

Enrolled House Bill 2208

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Oregon University System)

CHAPTER

AN ACT

Relating to Oregon University System; creating new provisions; amending ORS 36.145, 36.150, 36.155, 182.415, 183.635, 238.005, 238A.005, 240.185, 270.100, 270.110, 283.143, 291.357, 291.375, 292.043, 293.115, 293.701, 295.195, 339.331, 339.336, 341.440, 341.739, 343.465, 344.259, 348.010, 348.210, 348.283, 348.849, 348.890, 351.010, 351.060, 351.085, 351.100, 351.110, 351.130, 351.165, 351.170, 351.210, 351.250, 351.450, 351.455, 351.460, 351.470, 351.507, 351.508, 351.517, 351.518, 351.545, 351.590, 351.615, 351.626, 351.627, 351.633, 351.638, 351.642, 351.663, 351.666, 351.668, 351.840, 351.875, 351.880, 351.885, 352.043, 352.046, 352.048, 352.049, 352.063, 352.066, 352.068, 352.071, 352.074, 352.221, 352.223, 352.239, 352.247, 352.360, 352.510, 352.520, 352.530, 352.560, 352.570, 352.580, 352.610, 352.620, 352.650, 352.655, 542.710, 567.005, 567.010, 576.768 and 759.445 and section 2, chapter 788, Oregon Laws 2005, and sections 5, 11, 12, 13, 14, 15, 16 and 17, chapter 761, Oregon Laws 2007; repealing ORS 351.456, 351.513, 351.515, 351.523, 351.524, 351.526, 351.528, 351.529, 351.533, 351.534, 351.537, 351.540, 352.600 and 352.630 and section 3, chapter 788, Oregon Laws 2005; appropriating money; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 351.010 is amended to read:

351.010. The [*Department of Higher Education*] **Oregon University System is established and is organized as described in ORS 352.002. The system** shall be conducted under the control of a board of 12 directors, to be known as the State Board of Higher Education. The board shall consist of:

- (1) Two students, who at the time of their appointment to the board, are admitted at different public institutions of higher education in Oregon listed in ORS 352.002.
- (2) One member of the faculty at Oregon State University, Portland State University or University of Oregon.
- (3) One member of the faculty at Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University or Western Oregon University.
- (4) Eight members of the general public who are not students or faculty at the time of their appointment.

SECTION 2. (1) The amendments to ORS 351.010 by section 1 of this 2009 Act are intended to change the name of the “Department of Higher Education” to the “Oregon University System.”

(2) For the purpose of harmonizing and clarifying statute sections published in Oregon Revised Statutes, the Legislative Counsel may substitute for words designating the “De-

partment of Higher Education,” wherever they occur in Oregon Revised Statutes, other words designating the “Oregon University System.”

SECTION 3. (1) The Oregon University System Fund is established in the State Treasury, separate and distinct from the General Fund. Any interest or other investment income derived from moneys in the Oregon University System Fund is credited to the fund. Except when otherwise specified by a statute establishing an account, the interest or other investment income credited to the Oregon University System Fund that was derived from tuition and fees, facility and administrative cost recoveries, sales and services revenues, housing fees, food service fees, parking fees and General Fund appropriations shall be transferred to the General Fund by the State Board of Higher Education.

(2) Except for moneys otherwise designated by statute or federal law, all moneys received by the State Board of Higher Education or the Oregon University System shall be paid into the State Treasury and credited to the Oregon University System Fund. All moneys in the fund are continuously appropriated to the State Board of Higher Education for purposes authorized by law.

(3) The moneys in the Oregon University System Fund may be invested as provided in ORS 293.701 to 293.820.

(4) The board may establish accounts and subaccounts within the Oregon University System Fund when the board determines that accounts or subaccounts are necessary or desirable. Except when otherwise specified by a statute establishing an account, the board may credit any interest or income derived from moneys in the fund to any account or subaccount within the fund.

(5) The board shall keep a record of all moneys deposited into the fund. The record shall indicate by separate cumulative accounts and subaccounts the sources from which the moneys are derived and the individual activity or program against which each withdrawal is charged.

NOTE: Section 4 was deleted by amendment. Subsequent sections were not renumbered.

SECTION 5. ORS 348.010 is amended to read:

348.010. (1) *[The Department of Higher Education shall maintain with the State Treasurer a fund separate and distinct from the General Fund known as the Higher Education Student Loan Fund, which shall consist of:]* **An account in the Oregon University System Fund established under section 3 of this 2009 Act is designated for the purpose of granting student loans under the terms established by the National Defense Education Act of 1958, as amended, under the terms of the Health Professions Educational Assistance Act of 1963, as amended, and under the terms of the Nurses Training Act of 1964, as amended.**

(2) The account designated under this section consists of:

(a) All moneys made available to the State Board of Higher Education for student loan purposes by state appropriations and by the federal government under terms of the National Defense Education Act of 1958, **as amended**, *[and amendments thereto, and]* under **the** terms of the Health Professions Educational Assistance Act of 1963, **as amended**, and **under the terms of** the Nurses Training Act of 1964, **as amended** *[and amendments thereto]*;

(b) Repayments of loans identified in paragraph (a) of this subsection;

(c) Interest earned on student loans identified in paragraph (a) of this subsection; and

(d) Earnings from investments of the *[Higher Education Student Loan Fund]* **account**.

[(2) All moneys in the Higher Education Student Loan Fund are continuously appropriated to the Department of Higher Education for the purpose of granting student loans under the terms established by the National Defense Education Act of 1958 and amendments thereto, under terms of the Health Professions Educational Assistance Act of 1963 and the Nurses Training Act of 1964 and amendments thereto.]

(3) The repayment in whole or part of any student loan made under terms of the National Defense Education Act of 1958, **as amended**, *[and amendments thereto,]* under **the** terms of the Health Professions Educational Assistance Act of 1963, **as amended**, and **under the terms of** the Nurses

Training Act of 1964, **as amended** [and amendments thereto], shall be made pursuant to the provisions of the applicable federal statutes and repayment to the [Higher Education Student Loan Fund] **account designated under this section** shall be made in accordance with applicable federal statutes.

[(4) Funds in the Higher Education Student Loan Fund not needed for student loans may be invested by the State Treasurer as other public funds are invested under ORS 293.701 to 293.820. The State Treasurer shall credit to the Higher Education Student Loan Fund any interest or other income derived from such investment.]

(4) Income and interest derived from moneys in the account designated by this section are credited to the account.

SECTION 6. ORS 351.060 is amended to read:

351.060. The State Board of Higher Education may:

(1) Control and provide for, subject to the conditions of this section, the custody and occupation of the grounds, buildings, books, papers and documents belonging to each and all the institutions, departments or activities under the control of the State Board of Higher Education.

(2) Manage, control and apply all property of whatever nature given to or appropriated for the use, support or benefit of any or all of the institutions, departments or activities under the control of the State Board of Higher Education, according to the terms and conditions of such gift or appropriation. Moneys received under this section shall be deposited [with the State Treasurer in an account or fund separate and distinct from the General Fund] **in a designated account in the Oregon University System Fund established by section 3 of this 2009 Act.** Interest earned by the account [or fund] shall be credited to the account [or fund].

(3) Erect, improve, repair, maintain, equip and furnish buildings, structures and lands for higher education.

(4) Acquire, receive, hold, control, convey, sell, manage, operate, lease, lend, [invest,] improve and develop any and all property, real or personal:

(a) Given to any of the institutions, departments or activities under the control of the State Board of Higher Education by private donors, whether such gifts are made to the State Board of Higher Education or to the State of Oregon; or

(b) Acquired by any other method or from any source by the State Board of Higher Education for the benefit of any of the institutions, departments or activities under the control of the board, except for any structure, equipment or asset encumbered by a certificate of participation.

(5) Manage mineral and geothermal resource rights and proceeds therefrom acquired or held for the state by the board pursuant to this chapter and ORS chapter 567. This includes leasing mineral and geothermal resource rights consistent with ORS 273.785.

(6) Take and hold mortgages on real and personal property acquired by way of gift or arising out of transactions entered into in accordance with the powers, duties and authority given to the board by this section, ORS 351.070 and 351.150.

(7) Institute, maintain and participate in suits and actions and other judicial proceedings, in the name of the State of Oregon, for the foreclosure of such mortgages or for the purpose of carrying into effect any and all of the powers, duties and authority given to the State Board of Higher Education by this section and ORS 351.070 and 351.150.

(8) Acquire, receive, hold, control, sell, manage, operate, lease or lend any goods, supplies, materials, equipment, services and information technology, for the use, support or benefit of any of the institutions, departments or activities under the control of the board.

(9) Delegate any of the powers, duties or functions granted to the board under this section to any state institution of higher education within the Oregon University System.

SECTION 7. ORS 351.170 is amended to read:

351.170. (1) The State Board of Higher Education shall establish such rates, charges and fees for use of buildings, structures or projects referred to in ORS 351.160 (1), including revenue-producing buildings and structures already constructed, as, in the judgment of the board, will provide the required revenues to make the particular new building, project or structure self-liquidating and self-

supporting, and as will provide the funds with which to amortize the principal of and pay the interest on the bonds issued to finance such buildings, structures or projects.

(2) The board shall charge and collect from each regular student a building fee at a rate not to exceed \$45 for each regular term, for not less than three terms in each regular academic year, and not to exceed \$67.50 if instruction is on a semester basis, or an equivalent rate of charge when instruction is on a different basis. The board is authorized to maintain adequate [*sinking funds*] **accounts** for bonds outstanding. The fee shall be in addition to tuition and other fees charged to students and shall be deposited [*with the State Treasurer and credited to the appropriate subfund of the Higher Education Bond Sinking Fund*] **in the appropriate subaccount of the account maintained in the Oregon University System Fund under ORS 351.460.**

SECTION 8. ORS 351.210 is amended to read:

351.210. (1) The State Board of Higher Education may sell or otherwise dispose of any worn out, obsolete or otherwise unsuitable equipment, goods, supplies, material or information technology, the disposal of which would in the board's judgment be to the financial benefit of the institutions under the board's control. This section does not apply to any equipment, goods, supplies, material or information technology encumbered by a certificate of participation.

(2) The board may delegate any of its duties, functions or powers granted to the board under this section to the Chancellor of the Oregon University System or any state institution of higher education within the Oregon University System.

(3) The proceeds from any sales or disposals made pursuant to authority granted in this section shall be deposited in [*the State Treasury to the credit of the Department of Higher Education*] **a designated account in the Oregon University System Fund established by section 3 of this 2009 Act** and may be expended by the board for any purpose authorized by law in the same manner as the board is authorized to make other expenditures. [*Any moneys deposited in the State Treasury under this section are continuously appropriated to the department.*]

SECTION 9. ORS 351.250 is amended to read:

351.250. Moneys received by the board as a result of ownership or management of property acquired under ORS 351.220 to 351.250 or of transactions regarding such property shall be credited to [*a special fund in the State Treasury, separate and distinct from the General Fund, to be designated "Higher Education Invention Fund"*] **a designated account in the Oregon University System Fund established by section 3 of this 2009 Act** and shall only be applied by the State Board of Higher Education to payment of the agreed share, if any, to assignors, and for the advancement of research or for the acquisition and development of intellectual property, or both. Interest earned by the [*fund*] **account** shall be credited to the [*fund*] **account.**

SECTION 10. ORS 351.450 is amended to read:

351.450. (1) The moneys realized from sales of bonds issued to construct, improve, repair, equip and furnish buildings and other structures for higher education, and to purchase and improve sites therefor, shall be credited to [*a special fund in the State Treasury separate and distinct from the General Fund, to be designated the Higher Education Bond Building Fund*] **a designated account in the Oregon University System Fund established by section 3 of this 2009 Act.**

[*(2) In the Higher Education Bond Building Fund there shall be:*]

(2) The account designated by this section shall have:

(a) A separate [*subfund*] **subaccount** for the credit of moneys realized from sales of bonds issued pursuant to Article XI-F(1) of the Oregon Constitution and ORS 351.350;

(b) A separate [*subfund*] **subaccount** for the credit of moneys realized from sales of bonds issued pursuant to Article XI-G of the Oregon Constitution and ORS 351.345; and

(c) A separate [*subfund*] **subaccount** for the credit of moneys realized from the sales of revenue bonds issued pursuant to ORS chapter 286A.

(3) The moneys received from the issuance of temporary bonds under ORS 351.470 for the purpose of interim financing pending the sale of the bonds shall also be credited to the appropriate [*subfund of the Higher Education Bond Building Fund*] **subaccount of the account designated by this section.**

(4) The moneys in the *[fund are continuously appropriated to defray]* **account designated by this section shall be used for the purpose of defraying** the costs of the projects to be financed through sale of the bonds and for the purpose of retiring temporary bonds issued under ORS 351.470 and *[shall]* **may** not be used for any other purpose, *except that such moneys may, with the approval of the State Treasurer, be invested until needed]* **unless designated for investment by the Chancellor of the Oregon University System.** If a surplus remains after application to *[such purpose]* **the purposes described in this subsection,** the surplus[,] and earnings from temporary investments[,] shall be credited to *[the Higher Education Bond Sinking Fund by the appropriate subfund]* **the account maintained in the Oregon University System Fund under ORS 351.460.**

SECTION 11. ORS 351.455 is amended to read:

351.455. Notwithstanding any other provisions of law, the *[Department of Higher Education]* **Oregon University System** may expend moneys from the *[Higher Education Bond Building Fund subfund established]* **appropriate subaccount of the account in the Oregon University System Fund designated** by ORS 351.450, including moneys realized from the sale of bonds issued pursuant to Article XI-F(1) of the Oregon Constitution and ORS 351.350, and from the sale of revenue bonds authorized by ORS 351.315, for the planning, constructing, altering, repairing, furnishing and equipping of buildings and facilities of the kind and character prescribed by Article XI-F(1) of the Oregon Constitution and for the acquisition of land.

SECTION 12. ORS 351.460 is amended to read:

351.460. (1) The State Board of Higher Education shall maintain *[with the State Treasurer a Higher Education Bond Sinking Fund, separate and distinct from the General Fund. The Higher Education Bond Sinking Fund shall comprise]* **an account within the Oregon University System Fund established by section 3 of this 2009 Act** *[four separate subfunds]* to provide for the payment of the principal of and the interest upon:

(a) The bonds issued under authority of Article XI-F(1) of the Oregon Constitution and ORS 351.350[, and];

(b) **The bonds issued** under authority of Article XI-G of the Oregon Constitution and ORS 351.345[.];

(c) Revenue bonds authorized by ORS 351.315[, and]; **and**

(d) Amounts due under financial agreements entered into under ORS 351.356. *[The moneys in the sinking fund are continuously appropriated to the board for such purposes. The fund may be invested by the State Treasurer, and the earnings from such investments shall be credited to the appropriate subfunds of the fund.]*

(2) **The account maintained under this section comprises one subaccount for each of the purposes of the account identified in subsection (1) of this section.**

(3) **Income and interest derived from moneys in the subaccounts of the account maintained under this section are credited to the appropriate subaccount.**

[(2)] (4) *[The Higher Education Bond Sinking Fund shall consist of]* **The sources of moneys for the account maintained under this section are:**

(a) All moneys received from ad valorem taxes levied pursuant to ORS 291.445[.];

(b) All moneys that the Legislative Assembly may provide in lieu of such taxes[.];

(c) All of the net revenues received from the projects or undertakings for the financing of which the bonds were issued, including gifts, grants and building fees[, such];

(d) Unpledged revenues of buildings and projects of like character *[as shall be]* **that are** allocated by the board[.];

(e) All moneys received as accrued interest upon bonds sold[.];

(f) All earnings from investments of the *[fund,]* **account;**

(g) All proceeds of the sale of refunding bonds; and

(h) All moneys that the State of Oregon has agreed to hold in the *[Higher Education Bond Sinking Fund]* **account** to pay amounts due under financial agreements entered into under ORS 351.356. *[Moneys credited to the Higher Education Bond Sinking Fund shall be credited to the appropriate subfunds of the fund.]*

[3] (5) The board may credit the *[Higher Education Bond Sinking Fund]* **account maintained under this section** with moneys received from either a sale or interfund transfer of land, buildings and facilities. When the land, buildings or facilities are sold[,] or the use *[thereof is]* **of the land, buildings or facilities is** rededicated so that a transfer from one *[subfund]* **subaccount** to *[the other]* **another subaccount** is appropriate, the moneys received shall be credited to the appropriate *[subfund]* **subaccount**.

