



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

11410 S.W. 68th Parkway, Tigard, OR

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

July 26, 2024

TO: Members of the PERS Board

FROM: Yong Yang, Tax Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Notice of Rulemaking to Contingency Reserve Subaccount Rule:
OAR 459-005-0625 *Contingency Reserve Subaccount*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Board asked the agency to streamline administrative process for using the contingency reserve fund to pay off small amount deficits.
- Policy Issue: None.

BACKGROUND

At the board meeting on December 1, 2023, staff presented to the Board a request for approval to use the contingency reserve fund to pay off an outstanding PERS contribution liability of a defunct employer in the amount of \$2,140.59. The Board asked staff to investigate the possibility of streamlining the administrative process for using the contingency reserve fund to pay off small deficit amounts in the future.

In response to the Board's request, staff recommends the Board establish a contingency reserve subaccount through rulemaking which the Board can fund by approving transfers from the contingency reserve account. Staff will have authority to use the funds in the subaccount for the same purposes as outlined for the contingency reserve account in ORS 238.670, limited to \$50,000 per incident. The \$50,000 was determined by reviewing past requests and the possible need for contingency reserve funds relating to potentially insolvent employers. Most of those amounts are under \$30,000, but there is the possible need for higher amounts relating to potentially insolvent employers.

With this recommendation, the Board has control over how much money will be made available in the contingency reserve subaccount and PERS staff is additionally required to provide an annual report to the Board on the use of moneys in the subaccount. This streamlines the administrative process for small deficit amounts while retaining the Board's control over the use of the contingency reserve fund.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on August 20, 2024, at 2:00 p.m. The public comment period ends August 23, 2024, at 5:00 p.m.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

IMPACT

Mandatory: No.

Benefit: Streamline the administrative process for using the contingency reserve fund for small amount deficits.

Cost: There are no discrete costs attributable to the rule.

RULEMAKING TIMELINE

July 26, 2024	PERS Board notified that staff began the rulemaking process.
August 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
August 1, 2024	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
August 20, 2024	Rulemaking hearing to be held remotely at 2:00 p.m.
August 23, 2024	Public comment period ends at 5:00 p.m.
October 4, 2024	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held remotely on August 20, 2024. The rule is scheduled to be brought before the PERS Board for adoption at the October 4, 2024 board meeting.

B.1. Attachment 1 – OAR 459-005-0625 *Contingency Reserve Subaccount*