

ANALYSIS

Consent Agenda

Agency Reports

Item 14: Department of Consumer and Business Services – Workers' Compensation Premium Assessment

Analyst: Emily Coates

Analysis: The Department of Consumer and Business Services (DCBS) is exempt from the fee approval and ratification process outlined in ORS 291.055. However, ORS 656.612 requires the agency to report annually on the workers' compensation premium assessments rates that are set through administrative rule. The report provides the rates that impact the revenues of the Premium Assessment Operating Account and the Workers' Benefit Fund for 2026.

The Premium Assessment Operating Account is funded by an assessment of the earned premiums of insurers who provide workers' compensation coverage. These funds are used to pay for claims of injured workers whose employers cannot obtain payments due to self-insured employer insolvency and for DCBS programs that regulate the workers' compensation system such as the Workers' Compensation Division, Workers' Compensation Board, Ombuds Office for Oregon Workers, Small Business Ombudsman, and Oregon OHSA. The premium assessment rate of 9.8% remains unchanged from 2025. At this rate, the ending balance for fiscal year 2025 is \$159 million or approximately 19.6 months of operating reserves.

Although not required by statute, DCBS provides detail regarding the Workers' Benefit Fund assessment as it provides additional information regarding Oregon's workers' compensation system. The Workers' Benefit Fund is funded through a cents-per-hour assessment on all wages paid in Oregon and is set to provide an adequate fund balance for projected claims and program expenditures. The Workers' Benefit Fund assessment decreased from 2.0 cents-per-hour to 1.8 cents-per-hour for 2026. At this rate, the ending fund balance for fiscal year 2025 is \$129.5 million or approximately 22.2 months of operating reserves.

Item 16: Department of Administrative Services – Compensations Plan Changes

Analyst: Kim To

Analysis: ORS 291.371 requires the Department of Administrative Services to report to the Joint Committee on Ways and Means when the Legislative Assembly is in session on any

changes to the state's compensation plan. When the Legislature is not in session, the agency must report to the Joint Interim Committee on Ways and Means or the Emergency Board.

The report describes the compensation changes for the following six groups of executive branch employees:

- Section A: Service Employees International Union (SEIU) Local 503. The compensation adjustments in this section represent less than 1% of the total fund cost of all the changes included in this report.
- Section B: American Federation of State, County, and Municipal Employees (AFSCME) Council 75, Central Table. The compensation adjustments in this section represent less than 1% of the total fund cost of all the changes included in this report.
- Section C: International Association of Fire Fighters (IAFF), Local 3340, Kingsley Firefighters Association (KFFA). The compensation adjustments in this section represent less than 1% of the total fund cost of all the changes included in this report.
- Section D: International Association of Fire Fighters (IAFF), Local 1660, Portland Air National Guard (PANG). The compensation adjustments in this section represent less than 1% of the total fund cost of all the changes included in this report.
- Section E: Classified and Unclassified Unrepresented Service. The compensation adjustments in this section represent 8.8% of the total fund cost of all the changes included in this report.
- Section F: Executive Service, Unclassified Excluded, and Management Service. The compensation adjustments in this section represent 89.7% of the total fund cost of all the changes included in this report.

The total 2025-27 cost of these changes is \$88.7 million total funds, which includes \$35.2 million General Fund, \$33.7 million Lottery Funds, \$14.9 million Other Funds, and \$4.9 million Federal Funds. For the 2027-29 biennium, the cost of these compensation changes is anticipated to be \$255.6 million total funds, which includes \$100.2 General Fund, \$80.5 million Lottery Funds, \$57.8 million Other Funds, and \$17.1 million Federal Funds.

Allocation of the special purpose appropriation to the Emergency Board intended to cover the major components of employee compensation changes and other budget adjustments for the affected agencies will be considered during the 2026 session.

Section A includes compensation plan changes for the Service Employees International Union (SEIU) Local 503. The major components include: (1) effective July 1, 2025, selectively increasing salary ranges for certain classifications; and (2) effective October 3, 2025, increasing the Incident Management Rest period for employees who are away from their official

workstation on fire assignment. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$200,226.

Section B implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table, including selectively increasing the salary ranges of certain classifications. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$606,822.