[4] (6) The board shall apply student building fees, revenues, gifts and grants for the payment of the principal of and the interest upon the bonds issued under authority of Article XI-F(1) of the Oregon Constitution and upon revenue bonds authorized by ORS 351.315 until such time as the proper *[subfund of the sinking fund]* **subaccount** and investments *[thereof]* **of the subaccount**, as supplemented by expected future income will, in the judgment of the board, be sufficient to meet in full the principal of and the interest upon all such outstanding bonds. Except for student building fees, income not *[thus]* required for the *[sinking fund]* **account as described in this subsection** shall be transferred to *[such other fund and account as the board shall designate]* **other accounts and subaccounts within the Oregon University System Fund that are designated by the board**. Student building fees for buildings constructed from the proceeds of bonds issued under Article XI-F(1) of the Oregon Constitution or ORS 351.315 shall be applied only to those bonds authorized under Article XI-F(1) of the Oregon Constitution or ORS 351.315.

[5] *The board may create a subfund in the Higher Education Bond Sinking Fund to pay amounts due under financial agreements entered into under ORS 351.356 and may credit to that subfund any moneys that the State of Oregon is obligated to use to pay those amounts due.*

[6(a)] (7)(a) The board may not use the *[sinking fund]* **account maintained under this section** for any purpose other than the purposes for which the *[fund]* **account** was created.

(b) Notwithstanding paragraph (a) of this subsection, the board may transfer any surplus in the *[sinking fund]* **account** to other *[funds designated by the board]* **accounts in the Oregon University System Fund** if a balance remains in the *[sinking fund]* **account** from sources other than student building fees for buildings constructed from the proceeds of bonds issued under Article XI-F(1) of the Oregon Constitution and:

(A) The purposes for which the *[fund]* **account** was created have been fulfilled; or

(B) A reserve sufficient to meet all existing and future obligations and liabilities of the *[fund]* **account** has been set aside.

SECTION 13. ORS 351.470 is amended to read:

351.470. Pending receipt of the proceeds from the expected sale of bonds authorized by this chapter, to the State of Oregon or to the United States Government or any agency thereof, the State Board of Higher Education may, with the approval of the State Treasurer, procure interim financing from the State of Oregon, the United States Government or any agency thereof, or from any private lending agency, by issuing to such private or public lending agency temporary bonds, without advertisement of such bonds for sale, in order to finance temporarily building projects authorized by the board pursuant to Article XI-F(1) or Article XI-G of the Oregon Constitution or ORS 351.160, if the bond issue to be temporarily financed by the issuance of temporary bonds has been authorized by the State Board of Higher Education and a purchase plan has been formulated with and is being considered by the State of Oregon or the United States Government or any agency thereof. The proceeds from the sale of the bonds shall be deposited in the *[Higher Education Bond Building Fund and credited to the appropriate subfund of such fund]* **account in the Oregon University System Fund designated by ORS 351.450**, and shall be used to retire the temporary bonds issued under this section. The principal amount of temporary bonds issued under this section may not exceed the principal amount of the bond issue for which a purchase plan has been formulated. The temporary bonds may be extended, renewed or refunded but maturity dates may not be later than two years from the date of issue of the original temporary bonds for the related building project.

SECTION 13a. ORS 351.507 is amended to read:

351.507. (1) There is established in the General Fund an account to be known as the Oregon State University Animal Sciences Pavilion Account. Funds in the account shall be used for the

construction, remodeling, expansion and renovation of facilities for an animal sciences education and research pavilion at Oregon State University.

(2) The account shall consist of federal and local government funds made available to and funds donated to the Oregon University System for the purpose of the animal sciences pavilion project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$4,000,000 in interest, donations and federal and local government funds for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the animal sciences pavilion project described in subsection (1) of this section.

SECTION 13b. ORS 351.508 is amended to read:

351.508. (1) There is established in the General Fund an account to be known as the Oregon State University Steam Plant Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for a steam plant at Oregon State University.

(2) The account shall consist of grant funds, loan funds, business energy tax credit proceeds and federal and local government funds made available to and funds donated to the Oregon University System for the purpose of the steam plant project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$12,000,000 in interest, donations, grant funds, loan funds, tax credit proceeds and federal and local government funds for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the steam plant project described in subsection (1) of this section.

SECTION 13c. ORS 351.517 is amended to read:

351.517. (1) There is established in the General Fund an account to be known as the University of Oregon Education Building and Complex Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for an education building and complex at the University of Oregon.

(2) The account shall consist of federal and local government funds made available to and funds donated to the Oregon University System for the purpose of the education building and complex project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$19,400,000 in interest, donations and federal and local government funds for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the education building and complex project described in subsection (1) of this section.

SECTION 13d. ORS 351.518 is amended to read:

351.518. (1) There is established in the General Fund an account to be known as the University of Oregon Gilbert Hall Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for Gilbert Hall at the University of Oregon.

(2) The account shall consist of federal and local government funds made available to and funds donated to the Oregon University System for the purpose of the Gilbert Hall project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$3,300,000 in interest, donations and federal and local government funds for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the Gilbert Hall project described in subsection (1) of this section.

SECTION 14. ORS 351.545 is amended to read:

351.545. (1) [*The State Board of Higher Education shall maintain with the State Treasurer, a Higher Education Isolation Facility Bond Sinking Fund, separate and distinct from the General Fund. The Higher Education Isolation Facility Bond Sinking Fund shall*] **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated to provide for the payment of principal and interest of bonds issued under the authority of Article XI-F(1) of the Oregon Constitution and ORS 351.350 in an amount equal to the amount authorized for expenditure by section 3 (2)(b), chapter 709, Oregon Laws 1971, and expended as provided therein. [*The sinking fund may be invested by the State Treasurer, and the earnings from such investments shall be credited to the sinking fund.*] **Income and interest derived from moneys in the account are credited to the account.****

(2) [*The Higher Education Isolation Facility Bond Sinking Fund shall consist*] **The account designated by this section consists** of moneys received as net revenues from the isolation facilities for which the expenditure of funds is authorized by section 3 (2)(b), chapter 709, Oregon Laws 1971, including gifts, grants and building fees, moneys received as accrued interest on bonds sold, earnings from investments on the [*sinking fund*] **account**, the proceeds of the sale of refunding bonds and any accrued interest on such refunding bonds, moneys appropriated to the [*sinking fund*] **account** by the Legislative Assembly and moneys received for the purposes of the [*sinking fund*] **account** from all other sources. [*All moneys in the sinking fund are continuously appropriated to the board for the*] **Moneys in the account may be used only for the purposes provided in subsection (1) of this section.**

(3) [*The sinking fund shall not be used for any purpose other than that for which the fund was created; but should a balance remain therein*] **If the account designated by this section has a balance** after the purpose for which the [*fund*] **account** was created has been fulfilled, or the [*sinking fund*] **account** and **the investments [thereof] of the account**, will, in the judgment of the board, be sufficient to meet in full the principal of and the interest upon all Higher Education Isolation Facility bonds, then [*such excess funds*] **any excess moneys** may be transferred by the board to [*funds*] **an account** to be used for research related to veterinary medicine.

SECTION 15. ORS 351.590 is amended to read:

351.590. (1) [*The State Board of Higher Education shall maintain with the State Treasurer a fund, separate and distinct from the General Fund, known as the Higher Education Student Activities Fund in which shall be deposited*] **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated for the purpose of receiving** all revenue from incidental fees, optional fees, health services fees and all operating revenue from intercollegiate athletics, student unions and educational activities.

(2) [*The moneys in the Higher Education Student Activities Fund are continuously appropriated to the Department of Higher Education.*] Disbursements from the [*fund*] **account designated by this section**, including any interest credited [*thereto*] **to the account**, may be made for necessary expenses for supplies, services and equipment associated with student activities including but not limited to recruiting, training and grant-in-aid to intercollegiate athletes.

(3) [*The fund may be invested by the State Treasurer, and the earnings from such investments shall be credited to the fund.*] **Income and interest derived from moneys in the account designated by this section are credited to the account.** The State Board of Higher Education shall distribute annually the total interest earnings proportionately to each institution based on each institution's average cash balance in the [*fund*] **account.**

SECTION 16. ORS 351.615 is amended to read:

351.615. Moneys set aside by higher education auxiliary activities for repair and alteration of buildings and replacement of equipment shall be credited to *[a special fund in the State Treasury, separate and distinct from the General Fund, to be designated Higher Education Auxiliary Enterprise Building Repair and Equipment Replacement Fund. The fund may be invested by the State Treasurer, and the earnings from such investments will be]* **an account designated for that purpose in the Oregon University System Fund established by section 3 of this 2009 Act. Income and interest derived from moneys in the account are credited to the [fund] account** for distribution to the several auxiliary activities in accord with rules *[to be]* adopted by the *[board]* **State Board of Higher Education**. The moneys in the *[Higher Education Auxiliary Enterprise Building Repair and Equipment Replacement Fund are continuously appropriated]* **account may be used only** for the repair and alteration of auxiliary enterprise buildings and replacement of equipment as designated by the board, after hearing any recommendations by recognized student governments.

SECTION 17. ORS 351.626 is amended to read:

351.626. *[(1) The Department of Higher Education Capital Construction Fund is established separate and distinct from the General Fund. Interest earned on moneys in the Department of Higher Education Capital Construction Fund shall be credited to the fund.]*

[(2) Moneys in the Department of Higher Education Capital Construction Fund are appropriated continuously to the Department of Higher Education and may be disbursed by the department for] **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated for** the construction, remodeling, expansion and renovation of facilities within the Oregon University System. **Income and interest from moneys in the account are credited to the account.**

SECTION 18. ORS 351.627 is amended to read:

351.627. (1) *[There is created a Higher Education Capital Construction Fund, separate and distinct from the General Fund, to consist of all moneys credited thereto, including moneys from the Administrative Services Economic Development Fund. Interest earned by the fund shall be credited to the fund. The fund is continuously appropriated to the State Board of Higher Education for purposes of capital construction.]* **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated for the purpose of capital construction.**

(2) The account designated by this section consists of moneys credited to the account, including moneys from the Administrative Services Economic Development Fund. Interest earned on moneys in the account is credited to the account.

[(2)] (3) [No] A building, facility or project to be funded from the [Higher Education Capital Construction Fund shall be] account designated by this section may not be commenced and [no expenditure therefor shall] an expenditure for the building, facility or project may not be made or incurred except for land purchases[,] and architectural or engineering planning until a plan [therefor] for the building, facility or project has been submitted by the State Board of Higher Education to and approved by the Emergency Board.

SECTION 19. ORS 351.633 is amended to read:

351.633. Any contract entered into by the State Board of Higher Education to be paid from the *[Higher Education Capital Construction Fund]* **account designated by ORS 351.627** for which there are insufficient funds *[therein]* **in the account** at the time the contract is entered into must contain a provision authorizing cancellation *[thereof]* **of the contract** if the funds do not become available.

SECTION 20. ORS 351.638 is amended to read:

351.638. (1) *[A Faculty Recruitment Fund is created in the General Fund of the State Treasury. All moneys in the fund are appropriated continuously and shall be expended by the State Board of Higher Education for]* **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated for** the purpose of attracting new, outstanding faculty members to the institutions in the Oregon University System. This purpose includes payment of costs incurred in relocating new faculty, retraining necessary teaching assistants for new faculty, acquisition of equipment such as laboratory equipment and facilities to support research by new faculty, payment

of other costs incurred in recruiting new faculty and payment of costs associated with committing salary supplements to newly recruited faculty over a period of more than one year.

(2) The state board shall seek funds from private sources for deposit to the credit of the [fund] **account designated by this section**. Funds from other sources [shall] **may** not be transferred or credited to the [fund] **account** without prior authorization of the appropriate legislative review agency as described in ORS 291.375 (1).

SECTION 21. ORS 351.642 is amended to read:

351.642. (1) As used in this section:

(a) "Active member of the Armed Forces of the United States" includes officers and enlisted personnel of the Armed Forces of the United States who:

(A) Reside in this state while assigned to duty at any base, station, shore establishment or other facility in this state;

(B) Reside in this state while serving as members of the crew of a ship that has an Oregon port or shore establishment as its home port or permanent station; or

(C) Reside in another state or a foreign country and establish Oregon residency by filing Oregon state income taxes no later than 12 months before leaving active duty.

(b) "Armed Forces of the United States" includes:

(A) The Army, Navy, Air Force, Marine Corps and Coast Guard of the United States;

(B) Reserve components of the Army, Navy, Air Force, Marine Corps and Coast Guard of the United States; and

(C) The National Guard of the United States and the Oregon National Guard.

(c) "Dependent children" includes any children of an active member of the Armed Forces of the United States who:

(A) Are under 18 years of age and not married, otherwise emancipated or self-supporting; or

(B) Are under 23 years of age, unmarried, enrolled in a full-time course of study in an institution of higher learning and dependent on the member for over one-half of their support.

(2) Active members of the Armed Forces of the United States and their spouses and dependent children shall be considered residents of this state for the purpose of admission and for the purpose of determining fees and tuition to be paid by such individuals while attending any educational institution in this state that is under the control of the State Board of Higher Education.

(3) The State Board of Higher Education may contract with the Armed Forces of the United States to furnish educational service in Oregon institutions to active members of the Armed Forces of the United States.

(4) The State Board of Higher Education shall determine the number of such students that should be accepted and shall make final decisions on admission of individual applicants.

(5) Students attending Oregon institutions under contracts with the Armed Forces of the United States under this section shall pay fees and tuition customarily charged Oregon students.

(6) Payments made by the Armed Forces of the United States under such contracts shall be deposited in [the State Treasury and credited to the accounts of the State Board of Higher Education] **a designated account in the Oregon University System Fund established by section 3 of this 2009 Act** in the same manner that fees and tuition payments for resident students are deposited and credited.

SECTION 22. ORS 351.663 is amended to read:

351.663. (1) The [State Board of Higher Education shall establish an] Engineering and Technology Industry Council **is established**. A majority of the council members [shall be] **are** representatives of high technology companies in Oregon. The council shall be consulted on the work plans and resource allocations for engineering education.

(2) The council shall establish criteria and measurements that will be used for determining investments made from the [Oregon Engineering Education Investment Fund] **account designated by ORS 351.666**.

(3) The criteria and measurements established by the council [shall] include:

(a) Responding to the urgent engineering educational needs of Oregon's fast growing high technology industry, especially in the Portland metropolitan area.

(b) Increasing this state's faculty and program capacity to meet the graduate level, professional education needs of engineers working in Oregon's high technology industry through investments in public and private institutions.

(c) Creating additional opportunities for Oregonians to pursue education in electrical engineering, computer engineering and other engineering disciplines critical to the advancement of Oregon's high technology industry.

(d) Investing relatively scarce state financial resources to:

(A) Address the high technology industry's most demonstrated and pressing needs;

(B) Produce the greatest amount of educational benefits with the least [*short-*] **short-term** and long-term costs to the public;

(C) Avoid duplicating existing public or private resources; and

(D) Leverage existing and future private resources for the public benefit.

(e) Making all investments in public and private institutions through performance-based contracts with measurable outcomes in order to ensure strong linkage between the most urgent engineering education needs and implemented solutions.

(f) Maximizing the leverage of state investment funds to build faculty and program capacity and share existing and new faculty and program resources.

(4) Priority [*shall be*] **is** given to investments where private financial resources from Oregon high technology companies or individuals with significant interests in the growth of high technology in Oregon are made available to augment public funds.

(5) The council [*shall*] **must** submit biennial performance reviews of all investments made to improve engineering education with public funds in public and private institutions. The reviews [*shall*] **must** be submitted to the Chancellor of the Oregon University System and the State Board of Higher Education.

SECTION 23. ORS 351.666 is amended to read:

351.666. [(1) *There is established an Oregon Engineering Education Investment Fund, separate and distinct from the General Fund. Interest earned by the Oregon Engineering Education Investment Fund shall be credited to the fund.*]

[(2)] (1) [*The moneys in the fund are appropriated continuously to the Department of Higher Education.*] **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated** for the purpose of investments in engineering education. **Interest earned on moneys in the account is credited to the account.**

[(3) *There is established a goal of at least \$100 million that will be invested in engineering education through the fund prior to July 1, 2007.*]

(2) **The State Board of Higher Education shall use the moneys in the account designated by this section solely for the purpose of investing in engineering education. The board shall follow the criteria and measurements established by the Engineering and Technology Industry Council in allocating moneys for investments in engineering education.**

SECTION 23a. ORS 351.668 is amended to read:

351.668. The State Board of Higher Education shall use the money from the [*Oregon Engineering Education Investment Fund*] **account designated by ORS 351.666** solely for the purpose of investing in engineering education. The board shall follow the criteria and measurements established by the Engineering and Technology Industry Council in allocating money for investments in engineering education.

