



MEMORANDUM

September 7, 2006

To: Cory Streisinger, Director, DCBS
John Shilts, Administrator, Workers' Compensation Division, DCBS

From: Chris Day, Senior Forecasting Analyst, Information Management Division, DCBS

Subject: Workers' Compensation Premium Assessment Rates Recommendation for CY 2007

Issue

In accordance with the requirements of ORS 656.612 and 656.614, the Director must establish workers' compensation premium assessment rates effective for calendar year 2007 for insurers, self-insured employers and self-insured employer groups.

The Director, in accord with ORS 656.612(5), will conduct an administrative rule making hearing on October 9, 2006, and will solicit testimony from staff and interested parties. This memo constitutes staff testimony that will be entered into the record.

Summary Recommendations

We recommend that the workers' compensation premium assessment rates in Administrative Rules 440-045-0020 and 440-045-0025 be lowered to 4.6 percent for insurers, and 4.8 percent for self-insured employers and self-insured employer groups for calendar year 2007.

Background

The Premium Assessment Operating Account (PAOA) includes the following DCBS program areas that are substantially funded by the workers' compensation premium assessment rate: the Workers' Compensation Division, Workers' Compensation Board, OR-OSHA, the Director's Office, and the Shared Services divisions (Fiscal and Business Services (FABS) and Information Management Division (IMD)). The primary funding mechanism for the PAOA is the annual workers' compensation premium assessment rate established by the Director in accord with ORS 656.612 and 656.614, and Oregon Administrative Rules (OAR) 440-045-0010 through 440-045-0030. The OAR 440 rules were first adopted in October 1999 as required by Senate Bill 592, which was passed during the 70th Legislative Assembly. The OAR codifies the applicable assessment rates for a calendar year. The PAOA also is funded by some fines and penalties, federal grant moneys, investment income, other miscellaneous revenues, and a transfer of funds from the Workers' Benefit Fund (WBF) to reimburse some of the administrative costs incurred by the PAOA account in the administration of WBF programs (see memorandum from Carey Thompson, dated September 12, 2001, "Administrative Cost Transfer from the Workers' Benefit Fund to the Premium Assessment Operating Account").

Rate Setting Parameters

All department rate analyses and recommendations must be accomplished within the context of the Department's Fund Balance Policy, articulated in FIN-01. For the PAOA account, the policy states that an adequate or acceptable fund balance at the end of the period for which rates and fees are set is an amount approximating six months (two quarters) to twelve months (four quarters) of expenditures and transfers. An adequate account balance should: (1) meet the cash flow needs of the account; (2) accommodate the timing of receipts and expenditures; (3) ensure stable funding for legislatively approved programs and services during uncertain economic times; and (4) minimize the volatility of fees and assessments. To accomplish the rate analysis task, a multi-year forecasted perspective is the generally accepted practice.

The recommended single and multiple year rate schedules take into account the objectives to minimize rate volatility, target a reasonable account balance, and accommodate the other aforementioned parameters according to the following formula:

$$\text{Required Premium Assessment Rate} = \frac{\{\text{Planned and Forecasted Expenditures and Transfers} - \text{Forecasted Investment Income} + \text{Forecasted Other Revenue}\}}{\text{Forecasted Assessable Premium Base}}$$

The formula clearly shows that finding the ratio of planned (legislatively approved) expenditures and transfers net of non-premium assessment revenue and the assessable (earned) premium base derives the required rate. In the case of the current analysis, the planned expenditures consist of the agency's 2005-07 biennium legislatively adopted budget (LAB) and the agency's 2007-09 Agency Request Budget, adjusted for the following major components: (1) adjustment to include Cost-of-Living Adjustments (COLAs) and other labor contract provisions, as well as anticipated vacancy savings; and, (2) updated expenditure forecasts for the Non-Complying Employer Program and Self-Insured Employer Adjustment Reserve. The required premium assessment rate also assumes extension of Section 7, Chapter 781, Oregon Laws 2003 (HB 3630) to fully utilize the \$40 million SAIF Reinsurance Pool Credit. Finally, this analysis reflects actual information from the DCBS quarterly financial statements through the period ending June 30, 2006.

Within the context of all of the various parameters discussed above, IMD has developed an analysis and recommendation for the workers' compensation premium assessment rates that should be applicable for calendar year (CY) 2007 and beyond. The results of our analysis, detailed recommendations, and assessment rate schedule considerations are discussed below.

Detailed Recommendations

A. Single-Year CY 2007 Recommendations

We recommend that the workers' compensation premium assessment rates be lowered to 4.6 percent for insurers, and 4.8 percent for self-insured employers and self-insured employer groups for calendar year 2007.

B. Multiple-Year Rate Schedule Recommendation

The multiple-year recommended rate schedule is currently for a reduction of the 5.5 and 5.7 percent assessment rates to 4.6 and 4.8 percent in CY 2007, with no further changes through the remainder of the five-year forecast horizon (see the 4.6-4.6% rate schedule in Table 2). By adopting this rate schedule, the account balance coverage ratios are consistent with the department's policy through the end of FY 2011. Naturally, whether the rate will actually remain at 4.6 percent through the entire forecast horizon is subject to much uncertainty. This uncertainty might arise from any number of factors including, among many others, softness in Oregon's economy, mandated new programs funded by the premium assessment, other legislative programmatic changes that affect the workers' compensation system, or changes in insurance industry pricing behaviors.

If the assessment rate is reduced to 4.6 percent in CY 2007 (the 4.6-4.6% recommended rate schedule in Table 2), expenditures and transfers are projected to relate to revenues in the subsequent fiscal years by the following amounts: FY 2007, -\$1,749,353; FY 2008, \$-5,917,101; FY 2009, -\$6,086,861; FY 2010, -\$5,836,855; and, FY 2011, -\$1,302,100 (see Appendix 2, Net Cash Flow line). From FY 2006 to FY 2011, the fund balance will decrease from \$72.5 million to about \$51.6 million. The decrease in the premium assessment operating account balance through FY 2011 allows for a gradual draw-down of the current PAOA balance and allows for a declination of the coverage ratio into the two-quarter to four-quarter fund balance coverage ratio band. A detailed discussion of the evaluated rate schedules follows.

Discussion

We examined the effects of two different assessment rate schedules (the 4.6-4.6% rate schedule noted above and 5.0-4.5%; 5.0% effective 1/1/2007 and 4.5% effective 1/1/2008) for calendar years 2007 through 2011, holding constant our assumptions about the premium assessment base, workers' compensation expenditures and other revenues. The analysis reflects the 2005-07 agency legislatively adopted budget, the 2007-09 agency request budget, and planned expenditures and transfers discussed previously. For FY 2010 and FY 2011, planned expenditures and chargeback are the result of escalating FY 2009 amounts by three percent per annum.

The workers' compensation premium forecast was developed using our premium forecasting system, which is a system of econometric models. Inputs into this system include projections of economic variables from the Department of Administrative Services' (DAS) June 1, 2006, "Oregon Economic and Revenue Forecast" (see Appendix 1 for a summary of forecast values and a brief description of the projected economic environment). We have made no modifications to the DAS economic forecast, which projects that Oregon will grow at a slightly higher rate than the U.S. economy throughout the forecast horizon.

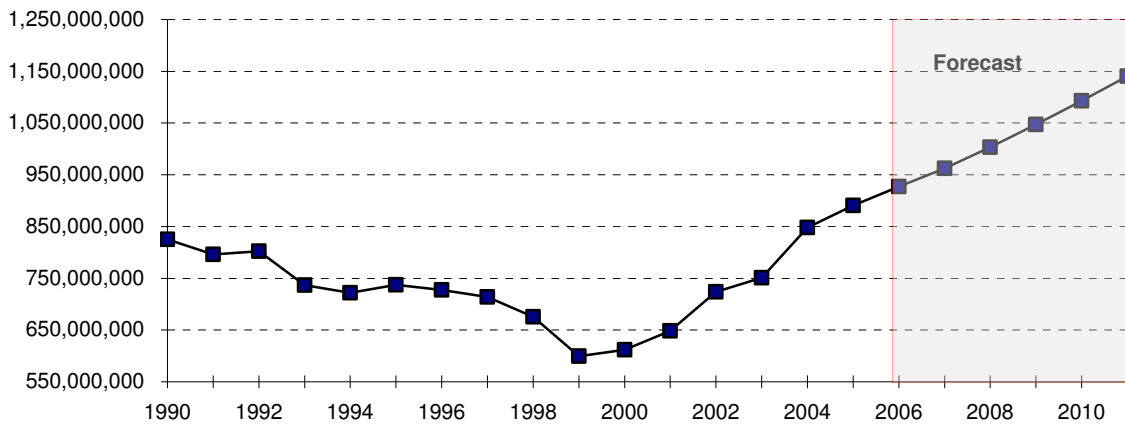
Table 1 shows the actual premium for CY 2005 together with the projected premiums for CY 2006 - CY 2011 used in examining the effects of various assessment rates (the assessable base excludes the premium types noted below the table). Figure 1 displays the actual historical earned premium as well as the forecasted earned premium.

