

# D R A F T

## SUMMARY

Abolishes Industries for the Blind program.

Modifies contents of report of salary plan changes submitted by Oregon Department of Administrative Services to Legislative Assembly.

Provides for continuation of Task Force on State Budget Process. Sunsets task force on date of convening of 2015 regular session.

Repeals provision transferring moneys to Clean Energy Deployment Fund.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

Relating to state financial administration; creating new provisions; amending ORS 238.005, 238A.005, 291.371, 346.240 and 346.290; repealing ORS 346.190 and 346.230 and section 31, chapter 722, Oregon Laws 2013; and declaring an emergency.

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

## INDUSTRIES FOR THE BLIND PROGRAM

**SECTION 1. ORS 346.190 and 346.230 are repealed.**

**SECTION 2. ORS 238.005 is amended to read:**

238.005. For purposes of this chapter:

(1) "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.

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

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

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

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

(5) "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.

(6) "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.

(7) "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.

(8) "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

1 employer in an employment or industries program maintained for the benefit  
2 of such persons.

3 (d) Persons employed and paid from federal funds received under a federal  
4 program intended primarily to alleviate unemployment. However, any such  
5 person shall be considered an "employee" if not otherwise excluded by para-  
6 graphs (a) to (c) of this subsection and the public employer elects to have  
7 the person so considered by an irrevocable written notice to the board.

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

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

13 (a) The average salary per calendar year paid by one or more participat-  
14 ing public employers to an employee who is an active member of the system  
15 in three of the calendar years of membership before the effective date of re-  
16 tirement of the employee, in which three years the employee was paid the  
17 highest salary. The three calendar years in which the employee was paid the  
18 largest total salary may include calendar years in which the employee was  
19 employed for less than a full calendar year. If the number of calendar years  
20 of active membership before the effective date of retirement of the employee  
21 is three or fewer, the final average salary for the employee is the average  
22 salary per calendar year paid by one or more participating public employers  
23 to the employee in all of those years, without regard to whether the em-  
24 ployee was employed for the full calendar year.

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

29 (10) "Firefighter" does not include a volunteer firefighter, but does in-  
30 clude:

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

1 fire marshals; and

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

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

7 (12) "Fund" means the Public Employees Retirement Fund.

8 (13) "Inactive member" means a member who is not employed in a quali-  
9 fying position, whose membership has not been terminated in the manner  
10 described by ORS 238.095 and who is not retired for service or disability.

11 (14) "Institution of higher education" means a public university listed in  
12 ORS 352.002, the Oregon Health and Science University and a community  
13 college, as defined in ORS 341.005.

14 (15) "Member" means a person who has established membership in the  
15 system and whose membership has not been terminated as described in ORS  
16 238.095. "Member" includes active, inactive and retired members.

17 (16) "Member account" means the regular account and the variable ac-  
18 count.

19 (17) "Normal retirement age" means:

20 (a) For a person who establishes membership in the system before January  
21 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires  
22 at that age as a police officer or firefighter or 58 years of age if the employee  
23 retires at that age as other than a police officer or firefighter.

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

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

30 (19) "Police officer" includes:

31 (a) Employees of institutions defined in ORS 421.005 as Department of

1 Corrections institutions whose duties, as assigned by the Director of the  
2 Department of Corrections, include the custody of persons committed to the  
3 custody of or transferred to the Department of Corrections and employees  
4 of the Department of Corrections who were classified as police officers on  
5 or before July 27, 1989, whether or not such classification was authorized  
6 by law.

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

9 (c) Employees of the Oregon Liquor Control Commission who are classi-  
10 fied as liquor enforcement inspectors by the administrator of the commission.

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

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

16 (f) Police officers who are commissioned by a university under ORS  
17 352.383 or 353.125 and who are classified as police officers by the university.

18 (g) Parole and probation officers employed by the Department of Cor-  
19 rections, parole and probation officers who are transferred to county em-  
20 ployment under ORS 423.549 and adult parole and probation officers, as  
21 defined in ORS 181.610, who are classified as police officers for the purposes  
22 of this chapter by the county governing body. If a county classifies adult  
23 parole and probation officers as police officers for the purposes of this  
24 chapter, and the employees so classified are represented by a labor organ-  
25 ization, any proposal by the county to change that classification or to cease  
26 to classify adult parole and probation officers as police officers for the pur-  
27 poses of this chapter is a mandatory subject of bargaining.

28 (h) Police officers appointed under ORS 276.021 or 276.023.

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

31 (j) Employees of the State Department of Agriculture who are classified

as livestock police officers by the Director of Agriculture.

