



A STRONG VOICE FOR OREGON'S WORKERS

March 6, 2025

Chair Taylor, Vice-Chair Bonham and members of the Senate Labor and Business Committee,

The Oregon AFL-CIO represents over 300,000 workers across the state in every sector of Oregon's economy and is a voice for all workers in the legislative process. Thank you for the opportunity to testify today in support of SB 705 with the -2 amendments.

Oregon's Workers' Compensation system is meant to provide wage replacement and medical coverage for workers who are injured on the job. Unlike many other programs which offer fully progressive wage replacement based on income – so the lowest income earners make all or most of their wage – the tax bracket formula of workers comp means that lower-income workers are disproportionately and negatively affected in terms of wage replacement.

Currently, a worker's workers comp time loss benefit is calculated by multiplying their wages by 66 and $\frac{2}{3}$ %. If that is less than the maximum benefit of 133% of the state's average weekly wage, the calculated number is what they are paid in weekly benefits. Oregon's average weekly wage is \$1,331.48. For a full time worker, that equates to about \$69,000 a year. While this is above minimum wage, large families on this income would still all be eligible for medicaid and likely SNAP benefits, and for a single parent with 2 or 3 children, this salary would mean that their children would be eligible for medicaid.

Lower-income workers pay a lower percentage of their salary to taxes, but the workers compensation formula treats all workers the same and is based on a tax bracket for higher income workers. That means a low-income workers' take home pay on comp is actually significantly less than for the same amount while working because so many more taxes are taken out for comp. For example, under the existing system, a worker who earns \$28,496 a year normally, would lose 31% of their income by being on comp. In contrast, a worker who earns \$83,000 a year loses only 17% of their income.

Often, our current system means that lower-income workers do not even file for comp because they cannot make ends meet with the 66 and $\frac{2}{3}$ percent they would make. Despite the fact that many lower-wage jobs put workers at greater risk than many other professions, just 56% of accepted compensable claims are from individuals making under \$50,000 a year.

SB 705-2 addresses this by calculating time-loss benefits as the sum of 80% of wages that are below the state's average weekly wage plus 66.6% percent for wages that are greater than the average weekly wage while maintaining the total benefit cap at 133% of the state's average weekly wage. We hope this will actually encourage workers to file for workers compensation, not disincentivize it, so the worker can focus on getting better – the fundamental goal of the workers compensation system.

SB 705-2 simply works to modernize Oregon's workers compensation system to ensure that the workers who need it most are able to utilize the system as a benefit, not a significant and disproportionate loss compared to higher income workers. We encourage you to make this change to help the workers' compensation system to work as intended: for workers to heal so that they can get back to work.