**Table 1. Actual and Projected Workers' Compensation Premiums CY 2005 – 2011
(100 million of premium)**

	2005	2006	2007	2008	2009	2010	2011
Premiums*	\$8.91	\$9.27	\$9.62	\$10.03	\$10.47	\$10.93	\$11.40
Percent Change		4.04%	3.78%	4.26%	4.39%	4.39%	4.30%

* Includes Longshoremen's and Harbor Workers' Compensation Act Premiums that are excluded from the assessable premium base. Data is expressed in terms of \$100 million of premium.

**Figure 1. Historical Actual and Forecasted
Workers' Compensation Earned Premium
CY 1990 - CY 2011**



Rate Analysis

The premium assessment operating account fund balance, including the Self-Insured Employers and Self-Insured Employers Group Adjustment Reserves, amounted to \$72,499,381 at the end of FY 2006. (The analysis relies on financial statements through the quarter ending 6-30-2006.) Table 2 and Figure 2 show the historical and projected ending balance for fiscal years FY 2006 through FY 2011 for two different rate schedules, 4.6-4.6% (staff recommendation) and 5.0-4.5%. In addition, the table shows the projected fund balance as a percent of projected expenditures. (See Appendix 2 for a summary of historical and projected fund revenues, expenditures and transfers and ending fund balances using the staff recommended assessment rate schedule.) Finally, Table 2 also displays the fund balance coverage ratios for each fiscal year. The fund balance coverage ratio is equal to the number of quarters of average expenditures and transfers covered by the ending fund balance for each fiscal year. The current adequacy standard for this account is a coverage ratio of at least two. Given the two rate schedules shown in Table 2, we are recommending the 4.6-4.6% schedule over the 5.0-4.5% schedule for the following reasons: 1) It provides for a larger decrease in the rate in 2007, which provides more fund balance draw down; 2) the 4.6-4.6% rate schedule allows the rate to remain unchanged through the forecast horizon; and, 3) it brings the PAOA balance closer to a two-quarter coverage ratio by the end of FY 2011.

Table 2. Actual and Projected Workers' Compensation Ending Balances (000,000's)

<u>Fiscal Year</u>	<u>Ending Balance at</u> <u>4.6 - 4.6%</u>	<u>Percent of Expenses*</u>	<u>Coverage Ratio</u>	<u>Ending Balance at</u> <u>5.0 - 4.5%</u>	<u>Percent of Expenses*</u>	<u>Coverage Ratio</u>
2006	\$72.5	138.2%	5.43	\$72.5	138.2%	5.43
2007	\$70.8	126.9%	5.08	\$71.6	128.5%	5.14
2008	\$64.8	116.6%	4.67	\$68.5	123.2%	4.93
2009	\$58.7	101.9%	4.07	\$61.6	106.9%	4.27
2010	\$52.9	89.3%	3.57	\$54.8	92.6%	3.70
2011	\$51.6	84.9%	3.40	\$52.5	86.4%	3.46

* Actual ending fund balance as a percent of the annual FY expenses plus adjustments and transfers.

Appendices 3 and 4 show projected quarterly revenues and expenditures that result in the above fiscal year balances for the two assessment rate schedules.

Figure 2. Ending Fund Balances of the Premium Assessment Operating Account, FY 2006 - 2011



Self-Insured Employer and Employer Group Reserves

A. Self-Insured Employer Adjustment Reserve

On January 1, 1988, the additional assessment against self-insured employers to fund the Self-Insured Employer Adjustment Reserve (SIEAR) was discontinued. As expected, interest on the Reserve's account balance and subrogation recoveries continued to exceed expenditures, until FY 1998. The failure of Montgomery Ward occasioned a substantial increase in expenditures, and the correlative, unresolved legal dispute regarding payment performance under the terms of surety contract language contributed to substantial increases in the reserve expenditures. In FY 2000 and FY 2001, \$554,000 was recovered from the two surety companies associated with the Montgomery Ward's case and deposited into the SIEAR. Due to continued defaults by some self-insurers and an increase in Montgomery Ward's reserve exposure, the SIEAR fund balance decreased 28.7 percent from June 1998 to June 2005.

As a result of the issues discussed above, effective January 1, 2005, an additional assessment of 0.2 percent against self-insured employers to fund the Self-Insured Employer Adjustment Reserve (SIEAR) was re-instituted.

As stated in FIN-01, a fund balance approximating \$1 million is a reasonable minimum balance given the history of the reserve's long-term liability; the average liability for the past four years for the periods ending December 31st amounts to \$1,091,096 (see Exhibit A). Assuming a \$1 million liability, the reserve ratio, the ratio of estimated liabilities to fund balance would approximate a value of one. This value means that the long-term liability would be fully-funded, a requirement which the department makes of all Oregon workers' compensation insurers (see for example ORS 733.050 regarding inadequate reserves). By using this minimum fund balance, reserves will be sufficient to ensure that claims obligations can be met. Hence, we recommend the SIEAR fund balance should approximate \$1 million, an amount close to the average long-term liability.

The SIEAR account balance as of June 30, 2006 was \$1,115,912. This balance increased 54.2 percent from the June 30, 2005 ending balance of \$723,921 due to several large, unanticipated recoveries from excess insurers and surety companies that were posted in the first quarter of FY 2006, representing several different self-insured employers. These recoveries came as a result of the findings from the Self-Insured Employer Adjustment Reserve Audit Summary that is performed each spring by the Workers' Compensation Division. As a result, the first quarter of FY 2006 had the largest one quarter increase in the SIEAR account balance since FY 2000, when the large recovery from the surety company associated with Montgomery Ward was processed. These kinds of recoveries are subject to much uncertainty and are difficult to forecast, and are not incorporated into our revenue forecast for this account. We recommend that the assessment differential for self-insured employers continue at 0.2 percent. Given current revenue and expenditure forecasts, the balance should reach about \$2,137,490 by the end of FY 2011 (see Appendix 5). If current trends continue, the assessment may be able to be discontinued or lowered in future years, depending upon the experience of the reserve.

B. Self-Insured Employer Group Adjustment Reserve

The Self-Insured Employer Group Adjustment Reserve was created in 1981. The Reserve's account balance as of June 30, 2006 was \$338,424. We recommend that the assessment differential for self-insured employer groups continue at 0.2 percent. Assuming no expenditures and a constant group membership level, the balance should reach about \$681,582 by the end of FY 2011 (see Appendix 6). There is a risk that a reserve liability could emerge.

If you have any questions about this analysis and recommendations, please let me know.

cc: Greg Malkasian	Dan Adelman	Scott Harra
Jerry Managhan	Carey Thompson	Anita Mendiola
David Miller	Lou Savage	Rick Elliott
Joel Ario	Mary Schwabe	Michael Wood
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Appendix 1

