

HB 2284 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: John Borden, Budget Analyst

Meeting Dates: 5/22, 5/26

WHAT THE MEASURE DOES:

Increases administrative fee the Public Employees Retirement Board may charge to pay benefits to an alternate payee required by court order for divorces, dissolutions of marriage and other settlement agreements. Directs Board to increase fee each year to reflect percentage increases in the specified Consumer Price Index, beginning January 1, 2025. Applies to orders received on or after effective date.

ISSUES DISCUSSED:

- Amount of the fee increase
- Timing of the payment of the fee and whom pays the fee
- Example of when statutory maximum fee would be charged vs. a lesser amount
- Date of last increase and delay in requesting the fee increase
- Indexing of the fee and possibility of future fee increases

EFFECT OF AMENDMENT:

None

BACKGROUND:

The Public Employees Retirement System (PERS) provides retirement benefits for employees of state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries.

Oregon law sets an administrative fee cap of \$300 for PERS members who require the agency to process alternate payee awards related to divorce decrees and other settlement agreements. Oregon Administrative Rule 459-045-0090 provides "The PERS Board has determined that actual and reasonable administrative expenses incurred by PERS for obtaining data and making calculations to administer an alternate payee award will always exceed \$300." According to PERS, they process approximately 900 divorce decrees each year, and in 2019 the approximate cost to process a divorce decree was \$1,300.

House Bill 2284 increases the current administrative fee from \$300 to \$1,300 for PERS to calculate and pay benefits to an alternate payee. The PERS Board is directed to adjust the fee each year to reflect increases in the Consumer Price Index (CPI) as published by the Bureau of Labor Statistics. The administrative fee increase will take effect on the effective date of the measure and PERS can make the first CPI adjustment beginning January 1, 2025.