Section C implements compensation plan changes for the International Association of Fire Fighters (IAFF) Local 3340, Kingsley Firefighters Association (KFFA). The major components include: (1) effective February 1, 2026, generally increasing salary rates by 2.5%; (2) effective January 1, 2027, generally increasing salary rates by 4%; (3) effective February 1, 2027, adding a step to all salary ranges; (4) effective upon ratification, increasing the Essential Worker Pay from \$3 to \$4 per hour; and (5) effective upon ratification, increasing work out of classification pay \$3.75 per hour for employees working out of classification as a Lieutenant and \$5.80 for employees working out of classification as a Captain. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$354,040.

Section D implements compensation plan changes for the International Association of Fire Fighters (IAFF) Local 1660, Portland Air National Guard (PANG). The major components include: (1) effective February 1, 2026, generally increasing salary rates by 2.5%; (2) effective January 1, 2027, generally increasing salary rates by 4%; (3) effective February 1, 2027, adding a step to all salary ranges; (4) effective upon ratification, increasing the Essential Worker Pay from \$3 to \$4 per hour; and (5) effective upon ratification, increasing work out of classification pay \$3.75 per hour for employees working out of classification as a Lieutenant and \$5.80 for employees working out of classification as a Captain. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$204,592.

Section E implements compensation plan changes for classified and Unclassified Unrepresented Service. The major components include: (1) effective February 1, 2026, generally increasing salary rates by 2.5%; (2) effective January 1, 2027, generally increasing salary rates by 4%; (3) effective July 1, 2027, adding a step to all salary ranges; (4) effective November 1, 2025, increasing the Essential Worker Pay from \$3 to \$4 per hour; (5) effective no more than 90 days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range 30 or lower shall receive a one-time payment of \$1,700; and (6) effective no more than 90 days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range 30 or lower shall receive 40 additional hours of leave. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$7.8 million total funds.

Section F implements compensation plan changes for Executive Service, Unclassified Excluded, and Management Service. The major components include: (1) effective February 1, 2026, generally increasing salary rates by 2.5%; (2) effective January 1, 2027, generally increasing salary rates by 4%; (3) effective July 1, 2027, adding a step to all salary ranges; (4) effective November 1, 2025, increasing the Essential Worker Pay from \$3 to \$4 per hour; (5) effective no more than 90 days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range 30 or lower shall receive a one-time payment of \$1,700; (6) effective no more than 90 days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range 30 or lower shall receive 40 additional hours of leave; and (7) effective September 1, 2025 establish the Legal Dispute & Resolution Manager 3 classification. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$79.6 million total funds.

Recommendation:

The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the two agency reports, en bloc.



October 20, 2025

Senator Kate Lieber, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Ways & Means Committee
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

Report on workers' compensation premium assessment.

Agency Action

The Department of Consumer and Business Services (DCBS) has set employer costs for workers' compensation insurance for calendar year 2026. Oregon employers, on average, will pay 87 cents per \$100 of payroll for workers' compensation costs in 2026. That figure covers workers' compensation claims costs, assessments, and insurer profit and expenses. Oregon had the 14th least expensive workers' compensation rates in 2024, according to a nationally recognized biennial study conducted by DCBS.

The "pure premium" rate covers the portion of the premium employers pay insurers to cover claim costs for job-related injuries and deaths. In 2026, employers will see an average decrease in pure premium of 3.3 percent. This is the 13th consecutive year of declines. In fact, the pure premium will have declined by 46.5 percent from 2017 to 2026. Driving the decline are improvements in loss experience and loss development patterns. The decrease is an average, so an individual employer may see a larger decrease, no change, or even an increase, depending on the employer's own industry, claims experience, and payroll.

Under Oregon Revised Statutes chapter 656, DCBS is authorized to collect assessments based on workers' compensation insurance premiums from insurers, self-insured employers, and self-insured employer groups to support workers' compensation-related programs administered by the department. ORS 656.612 requires DCBS to adopt the assessment through an administrative rule process and report the final assessment rate to the Joint Committee on Ways and Means or the Emergency Board.



The following table shows the premium assessment adopted by administrative rule after a public comment period and public hearing.

Rate	Current Rate	Rate effective January 2026
Premium Assessment Operating Account	9.8 percent	9.8 percent
Self-insured employers	9.9 percent	9.9 percent
Self-insured employer groups: Public sector	9.9 percent	9.9 percent
Self-insured employer groups: Private sector	10.3 percent	10.3 percent

The 2026 premium assessment is unchanged. This rate was set anticipating use of fund balances and projected expenditures. The higher assessment for self-insured employers and self-insured employer groups funds reserves to ensure prompt payment of claims in case of insolvencies.