WORKERS' COMPENSATION PREMIUM FORECASTING MODEL VARIABLES AND OUTPUT

YEAR	OREGON WAGE/SAL. EMPL ¹	OREGON MFG&CON. EMPL ^{1,5}	OREGON SERV. EMPL ^{1,5}	OREGON UNEMP RATE ²	TOTAL ORE PAYROLL ¹ (000's)	PORTLAND CONSUMER PRICE INDEX ¹	OREGON AC. DIS. CLAIMS ²	PRIME RATE ¹	LOAD FACTOR ²	INCURRED WC LOSSES ³	TOTAL WC PREMIUM ⁴
1966	639,300	N/A	N/A	4.20	3,856	N/A	0	N/A	N/A	40,146,506	52,227,408
1967	651,000	N/A	N/A	4.80	4,050	N/A	0	N/A	N/A	43,944,780	57,992,632
1968	677,900	N/A	N/A	4.40	4,444	N/A	32,509	N/A	N/A	53,748,952	74,262,024
1969	707,300	N/A	N/A	4.40	4,867	N/A	35,372	N/A	N/A	69,621,466	86,896,720
1970	709,200	N/A	N/A	7.10	5,170	0.00	30,338	N/A	N/A	78,339,950	91,490,448
1971	727,200	N/A	N/A	7.60	5,601	0.00	30,663	N/A	N/A	100,117,551	113,160,816
1972	774,300	N/A	N/A	6.80	6,288	0.00	34,835	N/A	N/A	116,273,968	144,014,768
1973	816,200	N/A	N/A	6.20	7,091	0.00	36,802	N/A	N/A	135,301,249	157,091,952
1974	838,211	216,561	227,501	7.50	7,843	48.78	34,214	10.80	N/A	172,009,158	207,486,224
1975	837,276	197,658	233,651	10.60	8,428	53.46	32,172	7.86	N/A	208,985,492	233,882,848
1976	878,592	210,738	243,166	9.60	9,594	57.04	31,013	6.84	N/A	261,003,616	296,045,728
1977	936,815	229,257	256,025	7.30	10,911	61.55	38,657	6.82	N/A	312,952,675	413,593,824
1978	1,009,150	248,598	270,483	6.10	12,638	67.75	47,844	9.06	N/A	392,680,806	488,696,160
1979	1,055,890	262,272	281,793	6.70	14,369	76.98	44,697	12.67	N/A	363,438,111	525,765,664
1980	1,044,550	242,388	288,387	8.40	15,404	87.26	44,930	15.27	N/A	364,330,972	544,482,816
1981	1,018,670	220,925	289,182	9.80	16,120	95.01	37,498	18.87	N/A	298,563,762	413,999,808
1982	960,897	195,192	285,098	11.60	16,027	98.09	31,535	14.86	N/A	341,897,436	346,803,648
1983	966,562	196,529	291,787	10.90	16,684	99.09	34,037	10.79	1.120	346,546,310	345,397,376
1984	1,006,270	211,816	302,895	9.40	18,071	102.82	37,702	12.04	1.060	421,415,172	342,905,824
1985	1,029,560	212,764	315,408	8.70	18,980	106.72	38,808	9.93	1.150	479,214,309	443,916,960
1986	1,058,090	213,003	331,767	8.00	20,001	108.21	40,157	8.33	1.210	586,317,456	565,400,832
1987	1,099,550	222,027	347,554	6.30	21,430	110.90	41,033	8.20	1.224	614,433,801	676,901,568
1988	1,155,750	234,933	368,655	5.80	23,507	114.75	42,982	9.32	1.258	707,031,756	722,861,760
1989	1,203,430	246,005	386,120	5.40	25,479	120.45	39,170	10.87	1.268	720,817,035	792,314,560
1990	1,260,041	256,544	391,780	5.40	27,695	127.36	35,857	10.01	1.260	552,590,602	825,250,944
1991	1,257,949	248,140	395,443	6.40	28,962	133.84	31,479	8.46	1.264	466,828,330	796,229,056
1992	1,280,538	243,481	411,588	7.30	30,938	139.85	30,786	6.25	1.260	496,408,975	802,196,992
1993	1,321,188	246,799	437,865	6.90	32,722	144.70	30,741	6.00	1.257	496,728,183	736,940,224
1994	1,375,962	260,671	463,132	5.50	35,151	148.90	31,530	7.14	1.233	560,742,960	722,141,842
1995	1,431,733	276,815	485,791	4.90	38,112	153.20	30,564	8.83	1.241	540,777,947	737,307,449
1996	1,486,642	293,422	505,157	5.60	41,455	158.60	28,389	8.27	1.204	447,215,417	727,458,585
1997	1,538,621	306,951	525,806	5.60	44,962	164.05	27,922	8.44	1.204	498,041,341	714,065,636
1998	1,564,329	308,994	532,954	5.70	47,646	167.10	27,049	8.35	1.188	511,769,840	675,734,612
1999	1,587,623	305,959	545,552	5.50	50,672	172.60	25,802	7.99	1.162	466,686,471	599,263,850
2000	1,619,492	306,379	563,978	5.10	54,803	178.00	25,365	9.23	1.171	527,067,087	611,977,886
2001	1,606,906	296,311	562,292	6.40	55,239	182.40	24,645	6.92	1.184	588,045,009	648,358,575
2002	1,586,611	279,879	563,513	7.60	55,319	183.80	23,482	4.68	1.226	557,788,769	723,991,908
2003	1,575,584	271,859	567,821	8.10	56,361	186.25	21,832	4.12	1.250	630,840,541	750,772,993
2004	1,607,704	282,465	581,370	7.30	59,337	191.13	22,325	4.34	1.280	726,809,198	848,186,360
2005	1,658,152	295,427	602,914	6.10	64,110	196.00	22,114	6.19	1.290	703,633,436	890,619,483
2006	1,710,000	310,000	626,000	5.7	68,000	201.64	23,145	7.96	1.286	748,358,830	926,933,756
2007	1,734,000	310,000	640,000	5.9	72,000	205.75	22,351	7.98	1.293	780,555,433	962,249,516
2008	1,762,000	311,000	656,000	5.9	76,000	210.10	21,921	7.75	1.306	815,135,669	1,003,483,480
2009	1,787,000	312,000	670,000	5.8	80,000	214.37	21,702	7.94	1.318	849,898,563	1,047,322,465
2010	1,810,000	313,000	680,000	5.8	84,000	218.76	21,462	8.00	1.330	884,501,390	1,092,886,030
2011	1,830,000	314,000	690,000	5.9	89,000	223.35	21,091	8.00	1.344	920,796,674	1,140,347,774

1. From Department of Administrative Services' June 2006 "Oregon Economic and Revenue Forecast:"

The first quarter 2006 initial estimate of job growth was a 6.3 percent annual rate over the fourth quarter 2005 and was one of the strongest quarterly growth rates over the past 15 years. The Oregon Office of Economic Analysis (OEA) forecasts that Oregon's economy will grow at a slightly higher rate than the U.S. economy between 2006 and 2013. Even though the Oregon economy is projected to grow faster than the nation after 2005, per capita income and average wages are still expected to be below the national average. Oregon's long-term growth will be fueled by a number of key factors: recovery in the semiconductor industry, export growth and rising commodity prices, continued strength in domestic markets, business cost advantages, affordable housing, biotechnology, sustainable development, and quality of life. The major risks facing the Oregon economy are: geopolitical risks, a falling U.S. dollar, inflation and Federal Reserve Bank reactions, a sharp and major stock market correction, a possible collapse of the housing market, rising regional energy prices, PERS and possible state and local government budget shortfalls, initiatives and referendums, and slower than expected recovery for semiconductors, software, and communications.

2. From Research and Analysis Section, Department of Consumer and Business Services, 8/2006.

3. From Research and Analysis Section, Department of Consumer and Business Services, 8/2006. Loss figures have been adjusted to reflect changes in SAIF's reserving practices.

4. From Research and Analysis Section, Department of Consumer and Business Services, 8/2006. Includes coverage related to the Longshore and Harbor Workers' Compensation Act and excess coverage for self-insurers.

5. Oregon Construction Employment, Oregon Service Employment, and Oregon Manufacturing Employment data experienced a break in the series beginning in CY 2003 due to the shift from SIC to NAICS.

Note: Vocational Rehabilitation coverage is included in loss and premium figures and are estimated for forecasting purposes prior to 1986.

Source: Research & Analysis Section, IMD, Department of Consumer and Business Services

Appendix 2

**WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT
REVENUE, EXPENDITURES, TRANSFERS, AND FUND BALANCES
FISCAL YEARS 2002-2011; ACTUAL DATA THROUGH 6/30/2006
5.5% ASSESSMENT RATE EFFECTIVE 1/1/2006
AND 4.6% EFFECTIVE 1/1/2007.**