SECTION 24. ORS 351.840 is amended to read:

351.840. (1) The State Board of Higher Education and the Oregon Health and Science University Board of Directors may contract with the Western Interstate Commission for Higher Education to furnish educational service in their respective Oregon institutions to out-of-state students.

(2) The State Board of Higher Education and the Oregon Health and Science University Board of Directors shall determine the number of out-of-state students that should be accepted into their respective institutions, and shall make final decisions on admission of individual applicants.

(3) Payments made by the commission under such contracts shall be deposited in *[the State Treasury and credited to the accounts of the State Board of Higher Education]* **and credited to a designated account in the Oregon University System Fund established by section 3 of this 2009 Act** for students enrolled in institutions under the jurisdiction of *[that board]* **the State Board of Higher Education** in the same manner that fees and tuition payments for resident students are deposited and credited. The estimated amount of *[such]* **the** payments *[shall]* **must** be considered by the board in making its biennial budgetary requests. Payments made by the commission under such contracts *[shall]* **must** be deposited with the Oregon Health and Science University for students who enroll in that university under the terms of such contracts.

SECTION 25. ORS 351.875 is amended to read:

351.875. (1) *[There is hereby created within the State Treasury a fund, separate and distinct from the General Fund, to be known as the Basic Research Fund.]* **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated to provide grants for research.**

(2) *[Moneys may be credited to the fund]* **The account designated by this section may consist of moneys** from any public or private source. Interest *[earnings of the fund from whatever source shall be]* **earned on the account is** credited to the *[fund]* **account.**

[(2)] (3) The *[fund]* **account designated by this section** shall be administered by the State Board of Higher Education according to policies and procedures adopted pursuant to ORS 351.880 and 351.885.

[(3)] (4) Expenditures from the *[fund]* **account designated by this section** shall take the form of grants for a time certain and may extend beyond the biennium in which the expenditure is made. Grants may not be used for capital construction.

SECTION 26. ORS 351.880 is amended to read:

351.880. For the purpose of recommending policies and procedures for the administration of the *[fund]* **account designated by ORS 351.875**, the *[board]* **State Board of Higher Education** shall establish a Council for Research Policy Recommendations.

SECTION 27. ORS 351.885 is amended to read:

351.885. (1) With the advice and recommendations of the *[council]* **Council for Research Policy Recommendations established by ORS 351.880**, the *[board]* **State Board of Higher Education** shall adopt policies and procedures for the administration of the *[fund]* **account designated by ORS 351.875.**

(2) The policies and procedures shall give consideration to:

(a) The promotion of basic research of the highest caliber *[within our public universities]* **at institutions of higher education within the Oregon University System;**

(b) The identification of areas of inquiry *[which]* **that** should be supported so as to recognize both the intrinsic value and extrinsic economic value of basic research;

(c) The capacity of each *[university]* **institution of higher education** to decide where basic research moneys could best be spent within that *[university]* **institution;**

(d) Administrative and accounting requirements *[which]* **that** place upon the *[university]* **institution of higher education** receiving moneys from the *[fund]* **account designated by ORS 351.875** a minimum burden sufficient to guarantee an appropriate degree of public accountability; and

(e) Methods of assuring nondiscriminatory access to the *[fund]* **account designated by ORS 351.875.**

SECTION 28. ORS 352.360 is amended to read:

352.360. (1) The State Board of Higher Education may enact such regulations as *[it shall deem]* **the board deems** convenient or necessary to provide for the policing, control and regulation of traffic and parking of vehicles on the property of any institution **of higher education** under the jurisdiction of the board. *[Such]* **The** regulations may provide for the registration of vehicles, the

designation of parking areas, and the assessment and collection of reasonable fees and charges for parking, and shall be filed in accordance with the provisions of ORS chapter 183. The board may require that before a quarterly or yearly parking privilege for any vehicle is granted to any full-time or part-time student to use board property, the student must show that the vehicle is operated by a student holding a valid driver's license, that the vehicle is currently registered and that the student driving the vehicle is insured under a motor vehicle liability insurance policy that meets the requirements described under ORS 806.080 or that the student or owner of the vehicle has provided the Department of Transportation with other satisfactory proof of compliance with the financial responsibility requirements of this state.

(2) The regulations enacted pursuant to subsection (1) of this section shall be enforced administratively under procedures adopted by the board for each institution **of higher education** under *[its]* **the jurisdiction of the board**. Administrative and disciplinary sanctions may be imposed upon students, faculty and staff for violation of the regulations, including but not limited to, a reasonable monetary penalty which may be deducted from student deposits, and faculty or staff salaries or other funds in the possession of the institution. The board shall provide opportunity for hearing for the determination of controversies in connection with imposition of fines or penalties. The board may prescribe procedures for such hearings despite the provisions of ORS 183.413 to 183.470. Persons other than students, faculty or staff may voluntarily submit to the hearing procedures prescribed by the board, and shall be bound by the results *[thereof]* **of the hearing**. The powers granted to the board by this section are supplemental to the existing powers of the board with respect to the government of activities of students, faculty and staff and the control and management of property under its jurisdiction.

(3) The regulations enacted pursuant to subsection (1) of this section may also be enforced by the impoundment of vehicles, and a reasonable fee may be enacted for the cost of impoundment and storage, if any, prior to the release of the vehicles to their owners.

(4) All fees and charges for parking privileges and violations are *[hereby continuously appropriated to the State Board of Higher Education to be used to defray]* **deposited in a designated account in the Oregon University System Fund established by section 3 of this 2009 Act for the purpose of defraying** the costs of constructing bicycle racks and bicycle lanes and of traffic control, enforcement of traffic and parking regulations, and maintenance and operation of parking facilities and for the purpose of acquiring and constructing additional parking facilities for vehicles at the various institutions, departments or activities under the control of the board~~], and~~. **Fees and charges** may also be credited to the *[Higher Education Bond Sinking Fund provided for in]* **account in the Oregon University System Fund designated by** ORS 351.460. Parking fees shall be established at levels no greater than those required to finance the construction, operation and maintenance of parking facilities on the same campus of the state institution of higher education on which the parking is provided. Notwithstanding ORS 351.072, parking fees or changes in fees shall be adopted by rule of the state board subject to the procedure for rules adopted in ORS chapter 183.

(5) Every peace officer may enforce the regulations made by the board under subsection (1) of this section. The board, for the purpose of enforcing its rules and regulations governing traffic control, may appoint peace officers who *[shall]* have the same authority as other peace officers as defined in ORS 133.005.

(6) The *[State]* board *[of Higher Education]* and any municipal corporation or any department, agency or political subdivision of this state may enter into agreements or contracts with each other for the purpose of providing a uniform system of enforcement of the rules and regulations of the board enacted pursuant to subsection (1) of this section.

(7) In proceedings brought to enforce regulations enacted pursuant to subsection (1) of this section, it shall be sufficient to charge the defendant by an unsworn written notice in accordance with the provisions of ORS 221.333. In any case in which the defendant is not subject to and does not voluntarily submit to the hearing procedures prescribed under subsection (2) of this section, proceedings to enforce regulations enacted pursuant to subsection (1) of this section shall be brought in the name of the board in a circuit court, a justice court or a city court for offenses

committed within the territorial jurisdiction of such court. Such courts shall have concurrent jurisdiction over offenses committed within their respective jurisdictions. All fines, penalties and court costs recovered shall be paid to the clerk of the court involved and shall be disposed of as provided in ORS 153.630.

SECTION 29. ORS 352.510 is amended to read:

352.510. The interest that may [*hereafter*] accrue on [*the fund*] **an account** arising from the sale of [*the university*] lands **for institutions of higher education that were** donated to the state by Act of Congress of February 14, 1859, [*is set apart, separate and distinct from the General Fund, and continuously appropriated to*] **may be deposited in and credited to an account in the Oregon University System Fund established by section 3 of this 2009 Act for the purpose of** the maintenance, use and support of the University of Oregon. [*Until otherwise provided by law, no part of said interest shall*] **No part of the interest may** be expended otherwise than in the payment of the salaries of [*its*] **the** president, professors and teachers[,] **of the University of Oregon** and other current expenses **of the University of Oregon**. If at the close of any fiscal year [*a sum*] **an amount** equal to **or greater than** \$500 of [*said*] **the** interest remains unexpended after the full payment of [*such*] **the** salaries and expenses for [*said*] **the** fiscal year, the [*same*] **amount** shall be added to and become a part of the principal of [*said fund forever*] **the account**. The State Board of Higher Education[,] **or** the faculty or other officers of the [*state university shall in no case*] **University of Oregon may not** pledge the faith or credit of the [*university of the state*] **University of Oregon** in excess of the interest annually accruing on the [*University Fund*] **account**, together with the receipts from tuitions and other sources during the current year.

SECTION 30. ORS 293.115 is amended to read:

293.115. The following moneys shall be separate and distinct from the General Fund:

(1) Moneys paid into the State Treasury for fiduciary purposes and moneys that are in trust funds, as defined in ORS 291.002.

(2) Moneys by law directed and required to be placed by the State Treasurer to the credit of:

(a) The Agricultural College Fund principal and the interest accruing from the investment thereof.

(b) The Burbank Trust Fund and the interest accruing from the investment thereof.

(c) The Common School Fund and the interest accruing from the investment thereof.

(d) The Industrial Accident Fund under ORS 656.632 and the interest accruing from the investment thereof.

(e) The Consumer and Business Services Fund under ORS 705.145 and the interest accruing from the investment thereof.

(f) The Workers' Benefit Fund created in ORS 656.605 and the interest accruing from the investment thereof.

[*g*] *The University Fund principal and the interest accruing from the investment thereof.*]

[*h*] **(g)** The University of Oregon Villard Endowment Interest Fund.

[*i*] **(h)** The Oregon Commercialized Research Fund created by ORS 284.725 and the interest accruing from the investment thereof.

[*j*] **(i)** The Oregon Innovation Fund created by ORS 284.720 and the interest accruing from the investment thereof.

(3) All sums received by the state from the federal government from forest reserves, rentals, sales of timber and other sources from forest reserves, under ORS 293.560 and the interest accruing from the investment thereof.

(4) All sums received from the five percentum of sales of public lands and apportioned under ORS 272.085 and the interest accruing from the investment thereof.

(5) All sums received from the federal government under ORS 293.565 to 293.575 under Mineral Leasing Act, federal Flood Control Act and the Taylor Grazing Act and the interest accruing from the investment thereof.

(6) Any other funds or accounts created by law that are not specifically established in the law creating them as funds or accounts in the General Fund.

SECTION 31. ORS 352.520 is amended to read:

352.520. All moneys belonging to the [*University Fund*] **account designated by ORS 352.510** shall be loaned by the Department of State Lands in accordance with the provisions of ORS 327.425 to 327.455 governing loans from the Common School Fund.

SECTION 32. ORS 352.530 is amended to read:

352.530. The Department of State Lands shall pay the interest received on loans from the [*University Fund*] **account designated by ORS 352.510** to the State Board of Higher Education semi-annually.

SECTION 33. ORS 352.560 is amended to read:

352.560. (1) **An account in the Oregon University System Fund established by section 3 of this 2009 Act is designated** for the endowment, maintenance and support of Oregon State University[, *there is set apart, separate and distinct from the General Fund, and continuously appropriated the interest on the Oregon State University Fund,*]

(2) **The account designated by this section consists of moneys** arising from the sale of all lands granted to the State of Oregon, or to which the state was entitled, under the Act of July 2, 1862 (12 Stat. 503), as amended[, *or so much thereof as may be necessary*]. [*In no case shall the*] Interest arising from the [*fund*] **account may not** be applied to the purchase of sites[, *or for buildings for Oregon State University, but*]. **Interest from the account may be used** only in the payment of the salaries of professors, officers and other current expenses. The remainder of [*such*] **any** interest remaining [*over*] at the close of each fiscal year after the payment of [*such*] **the** expenses **described in this section** shall be added to and become a part of the principal [*or endowment fund forever*] **of the account**.

SECTION 34. ORS 352.570 is amended to read:

352.570. All moneys belonging to the [*Oregon State University Fund*] **account designated by ORS 352.560** shall be loaned by the Department of State Lands in accordance with ORS 327.425 to 327.455, governing loans from the Common School Fund.

SECTION 35. ORS 352.580 is amended to read:

352.580. The Department of State Lands shall pay the interest received on loans from the [*Oregon State University Fund*] **account designated by ORS 352.560** to the State Board of Higher Education semiannually.

SECTION 36. ORS 352.610 is amended to read:

352.610. (1) **Oregon State University shall execute the trust created by the last will and testament of John T. Apperson, deceased. The university shall administer the trust fund provided for and designated in the will as the J. T. Apperson Agricultural College Educational Fund.**

(2) Oregon State University may accept, receive, own, hold, sell and dispose of any and all real and personal property given, devised or bequeathed to the State Land Board by John T. Apperson in trust for the purpose of creating the J. T. Apperson Agricultural College Educational Fund. The university shall manage and use it in accordance with the directions contained in the will of John T. Apperson, deceased, for the purpose of defraying the expenses and assisting in the education at Oregon State University of deserving young men and women who are [*actual bona fide*] residents of Oregon and are unable to bear the expense of a collegiate course at that institution.

(3) **All necessary expenses incurred by Oregon State University in connection with the administration of the trust fund shall be payable out of the fund. The State Board of Higher Education or the university, if authority is delegated under ORS 351.070, may adopt any necessary rules for the transaction of business related to and the carrying out of ORS 352.600 to 352.630.**

SECTION 36a. ORS 352.620 is amended to read:

352.620. Oregon State University may execute all deeds, conveyances, contracts, mortgage releases and all other instruments necessary to be executed in carrying out the terms of the trust referred to in ORS [*352.600*] **352.610**. All such deeds and other instruments may be executed in

manner and form as prescribed by the university and shall be entitled to record without acknowledgment.

SECTION 37. ORS 352.650 is amended to read:

352.650. Whenever *[there remains in the hands of the trustee of]* **any moneys in** the J. T. Apperson Agricultural College Educational Fund or *[of]* the Burbank Trust Fund *[any portion of either of such funds not then]* **are not** required for investment or loan purposes, the trustee may require the State Treasurer to deposit *[such fund or portions thereof, until the same is required by it, in qualified state depositories in the same manner as state funds belonging to the State of Oregon are deposited therein, but separate and distinct from the General Fund]* **the moneys in a designated account in the Oregon University System Fund established by section 3 of this 2009 Act.** Any interest received from the deposit of any *[such]* trust funds shall be credited to the particular fund on which *[such]* **the** interest was earned.

SECTION 38. Section 2, chapter 788, Oregon Laws 2005, as amended by section 2, chapter 746, Oregon Laws 2007, and section 149, chapter 783, Oregon Laws 2007, is amended to read:

Sec. 2. (1) Pursuant to ORS 286A.560 to 286A.585, lottery bonds may be issued by the State Treasurer at the request of the *[Department of Higher Education]* **Oregon University System** for deferred maintenance and capital renewal, code compliance and safety projects.

(2) The use of lottery bond proceeds is authorized based on the following findings:

(a) Major subsystems within university buildings are wearing out and must be replaced in order that universities have adequate facilities for teaching.

(b) Having safe and fully functioning university facilities is essential to Oregon's healthy economic growth.

(3) The aggregate principal amount of lottery bonds issued pursuant to subsection (1) of this section by the State Treasurer for deferred maintenance and capital renewal, code compliance and safety projects may not exceed the amount of \$69.43 million and an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs as defined in ORS 286.560.

[(4) Of the net proceeds of lottery bonds issued pursuant to this section for the biennium beginning July 1, 2007, an amount not to exceed \$50 million shall be deposited in the Department of Higher Education Deferred Maintenance and Capital Repair Project Fund established by section 3, chapter 788, Oregon Laws 2005.]

(4) **Net proceeds of lottery bonds issued pursuant to this section shall be deposited into an account in the Oregon University System Fund established by section 3 of this 2009 Act. Moneys in the account shall be used for deferred maintenance and capital repair projects.**

SECTION 39. (1) **On the effective date of this 2009 Act, the unexpended balances of amounts received by the Department of Higher Education, the State Board of Higher Education or the Oregon University System, prior to the effective date of this 2009 Act, from the General Fund that are not designated by statute or otherwise as matching funds or for repayment of bonds issued under Article XI-G of the Oregon Constitution, are appropriated and transferred to the Oregon University System Fund established by section 3 of this 2009 Act.**

(2) **On the effective date of this 2009 Act, the unexpended balances of amounts received by the Department of Higher Education, the State Board of Higher Education or the Oregon University System, from sources other than the General Fund and for purposes not otherwise designated by statute or federal law, are appropriated and transferred to the Oregon University System Fund established by section 3 of this 2009 Act.**

(3) **On the effective date of this 2009 Act, the unexpended balances of amounts in the following accounts shall be transferred to the appropriate designated accounts within the Oregon University System Fund established by section 3 of this 2009 Act as follows:**

(a) **The fund or account to which moneys are deposited under ORS 351.060, 351.210, 351.642, 351.840, 352.360, 352.510 or 352.650 shall be transferred to the appropriate account designated by ORS 351.060, 351.210, 351.642, 351.840, 352.360, 352.510 or 352.650.**

(b) **The Higher Education Student Loan Fund shall be transferred to the account designated by ORS 348.010.**

(c) The Higher Education Invention Fund shall be transferred to the account designated by ORS 351.250.

