

## Workers' Benefit Fund Balance House Bill 2788

### Background:

The Workers' Benefit Fund pays for a variety of programs that help injured workers and their employers. It provides benefit increases to permanently and totally disabled workers and to families of workers who died as the result of a workplace injury or disease. It also supports Oregon's return-to-work programs that help injured workers quickly return to work, including financial assistance to employers that hire injured workers. The fund revenue comes from a cents-per-hour payroll assessment. Employers and employees each pay half of the assessment, currently 2.4 cents per hour worked.

In 2014, the Legislature reduced the required balance of the Workers' Benefit Fund to six months of projected expenditures. The bill required the Workers' Compensation Management-Labor Advisory Committee (MLAC) to review this change and report to the Legislative Assembly about whether to retain or change the fund balance requirement. MLAC conducted this study in 2018; a full copy of the study report is available at <https://www.oregon.gov/DCBS/mlac/Pages/mlac.aspx>.

MLAC recommended the fund balance should be about a year of expenditures to account for situations in which there is a large decline in revenue, such as a recession or a catastrophic event. The committee also recommended that if the fund is projected to fall below the 12-month balance, the Department of Consumer and Business Services (DCBS) must prepare a plan to address the situation and present the plan to MLAC for discussion.

**HB 2788** implements these recommendations by:

- Increasing the minimum balance of the Workers' Benefit Fund to 12 months of projected expenditures and clarifying that the balance is not entirely in cash.
- If the fund balance is projected to fall below the required balance, DCBS must develop a plan to increase the balance and report the plan to MLAC.

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