REVENUES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Assessments ¹	\$48,738,305	\$58,239,386	\$58,513,903	\$55,236,669	\$59,116,776	\$48,762,318	\$44,140,047	\$46,076,972	\$48,125,152	\$50,255,047
Fines and Penalties ²	1,707,204	1,516,408	1,826,335	1,561,021	1,592,963	1,640,000	1,690,000	1,740,000	1,790,000	1,840,000
Investment Income	1,559,872	1,538,278	1,842,440	2,319,655	3,164,161	3,583,808	3,731,851	3,523,922	3,217,095	2,960,663
Federal Funds ²	5,260,322	5,568,765	5,361,033	6,179,080	6,181,097	6,240,000	6,300,000	6,360,000	6,420,000	6,480,000
Other ²	558,815	707,482	(18,193,666)	580,296	808,607	441,524	447,368	451,844	456,160	460,552
SAIF Reinsurance Pool Credit ¹¹	0	0	(321,581)	(5,295,447)	(5,409,146)	(6,662,457)	(6,600,000)	(6,600,000)	(6,600,000)	(2,511,369)
Total	\$57,824,518	\$67,570,319	\$49,028,464	\$60,581,274	\$65,454,458	\$54,005,193	\$49,709,266	\$51,552,738	\$53,408,407	\$59,484,893
EXPENDITURES										
Administration ³	\$55,551,318	\$56,619,921	\$57,805,642	\$57,445,386	\$59,875,629	\$62,830,796	\$62,984,887	\$65,555,699	\$67,522,370	\$69,548,041
Self-Insured Empl Res. ²	422,455	397,965	335,728	449,938	339,803	301,797	296,119	299,662	302,995	306,550
Chargeback ⁶	(4,307,860)	(4,934,348)	(7,057,925)	(6,858,057)	(7,215,360)	(7,303,582)	(7,336,097)	(7,635,530)	(7,864,596)	(8,100,534)
Oregon Health Sciences University ⁴	1,562,890	1,556,059	1,552,592	1,581,179	1,660,813	1,732,492	1,758,463	1,786,122	1,811,237	1,833,296
Total	\$53,228,803	\$53,639,597	\$52,636,037	\$52,618,446	\$54,660,885	\$57,561,504	\$57,703,372	\$60,005,953	\$61,772,006	\$63,587,353
ADJUSTMENTS/TRANSFERS										
Non-Complying Employer ⁵	(\$909,221)	(\$1,407,044)	(\$1,853,966)	(\$1,541,945)	\$166,312	(\$279,523)	(\$5,221)	\$203,212	\$305,933	\$522,209
Insurance Division ⁷	(180,750)	(259,794)	(325,203)	(279,548)	(1,402)	(7,210)	(21,497)	(32,977)	(45,992)	(61,457)
WBF Administrative Expenses ⁹	1,834,827	3,782,146	1,733,971	2,140,591	2,198,454	2,253,690	2,263,723	2,356,120	2,426,804	2,499,608
BOLI Transfer ¹⁰	(113,017)	(112,275)	(101,000)	(95,777)	(164,750)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
Misc Transfers/Adjustments ⁸	19,608	541,746	31,268	(77,324)	14,685	0	0	0	0	0
Total	651,447	2,544,779	(514,930)	145,997	2,213,299	1,806,957	2,077,005	2,366,355	2,526,744	2,800,360
Net Cash Flow	\$5,247,162	\$16,475,501	(\$4,122,503)	\$8,108,825	\$13,006,872	(\$1,749,353)	(\$5,917,101)	(\$6,086,861)	(\$5,836,855)	(\$1,302,100)
Ending Fund Balance	\$39,030,686	\$55,506,187	\$51,383,684	\$59,492,509	\$72,499,381	\$70,750,027	\$64,832,927	\$58,746,066	\$52,909,212	\$51,607,112
Balance Coverage Ratio	2.86	4.38	3.74	4.62	5.43	5.08	4.67	4.07	3.57	3.40
Required Fund Balance	\$26,288,678	\$25,547,409	\$26,575,484	\$26,236,225	\$26,223,793	\$27,877,273	\$27,813,183	\$28,819,799	\$29,622,631	\$30,393,497
Funds Surplus/Shortfall	\$12,742,008	\$29,958,778	\$24,808,200	\$33,256,284	\$46,275,588	\$42,872,754	\$37,019,743	\$29,926,267	\$23,286,581	\$21,213,615

For the purposes of this analysis, self-insured employer reserves are included in the Premium Assessment Operating Account.
All figures are actual through quarter ending 6/30/2006

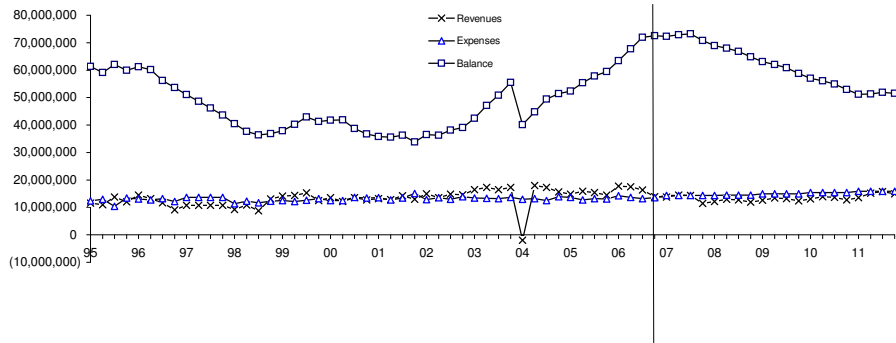
- Assessment forecasts are based on a premium assessment rate of 6.8 percent through CY 2005, 5.5 percent effective 1/1/2006, and 4.6 percent effective 1/1/2007.
- Estimates are from the R&A Section, Information Management Division, Department of Consumer and Business Services, the 2005-07 Legislatively Adopted Budget, and the 2007-09 Agency Request Budget. In FY 2004 this includes a financial statement accrual for the transfer to the General Fund from WCD and PAOA in accordance with house bills 2148 and 5077.
- Includes Department and Board administrative costs, expenditures of Federal funds, capital outlay, and Shared Services costs.
- Planned OHSU transfers and/or expenditures are equal to 1/16 cent per worker per hour.
- Net Non-Complying Employer expenditures are transferred to the Workers' Benefit Fund.
- Chargeback expenditures reflect Shared service chargeback recoveries, from non-PAOA account, DCBS entities. Beginning in FY 2004, chargeback expenditures also include indirect costs from the WBF.
- Transfer to Insurance Division in the first quarter of each Fiscal Year to fund workers' compensation activities.
- Miscellaneous transfers and adjustments are from actual quarterly financial statements.
- Quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- Quarterly transfer to the Bureau of Labor and Industries. This was included in Administration expenditures prior to FY 2002.
- Annual premium assessment credit for SAIF from CY 2004 through CY 2010, in accordance with HB 3630.

Column detail may not add to totals due to rounding.

Source: Information Management Division, Department of Consumer and Business Services, 8/2006.

Appendix 3

WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT REVENUES, EXPENSES, TRANSFERS, AND FUND BALANCES ¹ FISCAL YEARS 1995-2011; ACTUAL DATA THROUGH 6/30/2006 4.6% ASSESSMENT RATE EFFECTIVE 1/1/2007