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

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

(m) Corrections officers as defined in ORS 181.610.

(n) 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.

(o) The Director of the Department of Corrections.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Employees at youth correction facilities as defined in ORS 420.005

1 whose primary job description involves the custody, control, treatment, in-  
2 vestigation or supervision of juveniles placed in such facilities.

3 (u) Employees of the Oregon Youth Authority who are classified as juve-  
4 nile parole and probation officers.

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

7 (21) "Public employer" means the state, one of its agencies, any city,  
8 county, or municipal or public corporation, any political subdivision of the  
9 state or any instrumentality thereof, or an agency created by one or more  
10 such governmental organizations to provide governmental services. For pur-  
11 poses of this chapter, such agency created by one or more governmental or-  
12 ganizations is a governmental instrumentality and a legal entity with power  
13 to enter into contracts, hold property and sue and be sued.

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

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

21 (24) "Retired member" means a member who is retired for service or dis-  
22 ability.

23 (25) "Retirement credit" means a period of time that is treated as credit-  
24 able service for the purposes of this chapter.

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

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

31 (A) Payments of employee and employer money into a deferred compen-

sation 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 described in ORS 238.008; 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 public universities listed in ORS 352.002 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.

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

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



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

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

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

**SECTION 3.** ORS 238.005, as operative until July 1, 2014, is amended to read:

238.005. For purposes of this chapter:

(1) "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.

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

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

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

(5) "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.

(6) "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.

(7) “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.

(8) “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 a 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.

(9) “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.

(10) "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.

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

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

(13) "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.

(14) "Institution of higher education" means a public university listed in ORS 352.002, the Oregon Health and Science University and a community college, as defined in ORS 341.005.

(15) "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.

1 (16) "Member account" means the regular account and the variable ac-  
2 count.

3 (17) "Normal retirement age" means:

4 (a) For a person who establishes membership in the system before January  
5 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires  
6 at that age as a police officer or firefighter or 58 years of age if the employee  
7 retires at that age as other than a police officer or firefighter.

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

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

14 (19) "Police officer" includes:

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

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

24 (c) Employees of the Oregon Liquor Control Commission who are classi-  
25 fied as liquor enforcement inspectors by the administrator of the commission.

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

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

31 (f) Police officers who are commissioned by a university under ORS

352.383 or 353.125 and who are classified as police officers by the university.

(g) 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.

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

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

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

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

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

(m) Corrections officers as defined in ORS 181.610.

(n) 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.

(o) The Director of the Department of Corrections.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

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

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

(21) "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.

(22) "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

1 participating public employer does not provide benefits under this chapter  
2 pursuant to an application made under ORS 238.035.

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

5 (24) "Retired member" means a member who is retired for service or dis-  
6 ability.

7 (25) "Retirement credit" means a period of time that is treated as credit-  
8 able service for the purposes of this chapter.

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

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

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

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

19 (C) Retroactive payments described in ORS 238.008; and

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

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

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

25 (B) Payments for insurance coverage by an employer on behalf of em-  
26 ployee or employee and dependents, for which the employee has no cash op-  
27 tion;

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

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

30 (E) Any accelerated payment of an employment contract for a future pe-  
31 riod 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 public universities of the 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.

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

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

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

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

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

**SECTION 4.** 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 Oregon Business 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 a public university listed in ORS 352.002 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.250 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,

1 whose primary job duties include the fighting of fires;

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

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

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

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

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

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

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

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

27 (9) "Individual account program" means the defined contribution individ-  
28 ual account program of the Oregon Public Service Retirement Plan estab-  
29 lished under ORS 238A.025.

30 (10) "Institution of higher education" means a public university listed in  
31 ORS 352.002, the Oregon Health and Science University or a community

college, as defined in ORS 341.005.

(11) “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.

(12) “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.

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

(14) “Police officer” means a police officer as described in ORS 238.005.

(15) “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).

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

(17)(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 January 3, 2013.

(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 January 3, 2013.

(E) Retroactive payments described in ORS 238.008.

(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 public universities listed in ORS 352.002 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.

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

**SECTION 5.** ORS 238A.005, as operative until July 1, 2014, 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

1 employer;

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

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

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

8 (g) An employee actively participating in an alternative retirement pro-  
9 gram established under ORS 353.250 or an optional retirement plan estab-  
10 lished under ORS 341.551;

11 (h) Employees of the Oregon University System who are actively partic-  
12 ipating in an optional retirement plan offered under ORS 243.800;

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

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

19 (k) Any person who is retired under ORS 238A.100 to 238A.250 or ORS  
20 chapter 238 and who continues to receive retirement benefits while employed;  
21 and

22 (L) Judges.

