



MEMORANDUM

To: DAS Risk Management File, for Posting on DAS Risk Management Web Site

From: Shelly Hoffman, Risk Manager
Karl Anderson, Risk Finance Analyst

Date: December 31, 2024

Subject: DAS Risk Management Risk Charges for BN2527 Governor's Request Budget

DAS Risk Management (DAS RM) has completed the Governor's Request Budget (GRB) iteration of risk charges for the 2025-2027 biennium. All agencies with risk charges can find them on the DAS RM web site, under "agency costs". They are also listed in the "Oregon State Government Price List of Goods and Services" for the 2025-2027 Biennium, published by the Department of Administrative Services during December of 2024.

Pursuant to ORS 278.435(1), the intent of the total biennial risk charge is to reflect the expected losses for the period. Risk charges would ideally be sufficient to, along with investment income on the Insurance Fund, cover the present value of all forecasted losses and expenses which arise from all activities during a biennium, including the "tails" of claims that extend beyond the respective biennium. It is based on analyses by external, qualified independent actuaries.

The 2025-2027 GRB risk charges total \$302,567,154. This is an increase of 66%, or more than \$120 million, from the legislatively approved total for the 2023-2025 biennium. In recent biennia, funding to a full degree has not occurred due to budget constraints. This, along with dramatically increasing losses from claims, is responsible for the large increase being needed for the 2025-2027 biennium.

The total is allocated to the three main coverages of property, liability, and workers' compensation, and is then allocated to 120 agencies based on recent claim counts and severity, full-time equivalents, and property values. The allocation methodology has now remained consistent for four biennia.

For more information about risk charges, refer to the DAS Risk Management web site or contact Karl Anderson, Risk Finance Analyst at karl.anderson@das.oregon.gov or 971-917-1590