Period Ending	Assessment Income ^{2,6}	Investment Income	Total Revenue ³	Expenses ⁴	Excess (Deficit)	Transfers/ Adjustments ⁵	Ending Fund Balance	Coverage Ratio
FY 1988	\$44,457,201	\$4,268,885	\$54,250,279	\$49,543,871	\$4,706,408	(\$3,615,991)	\$46,251,994	3.48
FY 1989	\$38,652,182	\$4,579,840	\$49,070,270	\$44,012,280	\$5,057,990	(\$1,170,880)	\$50,139,104	4.44
FY 1990	\$39,578,518	\$6,972,488	\$53,036,976	\$40,742,042	\$12,294,934	(\$1,266,146)	\$61,167,892	5.82
FY 1991	\$38,779,915	\$7,384,058	\$54,790,577	\$46,883,325	\$7,907,252	(\$2,005,872)	\$67,069,272	5.49
FY 1992	\$34,638,774	\$5,503,962	\$49,620,894	\$47,320,185	\$2,300,709	(\$1,302,094)	\$68,067,687	5.60
FY 1993	\$33,668,306	\$4,582,766	\$48,011,528	\$48,400,196	(\$388,668)	(\$1,273,006)	\$66,406,013	5.35
FY 1994	\$31,739,642	\$4,958,513	\$47,133,310	\$49,280,731	(\$2,147,421)	(\$1,718,969)	\$62,539,623	4.94
FY 1995	\$31,571,670	\$5,707,304	\$48,381,633	\$49,228,966	(\$847,333)	(\$1,739,550)	\$59,952,740	4.22
FY 1996	\$32,092,873	\$7,237,983	\$48,405,210	\$51,127,124	(\$2,721,914)	(\$3,600,679)	\$53,630,147	4.58
FY 1997	\$31,538,968	\$4,286,546	\$43,018,801	\$54,733,305	(\$11,714,504)	\$1,727,719	\$43,643,362	3.29
FY 1998	\$32,857,934	\$2,400,800	\$42,076,593	\$47,553,547	(\$5,476,954)	(\$1,352,754)	\$36,813,654	2.90
FY 1999	\$46,943,507	\$2,120,008	\$56,312,301	\$50,469,892	\$5,842,409	(\$1,319,838)	\$41,336,225	2.93
FY 2000	\$42,293,900	\$2,333,324	\$52,007,780	\$52,181,605	(\$173,825)	(\$4,376,597)	\$36,785,803	3.49
FY 2001	\$42,858,965	\$3,321,962	\$53,264,500	\$54,690,884	(\$1,426,384)	(\$1,575,895)	\$33,783,524	2.20
FY 2002	\$48,738,305	\$1,559,872	\$57,824,518	\$53,228,803	\$4,595,715	\$651,447	\$39,030,686	2.86
FY 2003	\$58,239,386	\$1,538,278	\$67,570,319	\$53,639,597	\$13,930,722	\$2,544,779	\$55,506,187	4.38
FY 2004	\$58,513,903	\$1,842,440	\$49,028,464	\$52,636,037	(\$3,607,573)	(\$514,930)	\$51,383,684	3.74
09/30/04	13,104,433	611,182	14,795,606	13,660,850	1,134,756	(111,214)	52,407,226	3.81
12/31/04	14,833,281	508,762	15,839,181	12,721,911	3,117,270	(136,675)	55,387,821	4.31
03/31/05	14,364,452	520,536	15,470,696	13,173,732	2,296,964	218,460	57,903,245	4.47
06/30/05	12,934,503	679,175	14,475,791	13,061,953	1,413,838	175,426	59,492,509	4.62
FY 2005	\$55,236,669	\$2,319,655	\$60,581,274	\$52,618,446	\$7,962,828	\$145,997	\$59,492,509	4.62
09/30/05	16,096,962	696,134	17,760,814	14,236,426	3,524,388	405,172	63,422,069	4.59
12/31/05	15,755,121	802,121	17,491,623	13,673,404	3,818,219	545,025	67,785,313	5.16
03/31/06	15,217,043	923,089	16,308,699	13,209,922	3,098,777	1,077,720	71,961,810	5.93
06/30/06	12,047,650	742,817	13,893,322	13,541,133	352,189	185,382	72,499,381	5.43
FY 2006	\$59,116,776	\$3,164,161	\$65,454,458	\$54,660,885	\$10,793,573	\$2,213,299	\$72,499,381	5.43
09/30/06	12,404,389	910,524	13,724,476	14,390,435	(665,959)	435,027	72,268,448	5.18
12/31/06	13,274,448	827,140	14,511,150	14,391,508	119,641	442,237	72,830,326	5.22
03/31/07	13,009,430	915,392	14,334,384	14,389,007	(54,623)	464,847	73,240,549	5.26
06/30/07	10,074,050	930,753	11,435,184	14,390,553	(2,955,369)	464,847	70,750,027	5.08
FY 2007	\$48,762,318	\$3,583,808	\$54,005,193	\$57,561,504	(\$3,556,310)	\$1,806,957	\$70,750,027	5.08
09/30/07	10,781,717	921,590	12,162,649	14,422,710	(2,260,061)	484,608	68,974,574	4.95
12/31/07	11,537,139	970,807	12,967,288	14,424,420	(1,457,132)	506,105	68,023,547	4.89
03/31/08	11,307,039	918,441	12,684,822	14,427,231	(1,742,409)	543,146	66,824,283	4.81
06/30/08	10,514,152	921,014	11,894,508	14,429,011	(2,534,503)	543,146	64,832,927	4.67
FY 2008	44,140,047	3,731,851	49,709,266	57,703,372	(7,994,106)	2,077,005	64,832,927	4.67
09/30/08	11,252,735	908,928	12,649,623	14,998,635	(2,349,012)	585,768	63,069,683	4.38
12/31/08	12,041,160	883,846	13,412,967	15,000,275	(1,587,308)	618,745	62,101,120	4.32
03/31/09	11,801,008	871,206	13,160,175	15,002,697	(1,842,522)	580,921	60,839,520	4.22
06/30/09	10,982,069	859,943	12,329,973	15,004,347	(2,674,374)	580,921	58,746,066	4.07
FY 2009	46,076,972	3,523,922	51,552,738	60,005,953	(8,453,216)	2,366,355	58,746,066	4.07
09/30/09	11,753,522	835,656	13,105,718	15,440,338	(2,334,620)	597,600	57,009,045	3.84
12/31/09	12,577,036	809,489	13,903,065	15,441,786	(1,538,721)	643,592	56,113,916	3.79
03/31/10	12,326,196	801,884	13,644,619	15,444,178	(1,799,559)	642,776	54,957,133	3.71
06/30/10	11,468,398	770,067	12,755,005	15,445,703	(2,690,698)	642,776	52,909,211	3.57
FY 2010	48,125,152	3,217,095	53,408,407	61,772,006	(8,363,599)	2,526,744	52,909,211	3.57
09/30/10	12,274,015	765,460	13,584,612	15,894,505	(2,309,893)	654,520	51,253,839	3.36
12/31/10	13,133,998	722,762	15,190,530	15,895,673	(705,144)	715,977	51,264,673	3.38
03/31/11	12,872,049	741,724	15,808,911	15,897,947	(89,036)	714,931	51,890,568	3.42
06/30/11	11,974,985	730,718	14,900,840	15,899,228	(998,388)	714,931	51,607,111	3.40
FY 2011	50,255,047	2,960,663	59,484,893	63,587,353	(4,102,460)	2,800,360	51,607,111	3.40

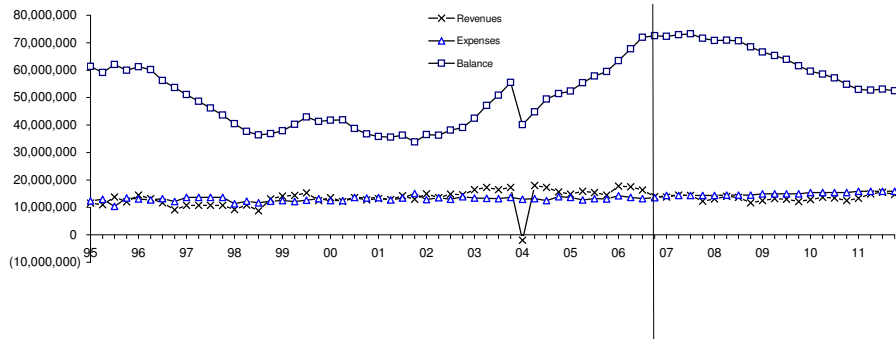
- Includes WC Division, WC Board, OR-OSHA, Central Support Services, and Self-Insured Employer Adjustment Reserves.
- Premium forecasts are based on WC Premium Forecasting Model run 6/2004. Data reflect premium assessment rates of 16.8% from 7/1/82 to 12/31/85, 12.0% during CY 86, 7.0% during CY 87, 5.5% during CY 88 and CY 89, 4.5% during the period CY 90 - CY 97, 7.0% from CY 98 - CY 2001, 8.0% from CY 2002 - CY 2003, 7.0% from CY 2004, 6.8% for CY 2005, 5.5% for CY 2006, and 4.6% for CY 2007 - CY 2011.
- Includes NCE recoveries, fines & forfeitures, Federal funds and other Rehab revenues through 12/31/95. Also includes a financial statement accrual of negative revenue in the first quarter of FY 2004, amounting to \$18.5 million, for the transfer to the General Fund in accordance with HB 2148 and HB 5077 passed during the 2003 legislative session.
- Includes expenses, capital outlay, and transfers to the Insurance Division and the Bureau of Labor and Industries (BOLI) and the Insurance Division. Projected account incremental chargeback revenue is included starting FY 95. The expenditures for FY 2006 and FY 2007 are based on the 2005-07 LAB and the 2007-09 Agency Request Budget. Expenditures are escalated at three percent per annum for FY 2010 and FY 2011.
- Transfers through 3/31/95 include 1/2 cent per worker per day to OHSU, beginning in the fourth quarter of CY 87, retroactive to 1/1/87. As of 6/30/95 the transfer to OHSU equals 1/16 cents-per-hour equivalent revenue. As of 1/1/96, two quarters of expenditures for the NCE and Rehab plus quarterly net expenditures for these reserves was transferred to the Workers' Benefit Fund. Effective 7/1/2001, there is a quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- The actual and forecasted premium assessment rates are as follows:

2004 = 7.0%	2005 = 6.8%	2006 = 5.5%	2007 = 4.6%
2008 = 4.6%	2009 = 4.6%	2010 = 4.6%	2011 = 4.6%

Note: All data subject to revision.
Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