23 (5) "Firefighter" means:

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

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

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

31 (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) “Institution of higher education” means a public university listed in ORS 352.002, the Oregon Health and Science University or a community college, as defined in ORS 341.005.

(11) “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.

(12) “Participating public employer” means a public employer as defined in ORS 238.005 that provides retirement benefits for employees of the public

1 employer under the system.

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

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

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

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

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

20 (b) "Salary" includes the following amounts:

21 (A) Payments of employee and employer money into a deferred compen-  
22 sation plan that are made at the election of the employee.

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

25 (C) Any amount that is contributed to a cafeteria plan or qualified  
26 transportation fringe benefit plan by the employer at the election of the  
27 employee and that is not includable in the taxable income of the employee  
28 by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on January 3, 2013.

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



on January 3, 2013.

(E) Retroactive payments described in ORS 238.008.

(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 public universities of the 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.

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

**SECTION 6.** ORS 346.240 is amended to read:

346.240. (1) The Oregon Department of Administrative Services may, from time to time, as may be necessary, draw a warrant in favor of the Commission for the Blind for a sum not exceeding \$1,500 in any one amount, *[but not in any event in excess of the amount paid into the State Treasury under ORS 346.230,]* to be used for the purpose of paying for postage, expressage, freight, telegraph, telephone and other incidental expenses for which payment must be made in cash.

(2) The commission shall file with the *[Oregon]* department *[of Administrative Services]*, from time to time, vouchers *[therefor]* **for any warrants to be drawn under subsection (1) of this section.**

(3) Before the commission *[shall receive]* **receives** any moneys to be expended for incidental expenses, the commission shall designate the person to whom the funds *[shall]* **will** be paid.

**SECTION 7.** ORS 346.290 is amended to read:

346.290. (1) There is established in the General Fund of the State Treasury an account to be known as the Commission for the Blind Account. Except for *[Industries for the Blind Program funds designated in ORS 346.230 and]* funds made available to the Commission **for the Blind** under ORS 346.270 or deposited pursuant to ORS 346.540, all moneys received by the commission for promoting the welfare of persons with visual impairments shall be paid into the State Treasury and credited to the Commission for the Blind Account.

(2) All moneys in the Commission for the Blind Account *[hereby are ap-*

*propriated continuously for and shall be used]* **are continuously appropriated to the commission for use** by the commission for the respective purposes authorized by law.

[(2)] **(3)** The commission *[for the Blind]* shall keep a record of all moneys deposited in the Commission for the Blind Account. The record shall indicate by separate cumulative accounts the source from which the moneys are derived and the individual activity or program against which each withdrawal is charged.

**SECTION 8. Any moneys remaining in an account described in ORS 346.230 on the effective date of this 2014 Act are transferred to the Commission for the Blind Account established by ORS 346.290.**

## **OREGON DEPARTMENT OF ADMINISTRATIVE SERVICES**

**SECTION 9.** ORS 291.371 is amended to read:

291.371. (1) As used in this section, "legislative review agency" means the Joint Committee on Ways and Means during the period when the Legislative Assembly is in session and the Emergency Board or the Joint Interim Committee on Ways and Means during the interim period between sessions.

(2) Prior to making any changes in a salary plan, the Oregon Department of Administrative Services shall submit the proposed changes, **including step pay increases**, to the legislative review agency.

(3)(a) The Oregon Department of Administrative Services may approve the reallocation of positions or the establishment of new positions not specifically provided for in the budget of the affected agency if it finds that the proposed change:

(A) Can be financed by the agency within the limits of its biennial budget and legislatively approved program;

(B) Will not produce future budgetary increases; and

(C) Conforms to legislatively approved salary policies.

(b) Proposed changes not meeting the requirements of paragraph (a) of

this subsection shall be presented to the legislative review agency.

(4) Agencies within the Department of Human Services, the Oregon Health Authority and the Department of Corrections shall report on a biennial basis to the legislative review agency. Each report shall include the number of vacant budgeted positions, including all job categories and classifications, within the agency. The legislative review agency shall order the reporting agency to show cause why the budgeted positions have not been filled and shall assess fully the impact the vacancies have on:

(a) The agency's delivery of services, accounting for any seasonal fluctuation in the need for those services;

(b) The agency's budget due to increased use of overtime;

(c) The agency's use of temporary employees; and

(d) Employee workload.