(d) The Higher Education Bond Building Fund shall be transferred to the account designated by ORS 351.450.

(e) The Higher Education Bond Sinking Fund shall be transferred to the account designated by ORS 351.460.

(f) The Higher Education Isolation Facility Bond Sinking Fund shall be transferred to the account designated by ORS 351.545.

(g) The Higher Education Student Activities Fund shall be transferred to the account designated by ORS 351.590.

(h) The Higher Education Auxiliary Enterprise Building Repair and Equipment Replacement Fund shall be transferred to the account designated by ORS 351.615.

(i) The Department of Higher Education Capital Construction Fund shall be transferred to the account designated by ORS 351.626.

(j) The Higher Education Capital Construction Fund shall be transferred to the account designated by ORS 351.627.

(k) The Faculty Recruitment Fund shall be transferred to the account designated by ORS 351.638.

(L) The Oregon Engineering Education Investment Fund shall be transferred to the account designated by ORS 351.666.

(m) The Basic Research Fund shall be transferred to the account designated by ORS 351.875.

(n) The Oregon State University Fund shall be transferred to the account designated by ORS 352.560.

(o) The University Fund shall be transferred to the account designated by ORS 352.510.

(p) The Department of Higher Education Deferred Maintenance and Capital Repair Project Fund shall be transferred to the Oregon University System Fund.

SECTION 40. ORS 351.130 is amended to read:

351.130. (1) The State Board of Higher Education shall encourage gifts **and donations** to *[the]* institutions **of higher education within the Oregon University System** by faithfully devoting *[such funds]* **the gifts or donations** to the institution for which **the gift or donation** is intended.

(2) **The Higher Education Donation Fund is established in the State Treasury, separate and distinct from the General Fund. Moneys in the Higher Education Donation Fund are continuously appropriated to the State Board of Higher Education for the purpose for which the moneys were donated. Moneys in the fund may be invested as provided in ORS 293.701 to 293.820, subject to the terms or restrictions of any gifts or donations. Any interest or other income derived from the investment of the fund shall be credited to the fund.**

(3) All gifts and donations received *[are appropriated to be]* **shall be** used in accordance with the terms of the gift **or donation**. *[Such gifts shall be placed by the State Treasurer to the credit of a separate fund to be known as the Higher Education Donation Fund, separate and distinct from the General Fund.]* **Gifts or donations may be deposited in the Oregon University System Fund established by section 3 of this 2009 Act or in the Higher Education Donation Fund. The board shall consider the amount, nature and purpose of, and any restriction placed on, gifts and donations, and determine whether to deposit the gift or donation in the Oregon University System Fund or the Higher Education Donation Fund. Gifts and donations may be split or transferred between the Oregon University System Fund and the Higher Education Donation Fund.**

[(2) Subject to the terms of the gift, such gifts to the Department of Higher Education may be invested by the State Treasurer. The State Treasurer shall credit to the Higher Education Donation Fund any interest or other income derived from the investment of such fund.]

[(3)] (4) The interest, income, dividends or profits received on any property or funds of the *[Department of Higher Education]* **State Board of Higher Education or the Oregon University**

System derived from gifts[,] **and donations, including** legacies, devises, bequests or endowments, are continuously appropriated to the use, maintenance and support of the [*Department of Higher Education*] **Oregon University System** in the same manner as the principal or corpus of each such gift or donation in accordance with the terms of the gift **or donation**.

[(4)] (5) As used in this section, [*“gifts”*] **“gifts or donations”** includes funds donated to the [*Department of Higher Education*] **State Board of Higher Education or the Oregon University System** to which by agreement the donor receives consideration in return for the gift **or donation** or retains a reversionary interest but does not include grant or contract funds received from government sources.

SECTION 41. ORS 293.701 is amended to read:

293.701. As used in ORS 293.701 to 293.820, unless the context requires otherwise:

- (1) “Council” means the Oregon Investment Council.
- (2) “Investment funds” means:
 - (a) Public Employees Retirement Fund referred to in ORS 238.660;
 - (b) Industrial Accident Fund referred to in ORS 656.632;
 - (c) Consumer and Business Services Fund referred to in ORS 705.145;
 - (d) Employment Department Special Administrative Fund referred to in ORS 657.822;
 - (e) Insurance Fund referred to in ORS 278.425;
 - (f) Funds under the control and administration of the Department of State Lands;
 - (g) Oregon Student Assistance Fund referred to in ORS 348.570;
 - (h) Moneys made available to the Commission for the Blind under ORS 346.270 and 346.540 or rules adopted thereunder;
 - (i) Forest rehabilitation bonds sinking fund referred to in ORS 530.280;
 - (j) Oregon War Veterans’ Fund referred to in ORS 407.495;
 - (k) Oregon War Veterans’ Bond Sinking Account referred to in ORS 407.515;
 - (L) World War II Veterans’ Compensation Fund;
 - (m) World War II Veterans’ Bond Sinking Fund;
 - (n) Savings and loan association funds in the hands of the Director of the Department of Consumer and Business Services;
 - (o) Funds in the hands of the State Treasurer that are not required to meet current demands;
 - (p) State funds that are not subject to the control and administration of officers or bodies specifically designated by law;
 - (q) Funds derived from the sale of state bonds;
 - (r) Social Security Revolving Account referred to in ORS 237.490;
 - [(s) *Investment funds of the State Board of Higher Education lawfully available for investment or reinvestment;*]
 - (s) Oregon University System Fund established by section 3 of this 2009 Act and the Higher Education Donation Fund established by ORS 351.130;**
 - (t) Local Government Employer Benefit Trust Fund referred to in ORS 657.513;
 - (u) Elderly and Disabled Special Transportation Fund established by ORS 391.800;
 - (v) Education Stability Fund established by ORS 348.696;
 - (w) Deferred Compensation Fund established under ORS 243.411; and
 - (x) Trust for Cultural Development Account established under ORS 359.405.
- (3) “Investment officer” means the State Treasurer in the capacity as investment officer for the council.

SECTION 42. ORS 36.145 is amended to read:

36.145. The Dispute Resolution Account is established in the State Treasury, separate and distinct from the General Fund. All moneys received under ORS 36.150 shall be deposited to the credit of the account. Notwithstanding the provisions of ORS 291.238, all moneys in the account are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** for the purposes for which the moneys were made available and shall be expended in accordance with the terms and conditions upon which the moneys were made available.

SECTION 43. ORS 36.150 is amended to read:

36.150. The [*Department of Higher Education*] **Oregon University System**, on behalf of the Mark O. Hatfield School of Government and the University of Oregon School of Law, may accept and expend moneys from any public or private source, including the federal government, made available for the purpose of encouraging, promoting or establishing dispute resolution programs in Oregon or to facilitate and assist the schools in carrying out the responsibilities of the schools under ORS 36.100 to 36.238 and 183.502. All moneys received by the [*Department of Higher Education*] **Oregon University System** under this section shall be deposited in the Dispute Resolution Account.

SECTION 44. ORS 36.155 is amended to read:

36.155. The Dean of the University of Oregon School of Law shall award grants for the purpose of providing dispute resolution services in counties. Grants under this section shall be made from funds appropriated to the [*Department of Higher Education*] **Oregon University System** on behalf of the University of Oregon School of Law for distribution under this section. The State Board of Higher Education may adopt rules for the operation of the grant program.

SECTION 45. ORS 182.415 is amended to read:

182.415. As used in ORS 182.415 to 182.435 and 240.086 unless the context requires otherwise:

(1) "Furnishings" includes furniture usually used in connection with occupancy of a household but does not include rugs, draperies, range, refrigerator, washer, dryer or any item of furnishings received by the state or one of its agencies as a gift, nor does it include any furniture purchased for the state-owned residence required in relation to the official duties of an institutional executive or the Chancellor of the [*Department of Higher Education*] **Oregon University System** prior to September 9, 1971.

(2) "Housing" includes single and multiple family dwellings, apartments, and manufactured dwellings and manufactured dwelling pads, available on a monthly tenancy but does not include guard stations maintained by the State Forestry Department or dormitory facilities at any state institution or at any state institution of higher education.

(3) "Dormitory" includes any facility which houses students and those facilities used primarily for sleeping purposes by the employees of the Department of Human Services.

(4) "State agency" has the same meaning as in ORS 291.002.

SECTION 46. ORS 183.635 is amended to read:

183.635. (1) Except as provided in this section, all agencies must use administrative law judges assigned from the Office of Administrative Hearings established under ORS 183.605 to conduct contested case hearings, without regard to whether those hearings are subject to the procedural requirements for contested case hearings.

(2) The following agencies need not use administrative law judges assigned from the office:

- (a) Attorney General.
- (b) Boards of stewards appointed by the Oregon Racing Commission.
- (c) Bureau of Labor and Industries and the Commissioner of the Bureau of Labor and Industries.
- (d) Department of Corrections.
- (e) Department of Education, State Board of Education and Superintendent of Public Instruction.
- [(f) *Department of Higher Education and institutions of higher education listed in ORS 352.002.*]
- [(g)] (f) Department of Human Services for vocational rehabilitation services cases under 29 U.S.C. 722(c) and disability determination cases under 42 U.S.C. 405.
- [(h)] (g) Department of Revenue.
- [(i)] (h) Department of State Police.
- [(j)] (i) Employment Appeals Board.
- [(k)] (j) Employment Relations Board.
- [(L)] (k) Energy Facility Siting Council.
- [(m)] (L) Fair Dismissal Appeals Board.
- [(n)] (m) Governor.
- [(o)] (n) Land Conservation and Development Commission.

[(p)] (o) Land Use Board of Appeals.

[(q)] (p) Local government boundary commissions created pursuant to ORS 199.430.

(q) **Oregon University System and institutions of higher education listed in ORS 352.002.**

(r) Oregon Youth Authority.

(s) Psychiatric Security Review Board.

(t) Public Utility Commission.

(u) Secretary of State.

(v) State Accident Insurance Fund Corporation.

(w) State Apprenticeship and Training Council.

(x) State Board of Parole and Post-Prison Supervision.

(y) State Land Board.

(z) State Treasurer.

(aa) Wage and Hour Commission.

(3) The Workers' Compensation Board is exempt from using administrative law judges assigned from the office for any hearing conducted by the board under ORS chapters 147, 654 and 656. Except as specifically provided in this subsection, the Department of Consumer and Business Services must use administrative law judges assigned from the office only for contested cases arising out of the department's powers and duties under:

(a) ORS chapter 59;

(b) ORS 200.005 to 200.075;

(c) ORS chapter 455;

(d) ORS chapter 674;

(e) ORS chapters 706 to 716;

(f) ORS chapter 717;

(g) ORS chapters 722, 723, 725 and 726; and

(h) ORS chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750.

(4) Notwithstanding any other provision of law, in any proceeding in which an agency is required to use an administrative law judge assigned from the office, an officer or employee of the agency may not conduct the hearing on behalf of the agency.

(5) Notwithstanding any other provision of ORS 183.600 to 183.690, an agency is not required to use an administrative law judge assigned from the office if:

(a) Federal law requires that a different administrative law judge or hearing officer be used; or

(b) Use of an administrative law judge from the office could result in a loss of federal funds.

(6) Notwithstanding any other provision of this section, the Department of Environmental Quality must use administrative law judges assigned from the office only for contested case hearings conducted under the provisions of ORS 183.413 to 183.470.

SECTION 47. ORS 238.005 is amended to read:

238.005. For purposes of this chapter:

(1) "Annuity" means payments for life derived from contributions made by a member as provided in this chapter.

(2) "Board" means the Public Employees Retirement Board.

(3) "Calendar year" means 12 calendar months commencing on January 1 and ending on December 31 following.

(4) "Continuous service" means service not interrupted for more than five years, except that such continuous service shall be computed without regard to interruptions in the case of:

(a) An employee who had returned to the service of the employer as of January 1, 1945, and who remained in that employment until having established membership in the Public Employees Retirement System.

(b) An employee who was in the armed services on January 1, 1945, and returned to the service of the employer within one year of the date of being otherwise than dishonorably discharged and remained in that employment until having established membership in the Public Employees Retirement System.

(5) "Creditable service" means any period of time during which an active member is being paid a salary by a participating public employer and for which benefits under this chapter are funded by employer contributions and earnings on the fund. For purposes of computing years of "creditable service," full months and major fractions of a month shall be considered to be one-twelfth of a year and shall be added to all full years. "Creditable service" includes all retirement credit received by a member.

(6) "Earliest service retirement age" means the age attained by a member when the member could first make application for retirement under the provisions of ORS 238.280.

(7) "Employee" includes, in addition to employees, public officers, but does not include:

(a) Persons engaged as independent contractors.

(b) Seasonal, emergency or casual workers whose periods of employment with any public employer or public employers do not total 600 hours in any calendar year.

(c) Persons, other than workers in the Oregon Industries for the Blind under ORS 346.190, provided sheltered employment or made-work by a public employer in an employment or industries program maintained for the benefit of such persons.

(d) Persons employed and paid from federal funds received under the Emergency Job and Unemployment Assistance Act of 1974 (Public Law 93-567) or any other federal program intended primarily to alleviate unemployment. However, any such person shall be considered an "employee" if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects to have the person so considered by an irrevocable written notice to the board.

(e) Persons who are employees of a railroad, as defined in ORS 824.020, and who, as such employees, are included in a retirement plan under federal railroad retirement statutes. This paragraph shall be deemed to have been in effect since the inception of the system.

(8) "Final average salary" means whichever of the following is greater:

(a) The average salary per calendar year paid by one or more participating public employers to an employee who is an active member of the system in three of the calendar years of membership before the effective date of retirement of the employee, in which three years the employee was paid the highest salary. The three calendar years in which the employee was paid the largest total salary may include calendar years in which the employee was employed for less than a full calendar year. If the number of calendar years of active membership before the effective date of retirement of the employee is three or fewer, the final average salary for the employee is the average salary per calendar year paid by one or more participating public employers to the employee in all of those years, without regard to whether the employee was employed for the full calendar year.

(b) One-third of the total salary paid by a participating public employer to an employee who is an active member of the system in the last 36 calendar months of active membership before the effective date of retirement of the employee.

(9) "Firefighter" does not include a volunteer firefighter, but does include:

(a) The State Fire Marshal, the chief deputy fire marshal and deputy state fire marshals; and

(b) An employee of the State Forestry Department who is certified by the State Forester as a professional wildland firefighter and whose primary duties include the abatement of uncontrolled fires as described in ORS 477.064.

(10) "Fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 following.

(11) "Fund" means the Public Employees Retirement Fund.

(12)(a) "Member" means a person who has established membership in the system and whose membership has not been terminated as described in ORS 238.095. "Member" includes active, inactive and retired members.

(b) "Active member" means a member who is presently employed by a participating public employer in a qualifying position and who has completed the six-month period of service required by ORS 238.015.

(c) "Inactive member" means a member who is not employed in a qualifying position, whose membership has not been terminated in the manner described by ORS 238.095, and who is not retired for service or disability.

(d) "Retired member" means a member who is retired for service or disability.

(13)(a) "Member account" means the regular account and the variable account.

(b) "Regular account" means the account established for each active and inactive member under ORS 238.250.

(c) "Variable account" means the account established for a member who participates in the Variable Annuity Account under ORS 238.260.

(14) "Normal retirement age" means:

(a) For a person who establishes membership in the system before January 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter or 58 years of age if the employee retires at that age as other than a police officer or firefighter.

(b) For a person who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter or 60 years of age if the employee retires at that age as other than a police officer or firefighter.

(15) "Pension" means annual payments for life derived from contributions by one or more public employers.

(16) "Police officer" includes:

(a) Employees of institutions defined in ORS 421.005 as Department of Corrections institutions whose duties, as assigned by the Director of the Department of Corrections, include the custody of persons committed to the custody of or transferred to the Department of Corrections and employees of the Department of Corrections who were classified as police officers on or before July 27, 1989, whether or not such classification was authorized by law.

(b) Employees of the Department of State Police who are classified as police officers by the Superintendent of State Police.