Appendix 4

**WORKERS' COMPENSATION PREMIUM ASSESSMENT OPERATING ACCOUNT
REVENUES, EXPENSES, TRANSFERS, AND FUND BALANCES ¹
FISCAL YEARS 1995-2011; ACTUAL DATA THROUGH 6/30/2006
5.0% ASSESSMENT RATE EFFECTIVE 1/1/2007 AND 4.5% ASSESSMENT RATE EFFECTIVE 1/1/2008**



Period Ending	Assessment Income ^{2,6}	Investment Income	Total Revenue ³	Expenses ⁴	Excess (Deficit)	Transfers/Adjustments ⁵	Ending Fund Balance	Coverage Ratio
FY 1988	\$44,457,201	\$4,268,885	\$54,250,279	\$49,543,871	\$4,706,408	(\$3,615,991)	\$46,251,994	3.48
FY 1989	\$38,652,182	\$4,579,840	\$49,070,270	\$44,012,280	\$5,057,990	(\$1,170,880)	\$50,139,104	4.44
FY 1990	\$39,578,518	\$6,972,488	\$53,036,976	\$40,742,042	\$12,294,934	(\$1,266,146)	\$61,167,892	5.82
FY 1991	\$38,779,915	\$7,384,058	\$54,790,577	\$46,883,325	\$7,907,252	(\$2,005,872)	\$67,069,272	5.49
FY 1992	\$34,638,774	\$5,503,962	\$49,620,894	\$47,320,185	\$2,300,709	(\$1,302,094)	\$68,067,687	5.60
FY 1993	\$33,668,306	\$4,582,766	\$48,011,528	\$48,400,196	(\$388,668)	(\$1,273,006)	\$66,406,013	5.35
FY 1994	\$31,739,642	\$4,958,513	\$47,133,310	\$49,280,731	(\$2,147,421)	(\$1,718,969)	\$62,539,623	4.94
FY 1995	\$31,571,670	\$5,707,304	\$48,381,633	\$49,228,966	(\$847,333)	(\$1,739,550)	\$59,952,740	4.22
FY 1996	\$32,092,873	\$7,237,983	\$48,405,210	\$51,127,124	(\$2,721,914)	(\$3,600,679)	\$53,630,147	4.58
FY 1997	\$31,538,968	\$4,286,546	\$43,018,801	\$54,733,305	(\$11,714,504)	\$1,727,719	\$43,643,362	3.29
FY 1998	\$32,857,934	\$2,400,800	\$42,076,593	\$47,553,547	(\$5,476,954)	(\$1,352,754)	\$36,813,654	2.90
FY 1999	\$46,943,507	\$2,120,008	\$56,312,301	\$50,469,892	\$5,842,409	(\$1,319,838)	\$41,336,225	2.93
FY 2000	\$42,293,900	\$2,333,324	\$52,007,780	\$52,181,605	(\$173,825)	(\$4,376,597)	\$36,785,803	3.49
FY 2001	\$42,858,965	\$3,321,962	\$53,264,500	\$54,690,884	(\$1,426,384)	(\$1,575,895)	\$33,783,524	2.20
FY 2002	\$48,738,305	\$1,559,872	\$57,824,518	\$53,228,803	\$4,595,715	\$651,447	\$39,030,686	2.86
FY 2003	\$58,239,386	\$1,538,278	\$67,570,319	\$53,639,597	\$13,930,722	\$2,544,779	\$55,506,187	4.38
FY 2004	\$58,513,903	\$1,842,440	\$49,028,464	\$52,636,037	(\$3,607,573)	(\$514,930)	\$51,383,684	3.74
09/30/04	13,104,433	611,182	14,795,606	13,660,850	1,134,756	(111,214)	52,407,226	3.81
12/31/04	14,833,281	508,762	15,839,181	12,721,911	3,117,270	(136,675)	55,387,821	4.31
03/31/05	14,364,452	520,536	15,470,696	13,173,732	2,296,964	218,460	57,903,245	4.47
06/30/05	12,934,503	679,175	14,475,791	13,061,953	1,413,838	175,426	59,492,509	4.62
FY 2005	\$55,236,669	\$2,319,655	\$60,581,274	\$52,618,446	\$7,962,828	\$145,997	\$59,492,509	4.62
09/30/05	16,096,962	696,134	17,760,814	14,236,426	3,524,388	405,172	63,422,069	4.59
12/31/05	15,755,121	802,121	17,491,623	13,673,404	3,818,219	545,025	67,785,313	5.16
03/31/06	15,217,043	923,089	16,308,699	13,209,922	3,098,777	1,077,720	71,961,810	5.93
06/30/06	12,047,650	742,817	13,893,322	13,541,133	352,189	185,382	72,499,381	5.43
FY 2006	\$59,116,776	\$3,164,161	\$65,454,458	\$54,660,885	\$10,793,573	\$2,213,299	\$72,499,381	5.43
09/30/06	12,404,389	910,524	13,724,476	14,390,435	(665,959)	435,027	72,268,448	5.18
12/31/06	13,274,448	827,140	14,511,150	14,391,508	119,641	442,237	72,830,326	5.22
03/31/07	13,009,430	915,392	14,334,384	14,389,007	(54,623)	464,847	73,240,549	5.26
06/30/07	10,947,589	930,753	12,308,723	14,390,553	(2,081,830)	464,847	71,623,566	5.14
FY 2007	\$49,635,857	\$3,583,808	\$54,878,732	\$57,561,504	(\$2,682,772)	\$1,806,957	\$71,623,566	5.14
09/30/07	11,717,055	932,226	13,108,623	14,422,710	(1,314,087)	484,608	70,794,087	5.08
12/31/07	12,538,448	993,412	13,991,202	14,424,420	(433,218)	506,105	70,866,973	5.09
03/31/08	12,288,254	953,252	13,700,847	14,427,231	(726,384)	543,146	70,683,735	5.09
06/30/08	10,286,267	968,677	11,714,286	14,429,011	(2,714,724)	543,146	68,512,156	4.93
FY 2008	46,830,024	3,847,566	52,514,958	57,703,372	(5,188,415)	2,077,005	68,512,156	4.93
09/30/08	11,008,728	954,721	12,451,409	14,998,635	(2,547,226)	585,768	66,550,699	4.62
12/31/08	11,779,943	927,194	13,195,098	15,000,275	(1,805,177)	618,745	65,364,268	4.55
03/31/09	11,545,033	911,841	12,944,835	15,002,697	(2,057,861)	580,921	63,887,327	4.43
06/30/09	10,744,084	898,851	12,130,896	15,004,347	(2,873,451)	580,921	61,594,797	4.27
FY 2009	45,077,788	3,692,607	50,722,239	60,005,953	(9,283,714)	2,366,355	61,594,797	4.27
09/30/09	11,498,700	872,344	12,887,584	15,440,338	(2,552,755)	597,600	59,639,642	4.02
12/31/09	12,304,242	843,464	13,664,246	15,441,786	(1,777,540)	643,592	58,505,693	3.95
03/31/10	12,058,876	832,964	13,408,380	15,444,178	(2,035,798)	642,776	57,112,671	3.86
06/30/10	11,219,914	797,956	12,534,411	15,445,703	(2,911,292)	642,776	54,844,156	3.70
FY 2010	47,081,732	3,346,729	52,494,621	61,772,006	(9,277,385)	2,526,744	54,844,156	3.70
09/30/10	12,007,952	791,043	13,344,134	15,894,505	(2,550,372)	654,520	52,948,305	3.47
12/31/10	12,849,170	744,965	14,927,904	15,895,673	(967,769)	715,977	52,696,513	3.47
03/31/11	12,592,937	760,794	15,548,870	15,897,947	(349,078)	714,931	53,062,366	3.49
06/30/11	11,715,566	746,151	14,656,855	15,899,228	(1,242,372)	714,931	52,534,925	3.46
FY 2011	49,165,626	3,042,954	58,477,763	63,587,353	(5,109,591)	2,800,360	52,534,925	3.46

