

Senator Sara Gelser Blouin
Senate District 8
Chair, Senate Human Services Committee
Senate Majority Whip



OREGON STATE SENATE

January 21, 2025

To: Chair Taylor, Vice Chair Bonham and the Senate Labor and Business Committee

RE: Support for SB 463

Thank you for taking time today to consider SB 463. I thank Senator Weber and Representative Reschke for their leadership in bringing forward this timely and important measure about the state insurance fund and our ability to pay claims for worker's compensation, damage to state owned property and civil claims against state agencies.

Not quite a year ago, the General Government Subcommittee received a report from the Department of Administrative Services about the health our state insurance fund. The prognosis was not good. As of January 26, 2024, the state had only \$96.8 million in cash and invested assets available to pay liabilities. [DAS warned the committee](#) that Oregon's funded asset to liability ratio was racing toward zero.

Things have not improved. Based on data provided by DAS last summer and a recent search of state and federal court records, Oregon paid over \$58 million in additional settlements, judgements, defense costs and legal fees since that hearing not quite one year ago.

The outlook gets worse. While a recent class action lawsuit brought by youth in care sought policy change to improve the future (there was no money ask), the tort claims brought by youth seek financial remedy for the individual harm they've experienced. With a persistently high rate of abuse in care, it isn't surprising that some of those cases make their way to the courts. Multiple active claims of physical and sexual abuse, negligence, infliction of emotional distress and several allegations of wrongful death of children are being actively litigated in state and federal court. Collectively, those suits are seeking over \$345 million in damages from the state.

It is currently far too difficult to find this information. Even DAS did not have a simple way to put this information together for me when I requested it last summer. Preparing this testimony required carefully digging through the raw data sent by DAS and then spending tens of hours searching state and federal court records.

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Of course, the numbers shared in this letter only reflect one department within one state agency. APD, ODDS, the Department of Corrections, OYA, DMV, ODOT, the Oregon Health Authority, the Oregon State Hospital and other agencies with significant exposure may have significant claims as well. We need this information not just because it is required for us to prudently manage state resources, but because we need to understand the circumstances driving these costs if we want to improve the quality of services for the Oregonians we represent.

SB 463 is a smart measure that will allow us to track the solvency of our risk fund, identify problem spots in service delivery and ensure that we can prepare to meet all of our financial obligations. I am grateful to Senator Weber for sponsoring this measure, and I hope you will move this bill forward this session.