(c) Employees of the Oregon Liquor Control Commission who are classified as enforcement officers by the administrator of the commission.

(d) Sheriffs and those deputy sheriffs or other employees of a sheriff whose duties, as classified by the sheriff, are the regular duties of police officers or corrections officers.

(e) Police chiefs and police personnel of a city who are classified as police officers by the council or other governing body of the city.

(f) Parole and probation officers employed by the Department of Corrections, parole and probation officers who are transferred to county employment under ORS 423.549 and adult parole and probation officers, as defined in ORS 181.610, who are classified as police officers for the purposes of this chapter by the county governing body. If a county classifies adult parole and probation officers as police officers for the purposes of this chapter, and the employees so classified are represented by a labor organization, any proposal by the county to change that classification or to cease to classify adult parole and probation officers as police officers for the purposes of this chapter is a mandatory subject of bargaining.

(g) Police officers appointed under ORS 276.021 or 276.023.

(h) Employees of the Port of Portland who are classified as airport police by the Board of Commissioners of the Port of Portland.

(i) Employees of the State Department of Agriculture who are classified as livestock police officers by the Director of Agriculture.

(j) Employees of the Department of Public Safety Standards and Training who are classified by the department as other than secretarial or clerical personnel.

(k) Investigators of the Criminal Justice Division of the Department of Justice.

(L) Corrections officers as defined in ORS 181.610.

(m) Employees of the Oregon State Lottery Commission who are classified by the Director of the Oregon State Lottery as enforcement agents pursuant to ORS 461.110.

(n) The Director of the Department of Corrections.

(o) An employee who for seven consecutive years has been classified as a police officer as defined by this section, and who is employed or transferred by the Department of Corrections to fill a position designated by the Director of the Department of Corrections as being eligible for police officer status.

(p) An employee of the Department of Corrections classified as a police officer on or prior to July 27, 1989, whether or not that classification was authorized by law, as long as the employee remains in the position held on July 27, 1989. The initial classification of an employee under a system implemented pursuant to ORS 240.190 does not affect police officer status.

(q) Employees of a school district who are appointed and duly sworn members of a law enforcement agency of the district as provided in ORS 332.531 or otherwise employed full-time as police officers commissioned by the district.

(r) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050, 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who have supervisory, control or teaching responsibilities over juveniles committed to the custody of the Department of Corrections or the Oregon Youth Authority.

(s) Employees at youth correction facilities as defined in ORS 420.005 whose primary job description involves the custody, control, treatment, investigation or supervision of juveniles placed in such facilities.

(t) Employees of the Oregon Youth Authority who are classified as juvenile parole and probation officers.

(17) "Public employer" means the state, one of its agencies, any city, county, or municipal or public corporation, any political subdivision of the state or any instrumentality thereof, or an agency created by one or more such governmental organizations to provide governmental services. For purposes of this chapter, such agency created by one or more governmental organizations is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued.

(18) "Prior service credit" means credit provided under ORS 238.442 or under ORS 238.225 (2) to (6) (1999 Edition).

(19) "Qualifying position" means one or more jobs with one or more participating public employers in which an employee performs 600 or more hours of service in a calendar year, excluding any service in a job for which a participating public employer does not provide benefits under this chapter pursuant to an application made under ORS 238.035.

(20) "Retirement credit" means a period of time that is treated as creditable service for the purposes of this chapter.

(21)(a) "Salary" means the remuneration paid an employee in cash out of the funds of a public employer in return for services to the employer, plus the monetary value, as determined by the Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and other advantages the employer furnishes the employee in return for services.

(b) "Salary" includes but is not limited to:

(A) Payments of employee and employer money into a deferred compensation plan, which are deemed salary paid in each month of deferral;

(B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary paid in each month of participation;

(C) Retroactive payments made to an employee to correct a clerical error or pursuant to an award by a court or by order of or a conciliation agreement with an administration agency charged with enforcing federal or state law protecting the employee's rights to employment or wages, which shall be allocated to and deemed paid in the periods in which the work was done or in which it would have been done; and

(D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

(c) "Salary" or "other advantages" does not include:

(A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer;

(B) Payments for insurance coverage by an employer on behalf of employee or employee and dependents, for which the employee has no cash option;

(C) Payments made on account of an employee's death;

(D) Any lump sum payment for accumulated unused sick leave;

(E) Any accelerated payment of an employment contract for a future period or an advance against future wages;

(F) Any retirement incentive, retirement severance pay, retirement bonus or retirement gratuitous payment;

(G) Payments for periods of leave of absence after the date the employer and employee have agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for sick leave and vacation;

(H) Payments for instructional services rendered to institutions of the [Department of Higher Education] **Oregon University System** or the Oregon Health and Science University when such services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months to which the contract pertains; or

(I) Payments made by an employer for insurance coverage provided to a domestic partner of an employee.

(22) "School year" means the period beginning July 1 and ending June 30 next following.

(23) "System" means the Public Employees Retirement System.

(24) "Vested" means being an active member of the system in each of five calendar years.

(25) "Volunteer firefighter" means a firefighter whose position normally requires less than 600 hours of service per year.

SECTION 48. ORS 238A.005 is amended to read:

238A.005. For the purposes of this chapter:

(1) "Active member" means a member of the pension program or the individual account program of the Oregon Public Service Retirement Plan who is actively employed in a qualifying position.

(2) "Actuarial equivalent" means a payment or series of payments having the same value as the payment or series of payments replaced, computed on the basis of interest rate and mortality assumptions adopted by the board.

(3) "Board" means the Public Employees Retirement Board.

(4) "Eligible employee" means a person who performs services for a participating public employer, including elected officials other than judges. "Eligible employee" does not include:

(a) Persons engaged as independent contractors;

(b) Aliens working under a training or educational visa;

(c) Persons, other than workers in the Industries for the Blind Program under ORS 346.190, provided sheltered employment or make-work by a public employer;

(d) Persons categorized by a participating public employer as student employees;

(e) Any person who is an inmate of a state institution;

(f) Employees of foreign trade offices of the Economic and Community Development Department who live and perform services in foreign countries under the provisions of ORS 285A.075 (1)(g);

(g) An employee actively participating in an alternative retirement program established under ORS 353.250 or an optional retirement plan established under ORS 341.551;

(h) Employees of the Oregon University System who are actively participating in an optional retirement plan offered under ORS 243.800;

(i) Any employee who belongs to a class of employees that was not eligible on August 28, 2003, for membership in the system under the provisions of ORS chapter 238 or other law;

(j) Any person who belongs to a class of employees who are not eligible to become members of the Oregon Public Service Retirement Plan under the provisions of ORS 238A.070 (2);

(k) Any person who is retired under ORS 238A.100 to 238A.245 or ORS chapter 238 and who continues to receive retirement benefits while employed; and

(L) Judges.

(5) "Firefighter" means:

(a) A person employed by a local government, as defined in ORS 174.116, whose primary job duties include the fighting of fires;

(b) The State Fire Marshal, the chief deputy state fire marshal and deputy state fire marshals; and

(c) An employee of the State Forestry Department who is certified by the State Forester as a professional wildland firefighter and whose primary duties include the abatement of uncontrolled fires as described in ORS 477.064.

(6) "Fund" means the Public Employees Retirement Fund.

(7)(a) "Hour of service" means:

(A) An hour for which an eligible employee is directly or indirectly paid or entitled to payment by a participating public employer for performance of duties in a qualifying position; and

(B) An hour of vacation, holiday, illness, incapacity, jury duty, military duty or authorized leave during which an employee does not perform duties but for which the employee is directly or indirectly paid or entitled to payment by a participating public employer for services in a qualifying position, as long as the hour is within the number of hours regularly scheduled for the performance of duties during the period of vacation, holiday, illness, incapacity, jury duty, military duty or authorized leave.

(b) "Hour of service" does not include any hour for which payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation laws or unemployment compensation laws.

(8) "Inactive member" means a member of the pension program or the individual account program of the Oregon Public Service Retirement Plan whose membership has not been terminated, who is not a retired member and who is not employed in a qualifying position.

(9) "Individual account program" means the defined contribution individual account program of the Oregon Public Service Retirement Plan established under ORS 238A.025.

(10) "Member" means an eligible employee who has established membership in the pension program or the individual account program of the Oregon Public Service Retirement Plan and whose membership has not been terminated under ORS 238A.110 or 238A.310.

(11) "Participating public employer" means a public employer as defined in ORS 238.005 that provides retirement benefits for employees of the public employer under the system.

(12) "Pension program" means the defined benefit pension program of the Oregon Public Service Retirement Plan established under ORS 238A.025.

(13) "Police officer" means a police officer as described in ORS 238.005.

(14) "Qualifying position" means one or more jobs with one or more participating public employers in which an eligible employee performs 600 or more hours of service in a calendar year, excluding any service in a job for which benefits are not provided under the Oregon Public Service Retirement Plan pursuant to ORS 238A.070 (2).

(15) "Retired member" means a pension program member who is receiving a pension as provided in ORS 238A.180 to 238A.195.

(16)(a) "Salary" means the remuneration paid to an active member in return for services to the participating public employer, including remuneration in the form of living quarters, board or other items of value, to the extent the remuneration is includable in the employee's taxable income under Oregon law. Salary includes the additional amounts specified in paragraph (b) of this subsection, but does not include the amounts specified in paragraph (c) of this subsection, regardless of whether those amounts are includable in taxable income.

(b) "Salary" includes the following amounts:

(A) Payments of employee and employer money into a deferred compensation plan that are made at the election of the employee.

(B) Contributions to a tax-sheltered or deferred annuity that are made at the election of the employee.

(C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit plan by the employer at the election of the employee and that is not includable in the taxable income of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on August 29, 2003.

(D) Any amount that is contributed to a cash or deferred arrangement by the employer at the election of the employee and that is not included in the taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in effect on August 29, 2003.

(E) Retroactive payments made to an employee to correct a clerical error, pursuant to an award by a court or by order of or pursuant to a conciliation agreement with an administration agency charged with enforcing federal or state law protecting the employee's rights to employment or wages, which shall be allocated to and deemed paid in the periods in which the work was done or in which the work would have been done.

(F) The amount of an employee contribution to the individual account program that is paid by the employer and deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(a).

(G) The amount of an employee contribution to the individual account program that is not paid by the employer under ORS 238A.335.

(H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

(c) "Salary" does not include the following amounts:

(A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer.

(B) Payments made on account of an employee's death.

(C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid leave.

(D) Any severance payment, accelerated payment of an employment contract for a future period or advance against future wages.

(E) Any retirement incentive, retirement bonus or retirement gratuitous payment.

(F) Payment for a leave of absence after the date the employer and employee have agreed that no future services in a qualifying position will be performed.

(G) Payments for instructional services rendered to institutions of the [Department of Higher Education] **Oregon University System** or the Oregon Health and Science University when those services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months covered by the contract.

(H) The amount of an employee contribution to the individual account program that is paid by the employer and is not deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(b).

(I) Any amount in excess of \$200,000 for a calendar year. If any period over which salary is determined is less than 12 months, the \$200,000 limitation for that period shall be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

(17) "System" means the Public Employees Retirement System.

SECTION 49. ORS 240.185 is amended to read:

240.185. (1) On and after January 1, 1984, the number of persons employed by the state shall not exceed 1.5 percent of the state's population of the prior year.

(2) The population figure shall be that required by ORS 190.510 to 190.610.

(3) This section applies to all full-time equivalent budgeted positions.

(4) This section does not apply to the Governor, the Secretary of State, the State Treasurer, the Supreme Court or the Legislative Assembly in the conduct of duties vested in any of them by the

Oregon Constitution. However, this exception applies only to the office of the Governor and not to the executive branch of government.

(5) This section does not apply to personnel who administer unemployment insurance benefits programs of the Employment Department, to personnel who administer programs required to be implemented as a condition for the continued certification of the Employment Division Law by the United States Secretary of Labor or to personnel who administer programs implemented by the United States Department of Labor under federal law if the state is required to enter into contracts to provide such programs.

(6) This section does not apply to personnel whose positions are funded by the gifts, grants and contracts program in the [*Department of Higher Education*] **Oregon University System**.

(7) In order to assess the effect of subsection (1) of this section, the Oregon Department of Administrative Services by December 31 of each even-numbered year shall conduct a workload analysis of each state agency, regardless of whether the agency is exempt from the application of subsection (1) of this section. The workload analysis of each agency shall be submitted to the Legislative Assembly prior to its convening in regular session and shall accompany the agency's budget request before the Joint Ways and Means Committee.

SECTION 50. ORS 270.100 is amended to read:

270.100. (1)(a) Before offering for sale any real property or equitable interest therein owned by the state, the state agency acting for the state in such transaction shall report its intent of sale or transfer to the Oregon Department of Administrative Services. The department, or the agency specifically designated by the department, shall notify other state agencies authorized to own real property of the intended sale or transfer to determine whether acquisition of the real property or interest therein would be advantageous to another state agency.

(b) The department shall give political subdivisions, as defined in ORS 271.005, the first opportunity after other state agencies to acquire, purchase, exchange or lease real property to be sold or disposed of by the State of Oregon. The state agency responsible for selling or transferring the property may require at the time of the sale or transfer that any state real property sold or transferred to a political subdivision, as defined in ORS 271.005, shall be for use for a public purpose or benefit, and not be for resale to a private purchaser.

(c) If property is not disposed of under paragraph (a) or (b) of this subsection, in accordance with rules adopted by the department, the state agency desiring to sell or transfer the property shall cause it to be appraised by one or more competent and experienced appraisers. Except as provided in ORS 273.825, if such property has an appraised value exceeding \$5,000 it shall not be sold to any private person except after notice calling for such proposals as set forth in ORS 270.130.

(d) The department shall adopt rules to carry out the provisions of this section.

(2) Before acquisition of any real property or interest therein by any state agency, except for highway right of way acquired by the Department of Transportation and park properties acquired by the State Parks and Recreation Department and property within the approved projected campus boundaries for institutions of the [*Department of Higher Education*] **Oregon University System**, the state agency shall report its intent of acquisition to the Oregon Department of Administrative Services. The department shall notify other state agencies owning land of the intended acquisition to determine whether another state agency desires to sell or transfer property which would meet the needs of the purchasing agency. In accordance with rules adopted by the Oregon Department of Administrative Services, if no other state agency desires to sell or transfer property which would meet the needs of the agency, the agency may acquire the real property or interest therein, consistent with applicable provisions of law.

(3) Before any terminal disposition of real property or an interest in real property, the state agency acting for the state in the transaction must secure approval of the transaction from the Oregon Department of Administrative Services.

(4) Subsection (3) of this section does not apply to terminal disposition of the following real property:

(a) Property controlled by the State Department of Fish and Wildlife;

- (b) State forestlands controlled by the State Forestry Department;
- (c) Property controlled by the Department of Transportation;
- (d) Property controlled by the Department of State Lands;
- (e) Property controlled by the [*Department of Higher Education*] **Oregon University System**;
- (f) Property controlled by the legislative or judicial branches of state government; and
- (g) Property controlled by the State Parks and Recreation Department.

(5) Notwithstanding the provisions of subsection (4) of this section, prior approval by the Oregon Department of Administrative Services is required for the terminal disposition of public land for less than the fair market value of that land.

(6) The provisions of ORS 184.634, 270.005 to 270.015, 270.100 to 270.190, 273.416, 273.426 to 273.436, 273.551 and 308A.709 (1) to (4) do not apply to a home or farm acquired, sold, or both, by the Department of Veterans' Affairs under ORS 88.720, 273.388, 406.050, 407.135, 407.145, 407.375 and 407.377.

SECTION 51. ORS 270.110 is amended to read:

270.110. (1) Except as provided in subsection (2) of this section, whenever the state or any agency thereof possesses or controls real property not needed for public use, or whenever the public interest may be furthered, the state or its agency may sell, exchange, convey or lease for any period not exceeding 99 years all or any part of its interest in the property to or with the state or any political subdivision of the state or the United States or any agency thereof or private individual or corporation. Except where the state is exchanging real property, the consideration for the transfer or lease may be cash or real property, or both.