The workers' compensation system pays injured workers for lost wages and medical care for job-related injuries. The premium assessment funds regulatory programs that preserve the integrity of Oregon's workers' compensation system. They do so by bolstering worker protections and benefits while also helping maintain a positive business climate for Oregon employers. Programs supported by the workers compensation premium assessment include the Workers' Compensation Division, the Workers' Compensation Board, the Ombuds Office for Oregon Workers, the Small Business Ombudsman, and Oregon OSHA.

Part of the annual pure premium rate and assessment setting process includes evaluation of the Workers' Benefit Fund assessment. Although not required by statute to include the Workers' Benefit Fund in this report, DCBS believes this additional information provides context to the workers' compensation system as a whole.

Rate	Current rate	Rate effective January 2026
Workers' Benefit Fund	2.0 cents per hour	1.8 cents per hour

The Workers' Benefit Fund assessment for 2026 is reduced to 1.8 cents per hour, the lowest rate since the inception of the cents-per-hour assessment in 1996. This rate was set anticipating use of fund balances and continued reductions in expenditures due to attrition of beneficiaries in some programs.

The Workers' Benefit Fund revenue is primarily derived from a cents-per-hour assessment on all wages paid in Oregon. Employers and employees split the cost of the assessment. Employers must pay half of the assessment and may also pay the employee's share. The fund supports statutorily authorized programs that provide return-to-work programs for injured workers, benefits to surviving spouses and children of workers killed on the job, benefits to permanently and totally disabled workers, and benefits to workers injured while working for an employer that failed to have proper insurance. The rate is set to provide a statutorily required fund balance and pay for projected claims and supported program expenditures.

Action Requested

DCBS respectfully request that the Interim Joint Ways & Means Committee acknowledge receipt of this report.



Legislation Affected

None

Sincerely,

A handwritten signature in black ink, appearing to read "Sean O'Day".

Sean O'Day
Acting Director





Oregon

Tina Kotek, Governor

Department of Administrative Services
Chief Human Resources Office | Labor Relations Unit
155 Cottage Street NE
Salem, OR 97301
LRU@das.oregon.gov

October 15, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Co-Chairs:

Nature of Request

The Department of Administrative Services (DAS) submits the following report prior to implementation of compensation plan changes and position allocations, as required by ORS 291.371.

Agency Action

Executive Branch Compensation Changes:

- Section A: Implements compensation plan changes for the Service Employees International Union (SEIU).
- Section B: Implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table.
- Section C: Implements the agreement for the International Association of Fire Fighters (IAFF) Local 3340, Kingsley Firefighters Association (KFFA).
- Section D: Implements the agreement for the International Association of Fire Fighters (IAFF) Local 1660, Portland Air National Guard (PANG).
- Section E: Implements compensation plan changes for Classified and Unclassified Unrepresented Service.
- Section F: Implements compensation plan changes for Executive Service, Unclassified Excluded, and Management Service.

Statewide Impact

The table below aggregates the costs (by fund type) for all items reported in this letter.

Executive Branch	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	35,211,670	33,666,605	14,929,896	4,912,888	88,721,060
Roll-up Cost:	71,127,409	47,102,051	47,629,395	14,859,445	180,718,300
2027-2029 Cost:	100,179,900	80,542,009	57,808,691	17,092,450	255,623,050

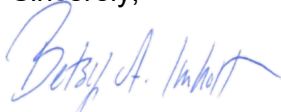
Action Requested

The Department of Administrative Services requests acknowledgement of this report as required by ORS 291.371.

Legislation Affected

None.

Sincerely,



Betsy Imholt
Director

Attachments

CC: Renee Klein, Department of Administrative Services
Kim To, Legislative Fiscal Office
Meliah Masiba, Department of Administrative Services

SECTION A

Implements compensation plan changes for the Service Employees International Union (SEIU) Local 503.

