

Agenda Item	Discussion
Opening (00:00:00)	Affirmation and Roll Call Co-Chair Strickland called the meeting to order and shared an affirmation. Teri Watson called the roll of members. A quorum was present.
(00:02:10)	Public Comment – There were no public comments; public comments will be revisited later in the meeting due to technical difficulties in the room.
(00:02:50)	Review minutes from Feb. 5, and March 5, 2026 Both Feb. 5, and March 5, 2026, MLAC minutes were deferred to the next meeting.
(00:04:28)	Department updates Workers' Compensation Board case law updates – Lauren Eldridge Lauren Eldridge provided an update on the <i>Court of Appeals decision in Cali v. Gallagher Bassett Services, Inc. 347 Or App 281 (2026)</i> which affirmed the board's ruling that a penalty is not awarded for a premature claim closure if the worker does not request a hearing to appeal the Appellate Review Unit's determination regarding the closure, even if the determination was favorable to

the worker. As of the morning of this meeting, there was no appellate judgment indicating this was final or Supreme Court petition for review has been uploaded, and Lauren Eldrige will provide an update as soon as more information is available.

Workers' Compensation Division (WCD) updates – Teri Watson

(00:12:15) Teri Watson noted that there were no updates this month.

Small Business Ombuds Office video– Caitlin Breitbach

(00:13:10) Caitlin Breitbach presented the MLAC requested [801 video](#). This video focuses on an employer's role and responsibility in completing and reporting Form 801, Report of Job Injury or Illness. Caitlin noted that if the committee is happy with it, it will be posted on the website soon.

(00:19:59) Ryan Hearn praised the video from an employer perspective. Caitlin Breitbach credited DCBS communications team for the animations.

(00:20:26) Sara Duckwall commended both Ombuds offices, noting that the videos are fantastic improvements to help workers, small businesses, and the business community to be more educated in the process and it is a huge step forward on both sides.

(00:20:50) Caitlin Breitbach encouraged members to reach out if they have anything to add, questions or concerns. Teri Watson will provide members with the video link.

DCBS, Oregon OSHA – Renée Stapleton, Administrator

(00:21:59) Administrator Renée Stapleton presented on [Oregon OSHA](#), walking through the services they operate and have available to both employers and workers.

(00:42:09) Administrator Stapleton ended the presentation.

(00:42:48) Co-Chair Strickland thanked Administrator Stapleton for including QR codes, noting they are helpful for sharing information and presentations with building trades organizers, signatory employer associations, or other groups.

Presentations:

DCBS Worker Benefit Fund – Kelli Borushko, Senior Economist

(00:43:45) Kelli Borushko presented the [Workers' Benefit Fund Status Update 2025](#).

(01:01:26) Kelli Borushko ended the presentation.

(01:01:52) Sara Duckwall, referring to slide four, asked about the sharply declining funding balance line (green line) [forecasted balance] and how to turn that trend line around without making drastic decisions in Quarter 1 of 2029. Kelli clarified that the dotted line represents below four quarters of expenditures, not a negative balance. She explained the mechanism we have in place to get the [forecasted]

line closer to the four quarters line is when we do our annual assessment rate setting and look at all economic indicators at that point in time. And, Director O'Day will make a determination based on what he sees and what he thinks is best for our fund balance and to ensure we are within statutory compliance. She later confirmed Sara Duckwall's question that the \$14.68 million transfer did impact the fund balance.

- (01:03:35) Director Sean O'Day explained that DCBS actively manages the fund to keep the actual balance as close to the minimum reserve line as possible. He noted that back in 2019-20, during the pandemic, the fund accumulated a larger balance than expected, and the parking of excess funds is not a good idea when both employers and employees are paying into the fund. He continued that the rate was intentionally lowered to spend down that fund balance to get closer to that four quarters line. While the \$14.68 million transfer did impact the ending fund balance, it did not bring the fund anywhere near the four-quarter minimum [fund balance], which is why then director, Andrew Stolfi, was comfortable approving the transfer because it did not put the Workers' Benefit Fund (WBF) programs in jeopardy.
- (01:05:23) Co-chair Scott Strickland thanked Director O'Day, noting that prior to the recent transfer there were presentations from then Director Stolfi that indicated trying to match the lines up, so there's not this ballooning account balance that is not going in the pockets of employers and workers or actively being used by the fund.
- (01:06:13) Co-chair Priest asked what the impact would be if that transfer had not occurred. Kelli Borushko answered that the almost 15 million transfer is affecting the fund balance, but a larger effect is the rate reduction, which reduces revenue by about \$6.5 million per year. She explained that the intention is to ensure the fund is managed responsibly, and keeping enough money to run the programs without holding excessive funds in the "what if category." The transfer does make an impact, but not to the extent that it would make the fund insolvent.
- (01:08:29) Director O'Day added that the \$14.68 million transfer does not have much impact on the rate because we are working with tenths of a cent, and it must remain an even number because it's split between employers and employees. Even a tiny change, a one-tenth or two-tenths of a cent increase, brings in a large amount of money due to the base of the ratepayers. As an example, without the transfer, the rate still could not have been lowered to something like 1.6 cents, because of the scale the division is working with. Director O'Day noted that in a stable economy, a rate of 2 cents per hour brings in the right amount of revenue to match current expenditures. At present, the fund is intentionally operating at a deficit of about \$6 million per year to slowly spend down the fund balance, in case of economic downturns. He emphasized it is a balancing act each year to decrease volatility for employers who must update payroll systems, while not

collecting too much money, but also not under collecting to the degree of putting the fund or its programs at risk.