(2) If the ownership, right or title of the state to any real property set apart by deed, will or otherwise for a burial ground or cemetery, or for the purpose of interring the remains of deceased persons, is limited or qualified or the use of such real property is restricted, whether by dedication or otherwise, the state or its agency may, after first declaring by resolution that such real property is not needed for public use, or that the sale, exchange, conveyance or lease thereof will further the public interest, file a complaint in the circuit court for the county in which such real property is located against all persons claiming any right, title or interest in such real property, whether the interest be contingent, conditional or otherwise, for authority to sell, exchange, convey or lease all or any part of such real property. The resolution is prima facie evidence that such real property is not needed for public use, or that the sale, exchange, conveyance or lease will further the public interest. The action shall be commenced and prosecuted to final determination in the same manner as an action not triable by right to a jury. The complaint shall contain a description of such real property, a statement of the nature of the restrictions, qualifications or limitations, and a statement that the defendants claim some interest therein. The court shall make such judgment as it shall deem proper, taking into consideration the limitations, qualifications or restrictions, the resolution and all other matters pertinent thereto. Neither costs nor disbursements may be recovered against any defendant.

(3) The authority to lease property granted by this section includes authority to lease property not owned or controlled by the state at the time of entering into the lease. Such lease shall be conditioned upon the subsequent acquisition of the interest covered by the lease.

(4) Any lease of state real property exceeding five years must be approved in advance by the Oregon Department of Administrative Services, except for leases:

- (a) Negotiated by the Oregon Department of Aviation;
- (b) Of state forestlands;
- (c) Of property controlled by the Department of State Lands, Department of Transportation or [*Department of Higher Education*] **Oregon University System**; or
- (d) Of property controlled by the legislative or judicial branches of state government.

SECTION 52. ORS 283.143 is amended to read:

283.143. (1) To encourage utilization of statewide integrated videoconferencing and statewide online access services, the Oregon Department of Administrative Services shall, in addition to any other charge or assessment for providing telecommunications services to state agencies, impose

upon each agency and public corporation a surcharge, in an amount established by the department. All surcharge moneys collected shall be deposited in the Oregon Department of Administrative Services Operating Fund, and may be expended only for state agency and public corporation telecommunication and videoconferencing activities, under such terms and conditions as the department may prescribe.

(2) Notwithstanding subsection (1) of this section, the Oregon Department of Administrative Services shall not impose the surcharge established by this section on the [*Department of Higher Education*] **Oregon University System** or the Oregon Health and Science University. The Oregon Department of Administrative Services shall enter into an agreement with the [*Department of Higher Education*] **Oregon University System** and the Oregon Health and Science University on the amounts to be paid by the [*Department of Higher Education*] **Oregon University System** and the Oregon Health and Science University to the Oregon Department of Administrative Services in lieu of the surcharge provided for in this section.

SECTION 53. ORS 291.357 is amended to read:

291.357. (1) As used in this section, "general governmental purposes" means:

(a) Those activities defined as governmental activities under the accounting standards promulgated by the Governmental Accounting Standards Board of the Financial Accounting Foundation that are in effect on August 10, 2001; and

(b) Post-secondary educational activities that are partially funded by student tuition and fees.

(2) Each biennium, state governmental appropriations for general governmental purposes shall be no greater than eight percent of projected personal income in Oregon for the same biennium. Projected personal income shall be based on the United States Department of Commerce projections used by the Oregon Department of Administrative Services in the last forecast given to the Legislative Assembly before adjournment sine die of the regular session on which the printed, adopted budget is based.

(3) For purposes of this section, the following are considered to be appropriations:

(a) An authorization, given by law, to expend moneys in a biennium;

(b) A limitation, imposed by law, on the expenditure in a biennium of moneys that are continuously appropriated; and

(c) An estimate of amounts of moneys that are continuously appropriated that will be spent in a biennium without limitation.

(4) The following appropriations are not subject to the limitation on appropriations contained in this section:

(a) Appropriations for the construction or acquisition of assets that are financed by state bonds, certificates of participation or other forms of borrowing.

(b) Appropriations of moneys received directly or indirectly from the federal government.

(c) Appropriations for fee remission programs of the [*Department of Higher Education*] **Oregon University System**.

(d) Appropriations of moneys voluntarily donated to a state agency.

(e) Appropriations of moneys from revenue increases or new revenue sources if the increases or sources result from approval of a measure by the people at an election held on or after August 10, 2001.

(f) Appropriations to fund new programs or to increase funding for existing programs if the need for new or increased funding results from approval of a measure by the people at an election held on or after August 10, 2001.

(5) The limitation on appropriations established by this section may be exceeded for a biennium if the Governor declares an emergency and three-fifths of the members serving in each house of the Legislative Assembly affirmatively vote to exceed the limitation for the biennium.

SECTION 54. ORS 291.375 is amended to read:

291.375. (1) Prior to the submission of any application for financial assistance or grants from the United States or any agency thereof by or on behalf of any agency of this state, the application must be submitted for legislative review in the following manner:

(a) If the application is to be submitted to the federal government when the Legislative Assembly is in session, the application shall be submitted to the Joint Committee on Ways and Means for review.

(b) If the application is to be submitted to the federal government when the Legislative Assembly is not in session, the application shall be submitted to the Emergency Board or to the interim Joint Committee on Ways and Means for review.

(2) If the legislative agency authorized under subsection (1) of this section to review applications described therein approves the application, it may be submitted to the appropriate federal agency. If the legislative agency disapproves of the application, it shall not be submitted to any federal agency unless it is or can be modified to meet the objections of the legislative agency.

(3) Notwithstanding subsection (1) of this section, the Joint Committee on Ways and Means and the Emergency Board may exempt any state agency from the requirements of this section. Project grants for departmental research, organized activities related to instruction, sponsored research or other sponsored programs carried on within the [*Department of Higher Education*] **Oregon University System**, for which no biennial expenditure limitations have been established, are exempt from the requirements of this section.

(4) The review required by this section is in addition to and not in lieu of the requirements of ORS 293.550.

SECTION 55. ORS 292.043 is amended to read:

292.043. (1) As used in this section:

(a) "Foundation" means:

(A) A tax exempt organization designated by a rule adopted by a state agency; or

(B) A tax exempt organization designated by the State Board of Higher Education to solicit contributions for the support of an institution of higher education under the jurisdiction of the board.

(b) "Salary and wages" has the meaning given that term in ORS 292.014.

(2) Any state official authorized to disburse funds in payment of salaries or wages of the officers and employees of a state agency, or of the officers, teachers, instructors and other employees of the [*Department of Higher Education*] **Oregon University System**, is authorized, upon written request of the individual, to deduct each month from the salary or wages of the individual the amount of money designated by the individual for payment to a foundation.

(3) The individual may withdraw the authorization at any time if the individual so notifies such officer in writing.

(4) The moneys so deducted shall be paid over promptly to the foundation designated by the individual. Subject to any rules prescribed by a state agency or the State Board of Higher Education, the state official authorized to disburse the funds in payment of salaries and wages may prescribe any procedures necessary to carry out this section.

SECTION 56. ORS 295.195 is amended to read:

295.195. (1) Notwithstanding any other provision of ORS chapter 295, the [*Department of Higher Education*] **Oregon University System**, with the approval of the State Treasurer, may deposit funds in a financial institution in a foreign country, if the circumstances under which the funds are to be used render it impracticable to keep the funds in a domestic financial institution or if the terms of a grant, gift or contract require that the funds be kept in a foreign country.

(2) Notwithstanding any other provision of this chapter, to the extent estimated to be necessary to fund operations or activities for one biennium of the State of Oregon in a foreign country, the State Treasurer may deposit funds in a financial institution in a foreign country.

(3) When funds are deposited in a financial institution in a foreign country pursuant to subsection (1) or (2) of this section, the institution shall not be required to maintain collateral as provided in ORS 295.015. Reasonable and prudent measures to protect the public funds from loss shall be exercised to the extent permitted under the laws of the foreign country.

(4) The State Treasurer shall report to the Legislative Assembly biennially on the amounts of deposits in foreign countries, and the operation and activities funded by such deposits. The report

shall be submitted to the offices of the President of the Senate and the Speaker of the House of Representatives and shall be referred by each of them to appropriate standing committees other than committees concerned with budgets of the State Treasurer or the activity or operation so funded.

SECTION 57. ORS 339.331 is amended to read:

339.331. (1) There is created the Center for School Safety within the [*Department of Higher Education*] **Oregon University System**. The mission of the center shall be to:

- (a) Serve as the central point for data analysis;
- (b) Conduct research;
- (c) Disseminate information about successful school safety programs, research results and new programs; and
- (d) Provide technical assistance for improving the safety of schools in collaboration with the Department of Education and others.

(2) To fulfill its mission, the Center for School Safety shall:

(a) Establish a clearinghouse for information and materials concerning school violence prevention and intervention services. As used in this paragraph, “intervention services” means any preventive, developmental, corrective or supportive service or treatment provided to a student who is at risk of school failure, is at risk of participation in violent behavior or juvenile crime or has been expelled from the school district. “Intervention services” may include, but is not limited to:

- (A) Screening to identify students at risk for emotional disabilities or antisocial behavior;
- (B) Direct instruction in academic, social, problem-solving and conflict resolution skills;
- (C) Alternative education programs;
- (D) Psychological services;
- (E) Identification and assessment of abilities;
- (F) Counseling services;
- (G) Medical services;
- (H) Day treatment;
- (I) Family services; and
- (J) Work and community service programs.

(b) Provide program development and implementation expertise and technical support to schools, law enforcement agencies and communities. The expertise and support may include coordinating training for administrators, teachers, students, parents and other community representatives.

(c) Analyze the data collected in compliance with section 5, chapter 618, Oregon Laws 2001.

(d) Research and evaluate school safety programs so schools and communities are better able to address their specific needs.

(e) Promote interagency efforts to address discipline and safety issues within communities throughout the state.

(f) Prepare and disseminate information regarding the best practices in creating safe and effective schools.

(g) Advise the State Board of Education on rules and policies.

(h) Provide an annual report on the status of school safety in Oregon by July 1 of each year to:

- (A) The Governor;
- (B) The Attorney General;
- (C) The State Board of Education; and
- (D) All relevant legislative committees.

(3) The University of Oregon Institute on Violence and Destructive Behavior shall provide staff support to the Center for School Safety board of directors and shall manage the center.

(4) The Center for School Safety board of directors may seek and accept public and private funds for the center.

SECTION 58. ORS 339.336 is amended to read:

339.336. (1) The [*Department of Higher Education*] **Oregon University System** may seek and accept contributions of funds and assistance from the United States, its agencies or from any other

source, public or private, and agree to conditions thereon not inconsistent with ORS 339.331, 339.333 and 339.339. All such funds are to aid in financing the functions of the Center for School Safety and shall be deposited in the Center for School Safety Account and shall be disbursed for the purpose for which contributed.

(2) The Center for School Safety Account is established in the General Fund of the State Treasury. Except for moneys otherwise designated by statute, all federal funds or other moneys received by the [department] **Oregon University System** for the center shall be paid into the State Treasury and credited to the account. All moneys in the account are appropriated continuously to the [department] **Oregon University System** and shall be used by the [department] **system** for the purposes of carrying out ORS 339.331, 339.333 and 339.339.

SECTION 59. ORS 341.440 is amended to read:

341.440. (1) A community college district may contract with another community college district, common or union high school district, education service district, the [Department of Higher Education] **Oregon University System**, the Oregon Health and Science University, with a private educational institution accredited by the Northwest Association of Schools and Colleges or its successor or a career school as defined in ORS 345.010 to obtain educational services for students enrolled in the community college of the district. However, the educational services so obtained must meet the standards for educational services provided by the college and the contract price to the college for such services must not exceed the costs which would otherwise be incurred by the college to provide its students the same or similar services.

(2) Educational services for which a district operating a community college may contract include services offered by correspondence and services offered electronically or through telecommunications if such services are accredited by a nationally recognized accrediting association.

(3) For purposes of ORS 341.626, costs incurred under subsection (1) of this section shall be considered operating expenses of the district if the contract is approved by the Commissioner for Community College Services.

SECTION 60. ORS 341.739 is amended to read:

341.739. The Department of Community Colleges and Workforce Development may receive bond counsel services and financial advisory services through the [Department of Higher Education] **Oregon University System**. If the Department of Community Colleges and Workforce Development receives services through the [Department of Higher Education] **Oregon University System**, the Department of Community Colleges and Workforce Development is not obligated to obtain bond counsel services or financial advisory services as otherwise prescribed in ORS 286A.130 and 286A.132.

SECTION 61. ORS 343.465 is amended to read:

343.465. (1) It is the policy of this state to respect the unique nature of each child, family and community with particular attention to cultural and linguistic diversity, and to support a system of services for preschool children with disabilities and their families that:

(a) Recognizes the importance of the child's family, supports and builds on each family's strengths and respects family decision-making and input regarding service options and public policy.

(b) Identifies, evaluates and refers services for preschool children with disabilities at the earliest possible time.

(c) Uses specialized services and all other community services and programs for children, including community preschools, Head Start programs, community health clinics, family support programs and other child-oriented agencies.

(d) Uses a variety of funding sources for preschool children with disabilities and their families, including public and private funding, insurance and family resources.

(e) Assists families in utilizing necessary services in the most cost-effective and efficient manner possible by using a coordinated planning and implementation process.

(f) Insures that all children and their families, regardless of disability, risk factors or cultural or linguistic differences, are able to utilize services for which they would otherwise be qualified.

(g) Encourages services and supports for preschool children with disabilities and their families in their home communities and in settings with children without disabilities.

(h) Recognizes the importance of developing and supporting well-trained and competent personnel to provide services to preschool children with disabilities, and their families.

(i) Evaluates the system's impact on the child and family, including child progress, service quality, family satisfaction, transition into public schooling, longitudinal and cumulative reporting over several biennia and interagency coordination at both the state and local level.

(j) Reports information described in paragraph (i) of this subsection to the State Interagency Coordinating Council, the Governor, the Superintendent of Public Instruction, the State Board of Education and the Legislative Assembly each biennium.

(2) In carrying out the provisions of subsection (1) of this section, the Department of Education, the Department of Human Services and the [*Department of Higher Education*] **Oregon University System** shall coordinate services to preschool children with disabilities, or who are at risk of developing disabling conditions, and their families. All program planning, standards for service, policies regarding services delivery and budget development for services for preschool children with disabilities, and their families shall reflect the policy outlined in subsection (1) of this section and elaborated through rules and agreements.

SECTION 62. ORS 344.259 is amended to read:

344.259. (1) The State Board of Education shall coordinate continuing education in lower division, developmental, adult self-improvement, professional and technical education for agencies under its regulatory authority. The State Board of Higher Education shall coordinate continuing education in upper division and graduate education for institutions under its jurisdiction.

(2) When significantly adverse impact is alleged by one or more of the agencies listed in this subsection, the affected parties jointly shall provide for written agreements. These agreements shall allocate responsibility for planning and providing continuing education or off-campus instruction in specific areas or by specific types. The agencies are:

- (a) The State Board of Education.
- (b) The State Board of Higher Education.
- (c) Community college districts.
- (d) Independent colleges.
- (e) Proprietary schools.

(3) In the event the affected parties fail to reach a written agreement within 120 days following receipt of written notice of the allegation, either party may request the Education and Workforce Policy Advisor to review and to recommend resolution.

(4) Nothing in this section prohibits the offering of upper division or graduate programs within 30 miles of the campus of the [*Department of Higher Education*] **Oregon University System** institution offering the program, or the offering of lower division programs within 30 miles of the campus offering the program in areas outside a community college district. Such programs are entitled to the same college credit and financial support as programs offered on the campus of the institution.

SECTION 63. ORS 348.210 is amended to read:

348.210. (1) In addition to any other scholarships provided by law, the Oregon Student Assistance Commission may award scholarships at Eastern Oregon University to resident undergraduate students applying for enrollment in the university or who are pursuing courses therein. The number of students who receive scholarships under this subsection may not exceed two and one-half percent of the number of students who are enrolled at the university. The scholarships shall be awarded upon the basis of a record of high intellectual standing and deportment in the school or institution where the applicant has received or is receiving preparatory training, the necessity for financial assistance and other qualifications of such nature that the awarding of scholarships will operate not only to the advantage of the applicant but to the people of Oregon. A scholarship awarded under this subsection may not exceed in value the amount of the tuition and other fees, including the fees that are levied against the recipient of the scholarship by the State Board of Higher Education at the university.

(2) The commission may award tuition and fee-exempting scholarships to students from foreign nations who are enrolled in state institutions of higher education. A student may not receive a scholarship under this subsection that exceeds the amount of tuition and fees owed by the student.

(3) The value of scholarships awarded each year under subsection (2) of this section may not exceed in aggregate an amount equal to 10 percent of the amount of tuition and fees paid in the preceding year to the [*Department of Higher Education*] **Oregon University System** by students enrolled in state institutions of higher education who were not Oregon residents.