- 1) Effective July 1, 2025, selectively increase the salary ranges of the following classifications, as indicated:

Class Number	Class Title	From SR	To SR
3410	Environmental Engineer 1	25	26
3411	Environmental Engineer 2	30	31
3412	Environmental Engineer 3	33	34
6811	Laboratory Technician 2	18	19

- 2) Effective October 3, 2025, increase the Incident Management Rest period for employees who are away from their official work station on fire assignment for twenty-one (21) days or more to twenty-four (24) hours of straight time, and for employees who are away from their official work station on fire assignment for thirty (30) days to thirty-two (32) hours of straight time.

SECTION A	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	56,131	-	65,996	78,099	200,226
Roll-up Cost:	-	-	-	-	-
2027-2029 Cost:	56,131	-	65,996	78,099	200,226

SECTION B

Implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table.

- 1) Effective July 1, 2025, selectively increase the salary ranges of the following classifications, as indicated:

Class Number	Class Title	From SR	To SR
3410	Environmental Engineer 1	25	26
3411	Environmental Engineer 2	30	31
3412	Environmental Engineer 3	33	34

SECTION B	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	75,533	-	504,940	26,349	606,822
Roll-up Cost:	-	-	-	-	-
2027-2029 Cost:	75,533	-	504,940	26,349	606,822

SECTION C

Implements the agreement for the International Association of Fire Fighters (IAFF) Local 3340, Kingsley Firefighters Association (KFFA).

- 1) Effective February 1, 2026, generally increase salary rates by two- and one-half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.
- 4) Effective upon ratification, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 5) Effective upon ratification, increase work out of classification pay three dollars and seventy-five cents (\$3.75) per hour for employees working out of classification as a Lieutenant and five dollars and eighty cents (\$5.80) for employees working out of classification as a Captain.

SECTION C	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	-	-	-	354,040	354,040
Roll-up Cost:	-	-	-	605,139	605,139
2027-2029 Cost:	-	-	-	959,179	959,179

SECTION D

Implements the agreement for the International Association of Fire Fighters (IAFF) Local 1660, Portland Air National Guard (PANG).

- 1) Effective February 1, 2026, generally increase salary rates by two- and one-half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.
- 4) Effective upon ratification, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 5) Effective upon ratification, increase work out of classification pay three dollars and seventy-five cents (\$3.75) per hour for employees working out of classification as a Lieutenant and five dollars and eighty cents (\$5.80) for employees working out of classification as a Captain.

SECTION D	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	-	-	-	204,592	204,592
Roll-up Cost:	-	-	-	392,843	392,843
2027-2029 Cost:	-	-	-	597,435	597,435

SECTION E

Implements compensation plan changes for Classified and Unclassified Unrepresented Service.

- 1) Effective February 1, 2026, generally increase salary rates by two- and one-half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective July 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on July 1, 2027.
- 4) Effective November 1, 2025, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 5) Effective no more than ninety (90) days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range thirty (30) or lower shall receive a one-time payment of one thousand seven hundred dollars (\$1,700).
- 6) Effective no more than ninety (90) days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range thirty (30) or lower shall receive forty (40) additional hours of leave.

SECTION E	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	1,828,038	4,010,903	1,164,359	785,765	7,789,065
Roll-up Cost:	1,465,466	5,616,207	4,128,988	621,197	11,831,858
2027-2029 Cost:	2,195,157	9,588,196	4,478,318	920,713	17,182,384

SECTION F

Implements compensation plan changes for Executive Service, Unclassified Excluded, and Management Service.

- 1) Effective February 1, 2026, generally increase salary rates by two- and one-half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective July 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on July 1, 2027.
- 4) Effective November 1, 2025, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 5) Effective no more than ninety (90) days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range thirty (30) or lower shall receive a one-time payment of one thousand seven hundred dollars (\$1,700).
- 6) Effective no more than ninety (90) days prior to implementation of a bi-weekly pay period, employees in a classification with a salary range thirty (30) or lower shall receive forty (40) additional hours of leave.
- 7) Effective September 1, 2025, establish the following pay option, as indicated:

Class Number	Class Title	SR	Pay Option
7403	Legal Dispute & Resolution Manager 3	25	B

SECTION F	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	33,251,968	29,655,702	13,194,601	3,464,043	79,566,315
Roll-up Cost:	69,661,943	41,485,844	43,500,407	13,240,266	167,888,460
2027-2029 Cost:	97,853,079	70,953,813	52,759,437	14,510,675	236,077,004