- Includes WC Division, WC Board, OR-OSHA, Central Support Services, and Self-Insured Employer Adjustment Reserves.
- Premium forecasts are based on WC Premium Forecasting Model run 6/2004. Data reflect premium assessment rates of 16.8% from 7/1/82 to 12/31/85, 12.0% during CY 86, 7.0% during CY 87, 5.5% during CY 88 and CY 89, 4.5% during the period CY 90 - CY 97, 7.3% from CY 98 - CY 2001, 8.0% from CY 2002 - CY 2003, 7.0% from CY 2004, 6.8% for CY 2005, 5.5% for CY 2006, 5.0% for CY 2007, and 4.5% from CY 2008 - CY 2011.
- Includes NCE recoveries, fines & forfeitures, Federal funds and other Rehab revenues through 12/31/95. Also includes a financial statement accrual of negative revenue in the first quarter of FY 2004, amounting to \$18.5 million, for the transfer to the General Fund in accordance with HB 2148 and HB 5077 passed during the 2003 legislative session.
- Includes expenses, capital outlay, and transfers to the Insurance Division and the Bureau of Labor and Industries (BOLI) and the Insurance Division. Projected account incremental chargeback revenue is included starting FY 95. The expenditures for FY 2006 and FY 2007 are based on the 2005-07 LAB and the 2007-09 Agency Request Budget. Expenditures are escalated at three percent per annum for FY 2010 and FY 2011.
- Transfers through 3/31/95 include 1/2 cent per worker per day to OHSU, beginning in the fourth quarter of CY 87, retroactive to 1/1/87. As of 6/30/95 the transfer to OHSU equals 1/16 cents-per-hour equivalent revenue. As of 1/1/96, two quarters of expenditures for the NCE and Rehab plus quarterly net expenditures for these reserves was transferred to the Workers' Benefit Fund. Effective 7/1/2001, there is a quarterly transfer from the WBF to the PAOA to cover direct administrative costs associated with WBF programs.
- The actual and forecasted premium assessment rates are as follows:

2004 = 7.0%	2005 = 6.8%	2006 = 5.5%	2007 = 5.0%
2008 = 4.5%	2009 = 4.5%	2010 = 4.5%	2011 = 4.5%

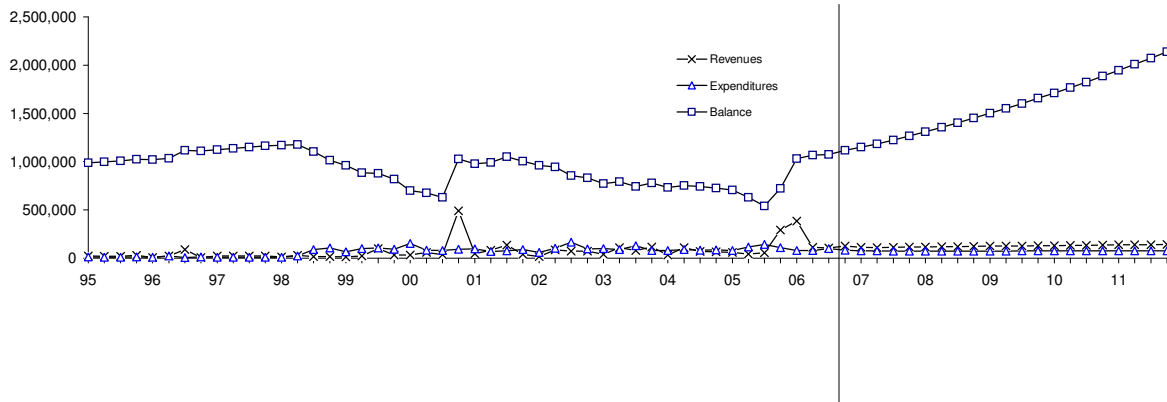
Note: All data subject to revision.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services

Aug-06

Appendix 5

SELF-INSURED EMPLOYER ADJUSTMENT RESERVE REVENUES, EXPENSES, AND FUND BALANCES FISCAL YEARS 1995-2011; ACTUAL DATA THROUGH 6/30/2006

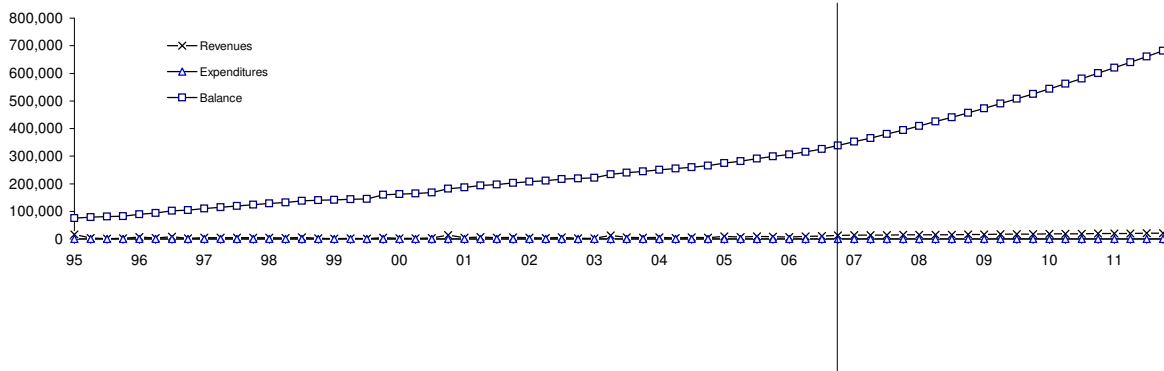


Period Ending	Revenue	Investment Income	Total Revenue	Expenses	Excess (Deficit)	Transfers/ Adjustments	Ending Fund Balance	Coverage Ratio
FY 87	\$82,538	\$55,669	\$138,207	\$90,275	\$47,932	\$0	\$682,376	14.13
FY 88	\$102,631	\$58,009	\$160,640	\$65,811	\$94,829	\$0	\$777,205	47.24
FY 89	\$8,269	\$70,280	\$78,549	\$61,565	\$16,984	\$0	\$812,744	71.64
FY 90	\$18,955	\$75,160	\$94,115	\$25,130	\$68,985	\$0	\$856,085	152.36
FY 91	\$2,427	\$80,413	\$82,840	\$45,366	\$37,474	\$282	\$893,841	32.75
FY 92	\$41,516	\$76,414	\$117,930	\$63,196	\$54,734	\$0	\$948,575	31.91
FY 93	\$35,609	\$67,688	\$103,297	\$87,411	\$15,886	\$0	\$964,461	42.50
FY 94	\$24,347	\$68,105	\$92,452	\$78,672	\$13,780	\$0	\$978,241	66.74
FY 95	\$15,713	\$76,920	\$92,633	\$45,776	\$46,857	\$0	\$1,025,098	74.42
FY 96	\$61,075	\$64,942	\$126,017	\$53,276	\$72,741	\$13,678	\$1,111,517	89.26
FY 97	\$4,169	\$86,558	\$90,727	\$36,894	\$53,833	\$0	\$1,165,350	126.35
FY 98	\$10,484	\$67,805	\$78,289	\$228,347	(\$150,058)	\$0	\$1,015,292	9.48
FY 99	\$116,832	\$51,175	\$168,007	\$364,667	(\$196,660)	\$0	\$818,632	8.84
FY 00	\$576,927	\$41,097	\$618,024	\$408,765	\$209,259	\$0	\$1,027,891	11.13
FY 01	\$240,099	\$67,256	\$307,355	\$331,857	(\$24,502)	\$0	\$1,003,389	11.24
FY 02	\$206,443	\$43,970	\$250,413	\$422,455	(\$172,042)	\$0	\$831,347	8.71
FY 03	\$321,290	\$24,128	\$345,418	\$397,965	(\$52,547)	\$0	\$778,800	9.84
FY 04	\$259,709	\$22,217	\$281,926	\$335,728	(\$53,802)	\$0	\$724,998	8.57
09/30/04	53,917	6,091	60,008	80,162	(20,154)	0	704,844	8.79
12/31/04	37,176	4,392	41,568	116,792	(75,224)	0	629,620	5.39
03/31/05	49,273	5,469	54,742	143,850	(89,108)	0	540,512	3.76
06/30/05	288,181	4,362	292,543	109,134	183,409	0	723,921	6.63
FY 05	\$428,547	\$20,314	\$448,861	\$449,938	(\$1,077)	\$0	\$723,921	6.63
09/30/05	375,880	9,283	385,163	79,298	305,865	0	1,029,786	12.99
12/31/05	103,804	10,480	114,284	77,924	36,360	0	1,066,146	13.68
03/31/06	94,223	10,650	104,873	98,036	6,837	0	1,072,983	10.94
06/30/06	108,687	18,787	127,474	84,545	42,929	0	1,115,912	13.20
FY 06	\$682,594	\$49,200	\$731,794	\$339,803	\$391,991	\$0	\$1,115,912	13.20
09/30/06	97,723	14,015	111,738	77,356	34,382	0	1,150,294	14.87
12/31/06	97,723	13,166	110,889	77,356	33,532	0	1,183,826	15.30
03/31/07	98,702	14,879	113,582	73,542	40,039	0	1,223,865	16.64
06/30/07	100,989	15,553	116,542	73,542	43,000	0	1,266,865	17.23
FY 07	\$395,137	\$57,613	\$452,750	\$301,797	\$150,953	\$0	\$1,266,865	17.23
09/30/07	100,989	16,502	117,491	73,542	43,949	0	1,310,814	17.82
12/31/07	100,989	18,450	119,438	73,542	45,896	0	1,356,710	18.45
03/31/08	101,432	18,318	119,750	74,517	45,232	0	1,401,942	18.81
06/30/08	104,101	19,322	123,424	74,517	48,907	0	1,450,849	19.47
FY08	\$407,511	\$72,592	\$480,103	\$296,119	\$183,984	\$0	\$1,450,849	19.47
09/30/08	104,101	20,340	124,442	74,517	49,924	0	1,500,773	20.14
12/31/08	104,101	21,032	125,133	74,517	50,616	0	1,551,389	20.82
03/31/09	104,397	21,764	126,161	75,314	50,847	0	1,602,236	21.27
06/30/09	107,235	22,647	129,882	75,314	54,568	0	1,656,804	22.00
FY09	\$419,835	\$85,783	\$505,618	\$299,662	\$205,956	\$0	\$1,656,804	22.00
09/30/09	107,235	23,568	130,803	75,314	55,489	0	1,712,294	22.74
12/31/09	107,235	24,313	131,549	75,314	56,235	0	1,768,529	23.48
03/31/10	107,596	25,273	132,869	76,184	56,686	0	1,825,214	23.96
06/30/10	110,546	25,575	136,122	76,184	59,938	0	1,885,152	24.74
FY 2010	\$432,614	\$98,729	\$531,343	\$302,995	\$228,348	\$0	\$1,885,152	24.74
09/30/10	110,546	27,273	137,820	76,184	61,636	0	1,946,788	25.55
12/31/10	110,546	27,453	137,999	76,184	61,816	0	2,008,604	26.37
03/31/11	110,882	29,062	139,944	77,091	62,852	0	2,071,456	26.87
06/30/11	113,955	29,170	143,125	77,091	66,034	0	2,137,490	27.73
FY 2011	\$445,930	\$112,958	\$558,888	\$306,550	\$252,338	\$0	\$2,137,490	27.73