SECTION 64. ORS 348.283 is amended to read:

348.283. (1) There is established within the Oregon Student Assistance Commission the Oregon Troops to Teachers program. Through the program, the commission shall pay for all of the resident tuition charges of a veteran imposed by a public post-secondary institution, provided the veteran:

(a) Was discharged from the Armed Forces of the United States;

(b) Is a resident of Oregon; and

(c) Agrees to teach:

(A) In an Oregon school district or public charter school classified as serving a high poverty area for not less than three years; or

(B) In the area of mathematics, science or special education for not less than four years.

(2) An award under subsection (1) of this section shall be used for the purpose of paying resident tuition. The commission may not award funds under subsection (1) of this section for the purpose of paying for books, supplies, housing, food or any other costs associated with attending a public post-secondary institution.

(3) The commission shall adopt rules necessary for the implementation and administration of this section in consultation with the Department of Education and the [*Department of Higher Education*] **Oregon University System**.

SECTION 65. ORS 348.849 is amended to read:

348.849. (1) There is established the Oregon 529 College Savings Board to administer ORS 348.841 to 348.873.

(2) The board shall consist of:

(a) The State Treasurer, who shall serve as the board chairperson;

(b) A member of the State Board of Higher Education, to be selected by the State Board of Higher Education;

(c) A representative of accredited private colleges and universities located in this state, who shall be appointed by the State Treasurer; and

(d) Two public members, who by reason of their education and experience are qualified to serve, and who shall be appointed by the State Treasurer.

(3)(a) The board member who is a member of the State Board of Higher Education shall serve at the pleasure of the State Board of Higher Education but may not serve on the board following the end of the member's term on the State Board of Higher Education.

(b) The representative of private colleges and universities and the public members of the board shall serve at the pleasure of the State Treasurer for a term of office of three years. These members of the board may be reappointed to subsequent terms.

(4) The State Treasurer and the [*Department of Higher Education*] **Oregon University System** shall provide staff and assistance to the board in the administration of the Oregon 529 College Savings Network as directed by the board.

(5) A member of the board is entitled to compensation and expenses as provided in ORS 292.495.

(6) A majority of the members of the board constitutes a quorum for the transaction of business.

SECTION 66. ORS 348.890 is amended to read:

348.890. (1) The State Board of Higher Education and the State Board of Education shall hold at least one meeting annually as the Joint Boards of Education for the purpose of coordinating their activities and reaching joint agreement on matters of education policy and opportunities of mutual interest to the two boards and to the populations served by the boards.

(2) Bylaws to be adopted by the members shall determine procedures for setting meeting dates, locations, chairperson rotation, agendas and staff support.

(3) The Joint Boards of Education shall provide policy direction to implement regional partnership proposals and any other joint program or activity approved by both boards.

(4) Notwithstanding ORS 351.070 (3)(c), the Department of Community Colleges and Workforce Development and the [*Department of Higher Education*] **Oregon University System** may use appropriations from the General Fund to implement agreements approved by the Joint Boards of Education that provide direct aid to a student, or other incentives that encourage shared use of facilities, programs and other resources of state institutions of higher education and community colleges.

SECTION 67. ORS 351.085 is amended to read:

351.085. The Chancellor of the Oregon University System shall exercise, under the direction of the State Board of Higher Education, the administrative authority necessary to carry out the policies of the board with respect to the institutions, departments or activities under the control of the board. In carrying out the duties of the chancellor, the chancellor shall:

(1) Act as administrative officer of the State Board of Higher Education.

(2) Maintain a centralized service program for all institutions, departments and activities, including but not limited to, accounting, statistical services, capital construction, management analysis, legal services, academic affairs and educational research.

(3) Collect and compile information and statistics relative to the operation of the institutions, departments and activities of the State Board of Higher Education.

(4) Prepare and submit to the State Board of Higher Education an annual operating budget for all institutions, departments and activities of the board.

(5) Oversee the preparation and submission to the State Board of Higher Education of the biennial budget requests of the institutions, departments and activities for consideration by the board as the budget request to the Governor under ORS 351.090. The chancellor shall provide analyses of the budget requests of the institutions, departments and activities, including in such analyses alternative considerations as may be necessary or desirable for the board in the adoption of its budget request.

(6) Appoint, subject to the State Personnel Relations Law, and with the approval of the State Board of Higher Education, such personnel as may be necessary for the performance of the duties of the chancellor.

(7) Designate, if the chancellor wishes, one or more suitable persons to sign or countersign warrants, vouchers, certificates, or other papers and documents requiring the signature of the chancellor.

(8) Prepare the agendas for State Board of Higher Education meetings and provide an analysis of proposals made to the board, including such alternatives as may be necessary or desirable for their consideration, and make recommendations thereon.

(9) Prepare and submit to the State Board of Higher Education on or about December 31 of each year an annual report in which the chancellor describes the principal activities of the [*Department of Higher Education*] **Oregon University System** during the fiscal year ending June 30. The report shall include a statement of all funds received, the source or sources from which received, the expenditure and disbursement of all funds and the purposes for which they were expended. The report shall contain a statement of the number of students enrolled in each institution, department or activity, the number of degrees conferred, the improvements made and new courses of instruction added, together with a statement showing in a general way the status of all activities and functions of the State Board of Higher Education.

(10) Keep a record of the transactions of the State Board of Higher Education.

(11) Have the custody of all books, papers, documents and other property belonging to the State Board of Higher Education.

(12) Give such instructions as may be necessary to carry out the directives of the State Board of Higher Education and forward them to the various institution presidents and heads of departments and activities.

(13) Provide for meetings of the presidents and principal executives of the institutions, departments and activities, at such times as the State Board of Higher Education may direct, such meetings to be open to any member of the board. At such meetings, the executives of the [*Department of Higher Education*] **Oregon University System** may propose policies or policy changes or statements for consideration by the board and develop recommendations concerning allocations of funds.

(14) Perform such other administrative assistance and consider other administrative matters as the State Board of Higher Education may require.

SECTION 68. ORS 351.100 is amended to read:

351.100. All advertising and publicity on behalf of all branches of state-supported higher education shall emanate from and bear the name of the [*Department of Higher Education*] **Oregon University System**, and shall be conducted in such a way as to present to the citizens of the state and prospective students a fair and impartial view of the higher educational facilities provided by the state and the prospects for useful employment in the various fields for which those facilities afford preparation.

SECTION 69. ORS 351.110 is amended to read:

351.110. All relationships and negotiations between the Legislative Assembly and its various committees and the institutions of higher education shall be carried on through the [*Department of Higher Education*] **Oregon University System**. [*No*] **A** subordinate official representing any of the separate institutions [*shall*] **may not** appear before the Legislative Assembly or any committee except upon the written authority of the State Board of Higher Education.

SECTION 70. ORS 351.165 is amended to read:

351.165. No later than March 1 of each odd-numbered year, the State Board of Higher Education shall submit a report to the Legislative Assembly concerning the status of all previously approved [*Department of Higher Education*] **Oregon University System** capital construction projects that have not been completed or have been completed within the preceding 24-month period. The report shall include the project title, funding sources, the amount of the original appropriation or expenditure limitation, the amount of unexpected funds, the construction status and the anticipated completion date.

SECTION 71. ORS 352.043 is amended to read:

352.043. (1) There is created within the [*Department of Higher Education*] **Oregon University System** the University of Oregon School of Law. The school shall be administered by the University of Oregon.

(2) The University of Oregon School of Law shall:

(a) Prepare students for careers in the legal profession.

(b) Perform the duties required of the school under ORS 36.100 to 36.238.

(3) The president of the University of Oregon shall appoint the Dean of the University of Oregon School of Law.

SECTION 72. ORS 352.046 is amended to read:

352.046. (1) Pursuant to ORS 351.870, there is created within the [*Department of Higher Education*] **Oregon University System** the Center for Brain, Biology and Machine. The center shall be administered by the University of Oregon.

(2) The purpose of the center is to promote interdisciplinary teaching and research in scientific areas, including but not limited to brain structure, development and functions, genetics and genomics, cognitive neuroscience, molecular biology, computational science, computing, magnetic resonance imaging and optics.

(3) The [*Department of Higher Education*] **Oregon University System** may receive moneys from any public or private source to support the Center for Brain, Biology and Machine created under subsections (1) and (2) of this section. Gifts or grants received to support the center shall be de-

posited in an appropriate fund at the University of Oregon by the [Department of Higher Education] **Oregon University System**.

SECTION 73. ORS 352.048 is amended to read:

352.048. (1) There is created within the [Department of Higher Education] **Oregon University System** the Industrialized Housing Development Program. The program shall be administered in conjunction with the Center for Housing Innovation at the University of Oregon.

(2) The purpose of the program is to provide assistance to industrialized housing manufacturers to help them achieve demonstrated best practice by researching, evaluating and disseminating information on opportunities to improve design technology, including but not limited to:

- (a) Methods to improve the affordability of housing;
- (b) Better utilization of new products in industrialized housing;
- (c) Improving the energy efficiency of industrialized housing; and
- (d) Specialized training for workers and management.

SECTION 74. ORS 352.049 is amended to read:

352.049. (1) In fulfilling the purpose described in ORS 352.048, the Industrialized Housing Development Program shall:

(a) Emphasize client-directed problem solving with the planning and design of appropriate design technologies;

(b) Provide or arrange for the provision of management assistance, specialized training for workers and other consulting services;

(c) Supplement the design skills and expertise of program staff by developing relations with experts who may work in a consulting role;

(d) Research new and developing design technology in the United States and overseas with the purpose of adapting proven technologies and management practices to Oregon conditions; and

(e) Disseminate research findings to all interested firms throughout the industrialized housing industry.

(2) The Industrialized Housing Development Program shall establish a schedule of fees for the services it provides. The program may establish a minimum level of service for which it does not charge fees.

(3) The Industrialized Housing Development Program may hire individuals on a contract basis, to provide either full-time or part-time staffing. However, employees of the program shall not be considered tenured employees of the [Department of Higher Education] **Oregon University System**.

SECTION 75. ORS 352.063 is amended to read:

352.063. The [Department of Higher Education] **Oregon University System** may receive moneys from any public or private source to support the Mark O. Hatfield School of Government, the Center for Lakes and Reservoirs, the Graduate School of Social Work or the Institute of Portland Metropolitan Studies created under ORS 352.066, 352.068, 352.071 and 352.074. Gifts and grants received to support the Mark O. Hatfield School of Government, the Center for Lakes and Reservoirs, the Graduate School of Social Work or the Institute of Portland Metropolitan Studies shall be credited to the appropriate fund at Portland State University by the [Department of Higher Education] **Oregon University System**.

SECTION 76. ORS 352.066 is amended to read:

352.066. (1) Pursuant to ORS 351.870, there is created within the [Department of Higher Education] **Oregon University System** the Mark O. Hatfield School of Government. The Mark O. Hatfield School of Government shall be administered by Portland State University. The president of Portland State University shall appoint the director of the Mark O. Hatfield School of Government.

(2) The purposes of the Mark O. Hatfield School of Government are:

(a) To prepare students for careers in political service, public administration and the administration of justice;

(b) To perform the duties required of the school under ORS 21.480, 36.179, 183.502 and 390.240; and

(c) To assist the Criminal Justice Research and Policy Institute in carrying out the duties under subsection (3) of this section.

(3) There is created within the Mark O. Hatfield School of Government the Criminal Justice Research and Policy Institute. The institute may assist the Legislative Assembly and state and local governments in developing policies to reduce crime and delinquency by:

(a) Providing the Legislative Assembly with objective, nonpartisan analyses of existing or proposed state criminal justice policies, which analyses may not be inconsistent with state or federal law or the Oregon or United States Constitution;

(b) Evaluating programs, including but not limited to programs dealing with public safety professionalism, ethics in leadership and childhood development, funded directly or indirectly by the State of Oregon that are intended to reduce criminal and delinquent behavior or to improve professionalism in public safety careers;

(c) Managing reviews and evaluations relating to major long-term issues confronting the state involving criminal and juvenile justice, public safety professionalism, ethics in leadership and early childhood development programs;

(d) Initiating, sponsoring, conducting and publishing research on criminal and juvenile justice, public safety professionalism, ethics in leadership and early childhood development that is peer reviewed and directly useful to policymakers;

(e) Organizing conferences on current state issues that bring together policymakers, public agencies and leading academicians; and

(f) Seeking to strengthen the links among the Legislative Assembly, state and local governments, the Oregon Criminal Justice Commission, the Department of Public Safety Standards and Training and the academic community in the interest of more informed policymaking, the application of best practices and more relevant academic research.

(4) The Governor, the Chief Justice of the Supreme Court, the President of the Senate, the Speaker of the House of Representatives or the chairperson of a legislative committee with responsibility over criminal or juvenile justice systems or childhood development programs may request the assistance of the Criminal Justice Research and Policy Institute in evaluating criminal or juvenile justice programs developed for, but not necessarily limited to, preventing delinquency, reducing crime and improving professionalism in public safety careers.

(5) Agencies, departments and officers of state and local governments may assist the Criminal Justice Research and Policy Institute in the performance of its functions and furnish information, data and advice as requested by the institute.

SECTION 77. ORS 352.068 is amended to read:

352.068. (1) Pursuant to ORS 351.870, there is created within the [*Department of Higher Education*] **Oregon University System** the Center for Lakes and Reservoirs. The Center for Lakes and Reservoirs shall be administered by Portland State University.

(2) The purpose of the Center for Lakes and Reservoirs is to assist state and federal agencies in researching and mitigating nonindigenous, invasive aquatic species in this state and to work with communities in developing effective management of lakes and reservoirs.

SECTION 78. ORS 352.071 is amended to read:

352.071. (1) Pursuant to ORS 351.870, there is created within the [*Department of Higher Education*] **Oregon University System** the Graduate School of Social Work. The Graduate School of Social Work shall be administered by Portland State University.

(2) The purpose of the Graduate School of Social Work is to provide a center for specialized education and research in the social services for the betterment of communities in the Portland metropolitan area, the state and the Pacific Northwest.

SECTION 79. ORS 352.074 is amended to read:

352.074. (1) Pursuant to ORS 351.870, there is created within the [*Department of Higher Education*] **Oregon University System** the Institute of Portland Metropolitan Studies. The Institute of Portland Metropolitan Studies shall be administered by Portland State University.

(2) The purpose of the Institute of Portland Metropolitan Studies is to build partnerships between Portland State University's urban studies programs and the surrounding communities of metropolitan Portland and to sponsor public service research.

SECTION 80. ORS 352.221 is amended to read:

352.221. (1) Pursuant to ORS 351.870, there is created within the [*Department of Higher Education*] **Oregon University System** the Oregon Renewable Energy Center. The Oregon Renewable Energy Center shall be administered by the Oregon Institute of Technology.

(2) The purpose of the Oregon Renewable Energy Center is to engage in renewable energy system engineering and applied research.

(3) The [*Department of Higher Education*] **Oregon University System** may receive moneys from any public or private source to support the Oregon Renewable Energy Center. Gifts and grants received to support the Oregon Renewable Energy Center shall be credited to the appropriate fund at the Oregon Institute of Technology by the [*Department of Higher Education*] **Oregon University System**.

SECTION 81. ORS 352.223 is amended to read:

352.223. (1) As used in this section:

(a) "Allied health education programs" includes, but is not limited to:

- (A) Radiologic science;
- (B) Nuclear medicine;
- (C) Sonography;
- (D) Vascular technology;
- (E) Dental hygiene;
- (F) Respiratory care;
- (G) Clinical laboratory sciences; and
- (H) Emergency medical technician education.

(b) "Allied health education programs" does not include any undergraduate or graduate nursing program administered by Oregon Health and Science University.

(2) There is created within the [*Department of Higher Education*] **Oregon University System** the Oregon Center for Health Professions. The Oregon Center for Health Professions shall be administered by the Oregon Institute of Technology.

(3) The purposes of the Oregon Center for Health Professions are to:

(a) Provide continued development of bachelor's degree level education programs in areas of allied health;

(b) Facilitate the creation of new partnerships between the health care industry and community colleges, private institutions of higher education and state institutions of higher education in order to increase the number of students and graduates in allied health education programs;

(c) Provide continuing education, professional development and certificate programs for allied health care professionals; and

(d) Align with and complement educational partnerships between the Oregon Institute of Technology and Oregon Health and Science University focusing on allied health education programs.

(4) The [*Department of Higher Education*] **Oregon University System** may receive moneys from any public or private source to support the Oregon Center for Health Professions. Gifts and grants received to support the Oregon Center for Health Professions shall be credited to the appropriate fund at the Oregon Institute of Technology by the [*Department of Higher Education*] **Oregon University System**.

SECTION 82. ORS 352.239 is amended to read:

352.239. (1) There is created within the [*Department of Higher Education*] **Oregon University System** the Institute for Natural Resources. The Institute for Natural Resources shall be administered by Oregon State University.

