



# Oregon

John A. Kitzhaber, M.D., Governor

## Public Employees Retirement System

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January 27, 2012

TO: Members of the PERS Board  
FROM: Steven Patrick Rodeman, Deputy Director  
SUBJECT: Recovery of Strunk/Eugene Overpayments

On October 6, 2011, the Oregon Supreme Court issued unanimous decisions in the *Arken*, *Robinson*, and *Goodson* cases. Together, these decisions validated the PERS Board's Order Adopting Repayment Methods, issued January 27, 2006, that set the framework for recovering the overpayments to benefit recipients caused by the re-crediting of 1999 earnings to 11.33% from the original 20%.

Attorneys in the *Robinson* case filed a petition for reconsideration which the Oregon Supreme Court rejected on December 30, 2011. At this point, the Supreme Court still needs to enter an appellate judgment which remands the *Robinson* case back to Judge Kantor in the Multnomah County Circuit Court. Then, the judge will enter a judgment on remand, reversing his earlier judgment, and the cases will finally be resolved. The time line for that resolution is at the discretion of the respective courts, but is expected to take a few more weeks. Recall that the parties to the litigation required PERS to suspend collection activities until that litigation was resolved. In our view, that resolution does not occur until the Circuit Court judgment is entered.

As a reminder, staff earlier estimated that the remaining workload involves recovering \$156,333,437 in overpayments from 28,042 benefit recipients, spread across the following groups in the stated amounts:

Monthly Retirements	20,016	\$133,113,164
Lump Sum Retirements	1,372	\$11,458,293
Withdrawals	3,976	\$5,436,780
Police & Fire Unit Accounts	1008	\$403,200
Deceased Members (Received overpayment prior to death)	912	\$3,648,000
Beneficiaries (A survivor of a deceased person who is or has received benefits)	758	\$2,274,000

Those persons whose monthly retirements were adjusted previously received a letter some time in 2007 through June 2009. A template of that letter is included with this memo, to demonstrate its general contents. As you can see, the letter informed recipients of the overpayment amount and that PERS would not engage in any collection activities until the court case was resolved.

Memo on Recovery of *Strunk/Eugene* Overpayments

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In anticipation of that resolution, PERS staff is following its established project methodology to develop and deploy the resources required to recover these overpayments. We are completing work on a project proposal to select the most reasonable approach to completing this project. In broad terms, the project proposal will be resource-loaded on the anticipated schedule of resuming recovery activities on or before April 1, 2012 (assuming the necessary preparation can be completed and the court processes have run their course), with a goal of completing the project's recovery activities no later than the close of calendar year 2012.

The agency currently does not have expenditure limitation or position authority to complete this recovery project. We anticipate the need to request that limitation and authority at a subsequent time, once those impacts are better assessed.

Attachment:

A.2.e. Payment Adjustment Notification Letter