(5) It is declared to be the policy of this state that the total personal services, budget and full-time equivalent positions approved for any state agency shall be the maximum amount necessary to meet the requirements of the agency for the biennium. Notwithstanding ORS 291.232 to 291.260, the Governor and the Oregon Department of Administrative Services may transfer vacant position authority among and within state agencies to achieve maximum utilization of authorized positions within agencies.

## LEGISLATIVE ASSEMBLY

**SECTION 10. (1) The Task Force on the State Budget Process is established. The task force shall consist of:**

**(a) The cochair of the Joint Committee on Ways and Means;**

**(b) One member of the Senate appointed by the President of the Senate and who is a member of a different political party from the Senate cochair of the joint committee;**

**(c) One member of the House of Representatives appointed by the Speaker of the House of Representatives and who is a member of a**

1 different political party from the House cochair of the joint commit-  
2 tee;

3 (d) The Legislative Fiscal Officer;

4 (e) The Legislative Revenue Officer;

5 (f) The director of the Chief Financial Office of the Oregon De-  
6 partment of Administrative Services; and

7 (g) The Director of the Oregon Department of Administrative Ser-  
8 vices.

9 (2) The task force shall:

10 (a) Review existing statutory provisions governing the process of  
11 developing the state budget, including but not limited to provisions in  
12 ORS chapters 291 and 293;

13 (b) Identify current statutory provisions that are outdated, are un-  
14 necessary or need modification;

15 (c) Identify new provisions that would aid in the development of the  
16 state budget; and

17 (d) Recommend a comprehensive package of statutory changes that  
18 will modernize the process of developing the state budget and help  
19 align the state budgeting process with the desired outcomes recom-  
20 mended by the Governor and adopted by the Legislative Assembly.

21 (3) A majority of the members of the task force constitutes a quo-  
22 rum for the transaction of business.

23 (4) Official action by the task force requires the approval of a ma-  
24 jority of the members of the task force.

25 (5) The cochairs of the Joint Committee on Ways and Means shall  
26 serve as chairpersons of the task force.

27 (6) If there is a vacancy for any cause in a position appointed by  
28 the President of the Senate or the Speaker of the House of Represen-  
29 tatives, the appointing authority shall make an appointment to be-  
30 come immediately effective.

31 (7) The task force shall meet at times and places specified by the

1 call of the chairpersons or of a majority of the members of the task  
2 force.

3 (8) The task force may adopt rules necessary for the operation of  
4 the task force.

5 (9) Not later than November 15, 2014, the task force shall submit a  
6 report to the Legislative Assembly in the manner provided by ORS  
7 192.245.

8 (10) The Legislative Administrator shall provide staff support to the  
9 task force.

10 (11) Members of the task force who are not members of the Legis-  
11 lative Assembly are not entitled to compensation, but may be reim-  
12 bursed for actual and necessary travel and other expenses incurred by  
13 them in the performance of their official duties in the manner and  
14 amounts provided for in ORS 292.495. Claims for expenses incurred in  
15 performing functions of the task force shall be paid out of funds ap-  
16 propriated to the Legislative Administration Committee for purposes  
17 of the task force.

18 (12) All agencies of state government, as defined in ORS 174.111, are  
19 directed to assist the task force in the performance of its duties and,  
20 to the extent permitted by laws relating to confidentiality, to furnish  
21 such information and advice as the members of the task force consider  
22 necessary to perform their duties.

23 SECTION 11. Section 10 of this 2014 Act is repealed on the date of  
24 the convening of the 2015 regular session of the Legislative Assembly  
25 as specified in ORS 171.010.

26 SECTION 12. The task force established by section 10 of this 2014  
27 Act is a continuation of the Task Force on the State Budget Process  
28 established by section 1, chapter 601, Oregon Laws 2013, and not a new  
29 task force. The members appointed under section 1, chapter 601,  
30 Oregon Laws 2013, and serving on the date of the convening of the 2014  
31 regular session of the Legislative Assembly shall continue to serve for

1 **purposes of the task force established under section 10 of this 2014 Act.**

2

3

4 **HOUSING AND COMMUNITY SERVICES**

5

6 **SECTION 13. Section 31, chapter 722, Oregon Laws 2013, is repealed.**

7

8 **CAPTIONS**

9

10 **SECTION 14. The unit captions used in this 2014 Act are provided**  
11 **only for the convenience of the reader and do not become part of the**  
12 **statutory law of this state or express any legislative intent in the**  
13 **enactment of this 2014 Act.**

14

15 **EMERGENCY CLAUSE**

16

17 **SECTION 15. This 2014 Act being necessary for the immediate**  
18 **preservation of the public peace, health and safety, an emergency is**  
19 **declared to exist, and this 2014 Act takes effect on its passage.**

20

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