



# Oregon

Theodore R. Kulongoski, Governor

## Public Employees Retirement System

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July 16, 2009

TO: Members of the PERS Board  
FROM: Steven Patrick Rodeman, Deputy Director  
SUBJECT: Adoption of Recovery of Administrative Costs rule:  
OAR 459-005-0250, *Recovery of Administrative Costs*

### OVERVIEW

- Action: Adopt modifications to Recovery of Administrative Costs rule.
- Reason: Address disability estimates in the recovery of administrative costs.
- Subject: Recovering administrative costs for disability estimates.
- Policy Issues: No policy issues were identified.

### BACKGROUND

Currently, this OAR addresses recovering administrative costs for service retirement estimate requests. Generally, a member can receive two free estimates each calendar year, and must pay \$60 for each additional estimate. The proposed changes specifically address disability estimates, waiving any fees for requesting those estimates but specifying that a disability application must be on file at PERS to request a disability estimate.

The proposed changes clarify the rule's application to members who have submitted a disability retirement application and help streamline the workflow process between the Account Reconciliation Team and Disability Unit. These changes will also help to limit the number of disability retirement estimate requests to only those members who have applied for benefits and make others who are "forum shopping" take the initiative to apply.

Amendments also were made to cite all the statutes related to full-cost purchases.

### SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

In subsection (1)(b), the existing term "shall" was retained instead of changing to "must" as the two free estimates standard is not mandated but is a policy choice.

Subsection (1)(f) was rewritten to clarify that a member must have a completed disability application on file with PERS to receive a disability estimate.

On the "Stats. Implemented" line, all statutes except ORS 238.610 were removed since the scope of this rule is to implement administrative costs and the substantive provisions are not addressed.

### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on June 16, 2009 at 2:00 p.m. at PERS headquarters in Tigard. No one provided comment on this rule. The public comment period ended on July 1, 2009 at 5:00 p.m. No public comment was received.

### LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rule as presented for adoption.

### IMPACT

Mandatory: No, but the proposed changes will help members who have filed a disability application.

Impact: The rule modifications will reduce the number of disability estimate requests.

Cost: No cost.

### RULEMAKING TIMELINE

April 15, 2009	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2009	<i>Oregon Bulletin</i> published the Notice. Notice was mailed to employers, legislators, and interested parties. Public comment period began.
May 29, 2009	PERS Board notified that staff began the rulemaking process.
June 16, 2009	Rulemaking hearing held at 2:00 p.m. in Tigard.
July 1, 2009	Public comment period ended at 5:00 p.m.
July 16, 2009	Board may adopt the permanent rule modifications.

### BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt the Recovery of Administrative Costs rule, as presented.”
2. Direct staff to make other changes to the rule or explore other options.

### STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- Reason: The rule modifications are needed to address disability estimates in the recovery of administrative costs.

If the Board does not adopt: Staff would return with rule modifications that more closely fit the Board’s policy direction if the Board determines that a change is warranted.

B.2. Attachment 1 – OAR 459-005-0250, Recovery of Administrative Costs