(2) The Institute for Natural Resources shall serve the following purposes:

- (a) Serve as a clearinghouse for scientifically based natural resources information.

(b) Provide scientifically based natural resources information to the public in integrated and accessible formats.

(c) Coordinate efforts with other state agencies and bodies to provide natural resources information to the public in a comprehensive manner.

(d) Facilitate and conduct research.

(e) Provide information and technical tools to assist decision-making on natural resources issues.

(f) Assist the State Land Board in carrying out the Natural Heritage Program by maintaining a data bank containing a classification of natural heritage elements and an inventory of the locations of the elements. All data obtained through personal observation on private land by employees of Oregon State University working in the Natural Heritage Program may be entered into the data bank only with the written permission of the landowner.

(3) Using existing resources, state agencies designated by the Governor shall enter into a memorandum of understanding, or other agreement deemed appropriate by the Governor, with the institute that defines and clarifies the roles and responsibilities of the agencies in order to prevent duplication of effort and to ensure that agency resources are used efficiently.

(4) State agencies may contract with the institute to fulfill agency needs regarding the collection, storage, integration, analysis, dissemination and monitoring of natural resources information and natural resources research and training.

SECTION 83. ORS 352.247 is amended to read:

352.247. (1) There is created within the [*Department of Higher Education*] **Oregon University System** the Oregon Climate Change Research Institute. The institute shall be administered by Oregon State University and institutional partners within the Oregon University System.

(2) The purpose of the Oregon Climate Change Research Institute is to:

(a) Facilitate research by Oregon University System faculty on climate change and its effects on natural and human systems in Oregon;

(b) Serve as a clearinghouse for climate change information;

(c) Provide climate change information to the public in integrated and accessible formats;

(d) Support the Oregon Global Warming Commission in developing strategies to prepare for and to mitigate the effects of climate change on natural and human systems; and

(e) Provide technical assistance to local governments to assist them in developing climate change policies, practices and programs.

(3) The Oregon Climate Change Research Institute shall assess, at least once each biennium, the state of climate change science, including biological, physical and social science, as it relates to Oregon and the likely effects of climate change on the state. The institute shall submit the assessment to the Legislative Assembly in the manner provided in ORS 192.245 and to the Governor.

(4) State agencies may contract with the Oregon Climate Change Research Institute to fulfill agency needs regarding the collection, storage, integration, analysis, dissemination and monitoring of climate change information, research and training.

SECTION 84. ORS 352.655 is amended to read:

352.655. The Domestic Violence Clinical Legal Education Account is created within the General Fund. The account shall consist of moneys paid into the account under ORS 21.111 (4). Moneys credited to the account are continuously appropriated to the [*Department of Higher Education*] **Oregon University System**, and may be used only for the purpose of funding clinical legal education programs at accredited institutions of higher education that provide civil legal services to victims of domestic violence, stalking or sexual assault. The [*department*] **Oregon University System** may provide funding to a program from the account only if the program operates in conjunction with at least one nonprofit service provider to victims of domestic violence, stalking or sexual assault, and as part of the program the provider performs victim counseling services and student training. The [*department*] **Oregon University System** shall distribute moneys from the account to programs in amounts that are proportional to the number of victims of domestic violence, stalking or sexual assault served by the program in the preceding year as compared to the number of victims of domestic violence, stalking or sexual assault served by all programs in the preceding year.

SECTION 85. ORS 542.710 is amended to read:

542.710. (1) The [*Department of Higher Education*] **Oregon University System**, under the direction of the State Board of Higher Education acting through the Agricultural Experiment Station of Oregon State University, is authorized to conduct a test stream and watershed study in order to ascertain in a scientific manner the interrelation between all factors operating in watersheds upon maximum resource productivity of the area for the greatest public benefit.

(2) In conducting the study the [*Department of Higher Education*] **Oregon University System**, under the direction of the State Board of Higher Education acting through the Agricultural Experiment Station of Oregon State University, may:

(a) Enlist the cooperation of other state agencies concerned with fields under study and may reimburse such agencies for use made of facilities and personnel.

(b) Acquire the services of other persons as necessary for the purposes of this section.

SECTION 86. ORS 567.005 is amended to read:

567.005. The [*Department of Higher Education*] **Oregon University System** is authorized to construct at the site of Oregon State University at Corvallis, such greenhouse facilities as may be necessary for testing seed potatoes for diseases, experimentation on insect control methods and materials, research on potato disease problems and for the development and testing of special varieties and strains of potatoes. The greenhouse facilities shall be under the control and management of the experiment station.

SECTION 87. ORS 567.010 is amended to read:

567.010. A separate account in the General Fund is established for the purposes described in ORS 567.005. Moneys in the account are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** for the purposes described in ORS 567.005.

SECTION 88. ORS 576.768 is amended to read:

576.768. (1) The report submitted by the Oregon Wine Board under ORS 182.472 must include a description of the long term strategic plan created by the board and a description of the progress made in implementing the statewide strategic objectives of the board during the most recent biennium.

(2) Notwithstanding ORS 182.462:

(a) The board shall prepare and submit annual plans and a budget recommended by the board for promotion and for research during the next fiscal year.

(b) The board shall adopt rules specifying the procedures, criteria and timelines for the preparation and approval of the annual plans and budget for promotion and for research.

(c) The Director of the Economic and Community Development Department shall review the budget and plans submitted under this section. In reviewing the annual plans and budget, the director shall consider whether the information supplied by the board is factual and consistent with ORS 576.750 to 576.775 and the positive development of the Oregon wine grape growing and wine making industries. The director shall either approve the budget and plans prior to the commencement of the next fiscal year or disapprove and return the budget and plans to the board with conditions necessary for approval prior to the commencement of the next fiscal year. In reviewing the budget and plans, the director may consult with and receive coordinated support from:

(A) The State Department of Agriculture;

(B) The Oregon Tourism Commission;

[(C) *The Department of Higher Education;*]

(C) The Oregon University System;

(D) The Department of Community Colleges and Workforce Development; and

(E) The Oregon Liquor Control Commission.

SECTION 89. ORS 759.445 is amended to read:

759.445. (1) There is established in the State Treasury, separate and distinct from the General Fund, the Connecting Oregon Communities Fund. Moneys in the fund shall consist of amounts deposited in the fund under ORS 759.405 and any other moneys deposited by a telecommunications carrier that elects to be subject to ORS 759.405 and 759.410, including amounts deposited pursuant

to a performance assurance plan implemented by a telecommunications carrier in connection with an application under 47 U.S.C. 271, as in effect on January 1, 2002. Interest earned on moneys in the fund shall accrue to the fund. Moneys in the fund may be invested as provided in ORS 293.701 to 293.820. Moneys in the fund shall be used to provide access to advanced telecommunications technology in elementary schools and high schools, colleges and universities, community colleges, public television corporations, rural health care providers, public libraries and other eligible persons.

(2) Two dedicated accounts shall be established within the Connecting Oregon Communities Fund for purposes of supporting education and public access to advanced telecommunications services. The first \$25 million of the moneys deposited in the Connecting Oregon Communities Fund in both 2000 and 2001 shall be appropriated to the School Technology Account established under subsection (3) of this section. Except as provided in subsection (8) of this section, any additional moneys available in the fund shall be appropriated to the Public Access Account established under subsection (4) of this section.

(3) There is established the School Technology Account within the Connecting Oregon Communities Fund. The purpose of the School Technology Account is to improve access to advanced telecommunications services for students attending public school in kindergarten through grade 12. Moneys in the account shall be expended as provided in section 34, chapter 1093, Oregon Laws 1999.

(4)(a) There is established the Public Access Account within the Connecting Oregon Communities Fund. The purpose of the Public Access Account is to improve access to advanced telecommunications services for community colleges, universities, public libraries and rural health care providers.

(b) If funding has not been provided from other sources, the first \$3 million available in the Public Access Account shall be transferred to the [*Department of Higher Education*] **Oregon University System** for the purpose of funding the Oregon Wide Area Network project to provide and expand Internet access for the Oregon University System. The [*Department of Higher Education*] **Oregon University System** shall complete an audit of bandwidth utilization and report to the Joint Legislative Committee on Information Management and Technology during the Seventy-first Legislative Assembly in the manner provided in ORS 192.245.

(c) Following the transfer of funds described in paragraph (b) of this subsection, the next \$1 million available in the Public Access Account shall be transferred to the [*Department of Higher Education*] **Oregon University System** for Oregon State University for the purpose of providing virtual access to persons with disabilities.

(d) Following the transfer of funds as described in paragraphs (b) and (c) of this subsection, the next \$2 million available in the Public Access Account shall be transferred to the Department of Community Colleges and Workforce Development for distribution to community colleges for the purpose of developing connectivity and distance education programs.

(e) Following the transfer of funds described in paragraphs (b) to (d) of this subsection, the next \$4 million available in the Public Access Account shall be transferred to the [*Department of Higher Education*] **Oregon University System** for video transport and network management services for the Oregon University System.

(f) Following the transfer of funds described in paragraphs (b) to (e) of this subsection, the next \$5.5 million available in the Public Access Account shall be transferred to the Oregon Public Broadcasting Corporation for the purpose of digitizing the state television network, using the Oregon Enterprise Network when possible.

(g) Following the transfer of funds described in paragraphs (b) to (f) of this subsection, the next \$500,000 available in the Public Access Account shall be transferred to the Southern Oregon Public Television Corporation for the purpose of digitizing the state television network, using the Oregon Enterprise Network when possible.

(h) Following the transfer of funds described in paragraphs (b) to (g) of this subsection, a state institution of higher education, including the Oregon Health and Science University, may apply for one-time matching funds up to \$1 million from the Public Access Account to endow a telecommuni-

cations chair for the purpose of increasing research and development of advanced telecommunications services applications. Only one chair may be endowed under this paragraph.

(5)(a) The Oregon Economic and Community Development Commission shall approve expenditure of any remaining moneys in the Public Access Account consistent with this section and ORS 759.430.

(b) Community colleges, state institutions of higher education, public libraries, public television corporations and rural health care providers may apply to the Oregon Economic and Community Development Commission for funding from the Public Access Account under this subsection.

(c) Funds received from the account shall be used for the purchase of advanced telecommunications services, equipment or recurring costs of telecommunications connectivity. Priority shall be given to collaborative projects that improve access to advanced telecommunications services.

(d) Funds available in the Public Access Account under this subsection are continuously appropriated to the Economic and Community Development Department for the purposes described in this subsection.

(6) Public libraries and rural health care providers must apply for federal universal service support in order to be eligible for a grant from the Public Access Account.

(7) The video transport and network management services purchased with funds made available under this section shall be purchased through the Oregon Department of Administrative Services.

(8) Any moneys deposited in the Connecting Oregon Communities Fund under subsection (1) of this section pursuant to a performance assurance plan implemented by a telecommunications carrier in connection with an application under 47 U.S.C. 271, as in effect on January 1, 2002, shall be placed in the School Technology Account to be expended as provided in section 34, chapter 1093, Oregon Laws 1999.

SECTION 90. Section 5, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 5. (1) The project approvals and expenditure limitations in [*this 2007 Act*] **chapter 761, Oregon Laws 2007**, and the expenditure limitations established by the Emergency Board during the biennium beginning July 1, 2007, for capital construction or acquisition projects of the [*Department of Higher Education*] **Oregon University System** and of the Department of Community Colleges and Workforce Development for community colleges, expire on June 30, 2013, unless otherwise noted or unless changed by the Legislative Assembly.

(2) The project approvals and expenditure limitations established by section 2 (3)(h), (4)(f) and (5)(g), chapter 845, Oregon Laws 2001, for capital construction or acquisition projects of the [*Department of Higher Education*] **Oregon University System** expire on June 30, 2009, unless otherwise changed by the Legislative Assembly.

(3)(a) The project approvals and expenditure limitations established by section 2 (5)(f) [*of this 2007 Act*], **chapter 761, Oregon Laws 2007**, are in lieu of the project approvals and expenditure limitations adopted by the Emergency Board during the 2005-2007 biennium for the [*Department of Higher Education*] **Oregon University System** for the Portland State University PCAT Redevelopment Project.

(b) Any action taken by the State Board of Higher Education prior to [*the effective date of this 2007 Act*] **July 12, 2007**, or any contract entered into by the board prior to [*the effective date of this 2007 Act*] **July 12, 2007**, necessary for the acquisition of and improvements to land and the acquisition, planning, constructing, altering, repairing, furnishing and equipping of buildings and facilities for the PCAT Redevelopment Project that was within the project approvals and expenditures limit authorized by the Emergency Board during the 2005-2007 biennium is hereby authorized.

SECTION 91. Section 11, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 11. (1) There is established in the General Fund an account to be known as the Western Oregon University Business, Math and Computer Science Facility Project Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for a facility project at Western Oregon University.

(2) The account shall consist of proceeds from lottery bonds, grant funds, gift funds, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the facility project described in sub-

section (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$500,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the facility project described in subsection (1) of this section.

SECTION 92. Section 12, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 12. (1) There is established in the General Fund an account to be known as the Oregon State University Pauling Research and Education Building Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for the Pauling Research and Education Building at the Oregon State University.

(2) The account shall consist of grant funds, gift funds, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the Pauling Research and Education Building project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$31,256,035 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the Pauling Research and Education Building project described in subsection (1) of this section.

SECTION 93. Section 13, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 13. (1) There is established in the General Fund an account to be known as the Portland State University Science Research and Teaching Center and Hazardous Waste Facility Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for a Science Research and Teaching Center and Hazardous Waste Facility at Portland State University.

(2) The account shall consist of grant funds, gift funds, proceeds of legal settlements, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the center and facility project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$9,500,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the center and facility project described in subsection (1) of this section.

SECTION 94. Section 14, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 14. (1) There is established in the General Fund an account to be known as the University of Oregon Integrative Science Complex, Phase 2 Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for an Interactive Science Complex, Phase 2 at the University of Oregon.

(2) The account shall consist of grant funds, gift funds, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the Interactive Science Complex, Phase 2 project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$30,000,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of*

Higher Education Capital Construction Fund] **account designated by ORS 351.626** for the Interactive Science Complex, Phase 2 project described in subsection (1) of this section.

SECTION 95. Section 15, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 15. (1) There is established in the General Fund an account to be known as the University of Oregon Hayward Field Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of Hayward Field at the University of Oregon.

(2) The account shall consist of funds received from not-for-profit organizations, grant funds, gift funds, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the Hayward Field project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$2,500,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the Hayward Field project described in subsection (1) of this section.

SECTION 96. Section 16, chapter 761, Oregon Laws 2007, as amended by section 14, chapter 15, Oregon Laws 2008, is amended to read:

Sec. 16. (1) There is established in the General Fund an account to be known as the Oregon Institute of Technology Center for Health Professions Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities for a Center for Health Professions project for the Oregon Institute of Technology.

(2) The account shall consist of grant funds, gift funds, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the Center for Health Professions project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$9,000,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the Center for Health Professions project described in subsection (1) of this section.

SECTION 97. Section 17, chapter 761, Oregon Laws 2007, is amended to read:

Sec. 17. (1) There is established in the General Fund an account to be known as the Portland State University Science PCAT Redevelopment Account. Funds in the account shall be used for the construction, remodeling, expansion and renovation of facilities on the current site of the Portland Center for Advanced Technology at Portland State University.

(2) The account shall consist of grant funds, gift funds, proceeds of legal settlements, federal and local government funds made available to and funds donated to the [*Department of Higher Education*] **Oregon University System** for the purpose of the project described in subsection (1) of this section. Interest earned on moneys in the account shall be credited to the account. The account may not be credited with more than \$10,000,000 for purposes of this subsection.

(3) Moneys in the account shall be considered to be General Fund moneys for purposes of section 1 (3), Article XI-G of the Oregon Constitution, are continuously appropriated to the [*Department of Higher Education*] **Oregon University System** and may be transferred to the [*Department of Higher Education Capital Construction Fund*] **account designated by ORS 351.626** for the project described in subsection (1) of this section.

SECTION 98. **ORS 351.456, 351.513, 351.515, 351.523, 351.524, 351.526, 351.528, 351.529, 351.533, 351.534, 351.537, 351.540, 352.600 and 352.630 and section 3, chapter 788, Oregon Laws 2005, as amended by section 3, chapter 746, Oregon Laws 2007, are repealed.**

SECTION 99. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect July 1, 2009.

Passed by House June 26, 2009

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Chief Clerk of House

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Speaker of House

Passed by Senate June 29, 2009

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President of Senate

Received by Governor:

.....M,....., 2009

Approved:

.....M,....., 2009

.....
Governor

Filed in Office of Secretary of State:

.....M,....., 2009

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Secretary of State