(01:10:51) Co-Chair Priest asked if his interpretation of the WBF Ending Fund Balance slide was right: In 2031, there will be a gap between the desired fund balance and the projected fund balance - around \$40 million. Because of that gap, the division will eventually need to change direction to either increase revenue or decrease expenses to even out in a 5-year period. Although there is no rate change this year, there is an expectation in the future that a rate change will occur. Director O'Day noted that Co-chair Priest is not misinterpreting the slide. He explained that although the current rate is 1.8 cents, 2 cents per hour is the sweet spot. At some point, the rate will be raised to 2 cents, but it depends on economic conditions and the fund balance. He emphasized that the analysis shown today reflects the situation as of now. A new analysis will be done over the summer, closer to the rate-setting period, and the final decision will be based on the most recent data available. Director O'Day stressed that any rate change is unknown, but an increase will likely be necessary at some point.

(01:12:54) Co-chair Priest asked about a withdrawal from the WBF last year that was a similar amount of money to the \$14.68 million this year, noting that about \$30 million has been taken out altogether from the fund for things unrelated to the expenses currently being forecasted. Director O'Day noted that it is the same one-time transfer of \$14.68 million. Kelli Borushko clarified the \$14.68 million transfer this year is the same transfer discussed last year. She explained her presentation last year included the anticipated \$14.68 million transfer that began this year (in the last quarter) , so it is not an additional \$15 million.

(01:13:50) Co-chair Priest requested that since the rate for the BOLI expense fund will be set by the director, perhaps that rate could be set in a way to pay back the WBF for any shortfall caused in part by the transfer. Director O'Day appreciated the request but noted he does not believe he has the authority to effectuate that, indicating it would likely require a legislative act directing that a portion of the BOLI assessment revenue goes towards repaying the WBF.

(01:14:50) Co-chair Strickland stated two things that could be helpful for future presentations: (1) an inflation-adjusted cents per hour analysis. He noted it would be interesting to see a list [of the resulting rates] after plugging the numbers into the CPI (consumer price index) calculator, noting that 2 cents adjusted for inflation would be about half of what it has been historically, which would help contextualize the way in which the fund has operated over time for the contribution rate. This would highlight the point that while numerically the lowest rate ever, but also that adjusting for inflation will show an exaggerated impact of how little is currently going into the fund currently; and (2) an hours worked for employment metric, noting that construction industry hours worked have declined due to tariffs and energy price fluctuations at the federal level, which would also result in a reduction in fund revenue. Since the funds are

collected through a cents-per-hour-worked assessment, tracking hours worked would be a more meaningful metric than just employment numbers. There can be an upturn or downturn (in funding), but that is related to employment more than a funding amount (the assessment rate).

(01:17:31) Sara Duckwall commented that she appreciated the idea of a soft landing and starting early to make an adjustment would probably be of interest to both employers and employees alike, versus having to make a drastic shift later. Director O'Day agreed, noting that is DCBS' philosophy and principle when setting the rate. He also responded to Co-chair Strickland's earlier suggestion to include projected total hours worked, that is exactly the metric DCBS uses in its analysis. We are looking at employment data, including the number of individuals employed, but that is only part of the analysis. We translate data provided by the state economist into projected hours worked. Kelli Borushko confirmed that two-tenths of a cent generates \$6.5 million per year, adding \$12-13 million per biennium.

(01:19:14) Co-chair Strickland showed his appreciation for the presentation. There were no additional public comments upon revisiting.

Upcoming meetings:

(01:20:15) Off-site meetings:

- May 7 at 4:30 p.m., [Workers' Compensation Educational Conference](#), Wilsonville Holiday Inn, Wilsonville, OR
- June 16 at 4:30 p.m., [Blue Mountain Occupational Safety & Health Conference](#), Pendleton Conference Center, Pendleton, OR

(01:20:41) Sara Duckwall asked if attendees for the Workers' Compensation Educational Conference had received a confirmation email. Teri Waston answered that attendees should receive emails within a week or so, and that information will follow regarding the June 16 Pendleton meeting.

(01:21:44) Dustin Karstetter asked whether registration for the workers' compensation conference is required to attend the MLAC meeting that afternoon. Teri Watson and Co-chair Strickland clarified that registration is not required, and the MLAC meeting is a public meeting that anyone could attend.

(01:22:48) Teri Watson noted that registration for the Workers' Compensation Educational Conference is open and encouraged interested parties to sign up.

- No meeting in July 2026

(01:23:20) Co-Chair Strickland adjourned the meeting at 11:23 a.m.

*These minutes include time stamps from the meeting video found here:

<https://www.youtube.com/watch?v=7h8yrAriAyw>

**Referenced documents can be found on the MLAC Meeting Information page here:

<https://www.oregon.gov/dcbs/mlac/Pages/2026-meetings.aspx>