1. Revenues received for this program are from quarterly reimbursements from the Retroactive Program. and from the 0.2 assessment rate differential paid by Self-Insured Employers.
2. Expenditure forecasts are from WCD Compliance management staff.

Appendix 6

SELF-INSURED EMPLOYER GROUP ADJUSTMENT RESERVE REVENUES, EXPENSES, AND FUND BALANCES FISCAL YEARS 1995-2011; ACTUAL DATA THROUGH 6/30/2006



Period Ending	Revenue	Investment Income	Total Revenue	Expenses	Excess (Deficit)	Transfers/ Adjustments	Ending Fund Balance	Coverage Ratio
FY 87	\$2,886	\$100	\$2,986	\$0	\$2,986	\$0	\$2,986	N/A
FY 88	\$2,884	\$368	\$3,252	\$0	\$3,252	\$0	\$6,238	N/A
FY 89	\$5,992	\$661	\$6,654	\$0	\$6,654	\$0	\$13,058	N/A
FY 90	\$2,556	\$1,081	\$3,637	\$0	\$3,637	\$0	\$16,112	N/A
FY 91	\$8,192	\$1,845	\$10,037	\$0	\$10,037	\$0	\$26,149	N/A
FY 92	\$6,786	\$2,483	\$9,269	\$0	\$9,269	\$0	\$35,418	N/A
FY 93	\$8,297	\$2,880	\$11,177	\$0	\$11,177	\$0	\$46,595	N/A
FY 94	\$8,791	\$3,643	\$12,434	\$0	\$12,434	\$0	\$59,029	N/A
FY 95	\$17,971	\$5,489	\$23,460	\$0	\$23,460	\$0	\$82,489	N/A
FY 96	\$15,604	\$5,706	\$21,310	\$0	\$21,310	\$1,118	\$104,917	N/A
FY 97	\$12,546	\$6,483	\$19,029	\$0	\$19,029	\$0	\$123,946	N/A
FY 98	\$8,691	\$7,705	\$16,396	\$0	\$16,396	\$0	\$140,342	N/A
FY 99	\$2,482	\$7,614	\$10,096	\$0	\$10,096	\$9,808	\$160,246	N/A
FY 00	\$11,624	\$10,030	\$21,654	\$0	\$21,654	\$0	\$181,900	N/A
FY 01	\$8,389	\$12,913	\$21,302	\$0	\$21,302	\$0	\$203,202	N/A
FY 02	\$5,936	\$9,881	\$15,817	\$0	\$15,817	\$0	\$219,019	N/A
FY 03	\$18,436	\$7,013	\$25,449	\$0	\$25,449	\$0	\$244,468	N/A
FY 04	\$13,072	\$7,593	\$20,665	\$0	\$20,665	\$0	\$265,133	N/A
09/30/04	7,003	2,318	9,321	0	9,321	0	274,454	N/A
12/31/04	5,447	1,767	7,214	0	7,214	0	281,668	N/A
03/31/05	6,285	2,695	8,980	0	8,980	0	290,648	N/A
06/30/05	5,923	2,098	8,021	0	8,021	0	298,669	N/A
FY 05	\$24,658	\$8,878	\$33,536	\$0	\$33,536	\$0	\$298,669	N/A
09/30/05	4,161	3,292	7,453	0	7,453	0	306,122	N/A
12/31/05	6,459	3,085	9,544	0	9,544	0	315,666	N/A
03/31/06	7,187	3,099	10,286	0	10,286	0	325,952	N/A
06/30/06	6,759	5,713	12,472	0	12,472	0	338,424	N/A
FY 06	\$24,566	\$15,189	\$39,755	\$0	\$39,755	\$0	\$338,424	N/A
09/30/06	9,476	4,250	13,727	0	13,727	0	352,151	N/A
12/31/06	9,476	4,030	13,507	0	13,507	0	365,657	N/A
03/31/07	9,476	4,596	14,072	0	14,072	0	379,729	N/A
06/30/07	9,843	4,826	14,669	0	14,669	0	394,398	N/A
FY 07	\$38,272	\$17,702	\$55,974	\$0	\$55,974	\$0	\$394,398	N/A
09/30/07	9,843	5,137	14,980	0	14,980	0	409,378	N/A
12/31/07	9,843	5,762	15,605	0	15,605	0	424,983	N/A
03/31/08	9,843	5,738	15,581	0	15,581	0	440,564	N/A
06/30/08	10,271	6,072	16,343	0	16,343	0	456,908	N/A
FY08	\$39,800	\$22,710	\$62,510	\$0	\$62,510	\$0	\$456,908	N/A
09/30/08	10,271	6,406	16,677	0	16,677	0	473,584	N/A
12/31/08	10,271	6,637	16,908	0	16,908	0	490,492	N/A
03/31/09	10,271	6,881	17,152	0	17,152	0	507,645	N/A
06/30/09	10,726	7,175	17,902	0	17,902	0	525,546	N/A
FY09	\$41,540	\$27,099	\$68,639	\$0	\$68,639	\$0	\$525,546	N/A
09/30/09	10,726	7,476	18,202	0	18,202	0	543,749	N/A
12/31/09	10,726	7,721	18,447	0	18,447	0	562,196	N/A
03/31/10	10,726	8,034	18,760	0	18,760	0	580,956	N/A
06/30/10	11,200	8,140	19,340	0	19,340	0	600,296	N/A
FY 2010	\$43,379	\$31,371	\$74,750	\$0	\$74,750	\$0	\$600,296	N/A
09/30/10	11,200	8,685	19,884	0	19,884	0	620,181	N/A
12/31/10	11,200	8,746	19,945	0	19,945	0	640,126	N/A
03/31/11	11,200	9,262	20,461	0	20,461	0	660,587	N/A
06/30/11	11,692	9,302	20,995	0	20,995	0	681,582	N/A
FY 11	\$45,291	\$35,994	\$81,285	\$0	\$81,285	\$0	\$681,582	N/A

1. Revenues received for this program are from the 0.2 assessment rate differential paid by Self-Insured Employer Groups. Current projections are calculated as 0.2 percent of the current self-insurer group premium forecast.
2. There are currently no expenditures for this program.
3. There are currently six Self-Insured employer groups with a combined total of over 1000 employers; including cities, counties, special districts, contractors groups, Oregon Educators, and Oregon Operators.

Exhibit A

Self-Insured Employer Adjustment Reserve Valuations

