

**A-Engrossed**  
**House Bill 4157**

Ordered by the House March 6  
Including House Amendments dated March 6

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

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.

**Provides for continuation of Work Group on Corrections Health Care Costs. Sunsets work group on date of convening of 2015 regular session.**

**Transfers amount from Secretary of State Operating Account to General Fund.**

**Sets provisions for financial assistance to financially troubled school districts. Establishes limitation on expenditures by Department of Education from State School Fund.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to state financial administration; creating new provisions; amending ORS 238.005, 238A.005,  
3 291.371, 346.240 and 346.290; repealing ORS 346.190 and 346.230 and section 31, chapter 722,  
4 Oregon Laws 2013; and declaring an emergency.

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

6  
7 **INDUSTRIES FOR THE BLIND PROGRAM**

8  
9 **SECTION 1. ORS 346.190 and 346.230 are repealed.**

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

11 238.005. For purposes of this chapter:

12 (1) "Active member" means a member who is presently employed by a participating public em-  
13 ployer in a qualifying position and who has completed the six-month period of service required by  
14 ORS 238.015.

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

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

18 (4) "Calendar year" means 12 calendar months commencing on January 1 and ending on De-  
19 cember 31 following.

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

22 (a) An employee who had returned to the service of the employer as of January 1, 1945, and

**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.

1 who remained in that employment until having established membership in the Public Employees  
2 Retirement System.

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

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

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

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

16 (a) Persons engaged as independent contractors.

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

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

22 (d) Persons employed and paid from federal funds received under a federal program intended  
23 primarily to alleviate unemployment. However, any such person shall be considered an "employee"  
24 if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects  
25 to have the person so considered by an irrevocable written notice to the board.

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

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

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

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

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

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

44 (b) An employee of the State Forestry Department who is certified by the State Forester as a  
45 professional wildland firefighter and whose primary duties include the abatement of uncontrolled

1 fires as described in ORS 477.064.

2 (11) "Fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 fol-  
3 lowing.

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

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

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

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

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

14 (17) "Normal retirement age" means:

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

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

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

24 (19) "Police officer" includes:

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

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

32 (c) Employees of the Oregon Liquor Control Commission who are classified as liquor enforce-  
33 ment inspectors by the administrator of the commission.

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

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

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

40 (g) Parole and probation officers employed by the Department of Corrections, parole and pro-  
41 bation officers who are transferred to county employment under ORS 423.549 and adult parole and  
42 probation officers, as defined in ORS 181.610, who are classified as police officers for the purposes  
43 of this chapter by the county governing body. If a county classifies adult parole and probation offi-  
44 cers as police officers for the purposes of this chapter, and the employees so classified are repres-  
45 ented by a labor organization, any proposal by the county to change that classification or to cease

1 to classify adult parole and probation officers as police officers for the purposes of this chapter is  
2 a mandatory subject of bargaining.

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

4 (i) Employees of the Port of Portland who are classified as airport police by the Board of Com-  
5 missioners of the Port of Portland.

6 (j) Employees of the State Department of Agriculture who are classified as livestock police of-  
7 ficers by the Director of Agriculture.

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

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

11 (m) Corrections officers as defined in ORS 181.610.

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

14 (o) The Director of the Department of Corrections.

15 (p) An employee who for seven consecutive years has been classified as a police officer as de-  
16 fined by this section, and who is employed or transferred by the Department of Corrections to fill  
17 a position designated by the Director of the Department of Corrections as being eligible for police  
18 officer status.

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

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

26 (s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050,  
27 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who  
28 have supervisory, control or teaching responsibilities over juveniles committed to the custody of the  
29 Department of Corrections or the Oregon Youth Authority.

30 (t) Employees at youth correction facilities as defined in ORS 420.005 whose primary job de-  
31 scription involves the custody, control, treatment, investigation or supervision of juveniles placed  
32 in such facilities.

33 (u) Employees of the Oregon Youth Authority who are classified as juvenile parole and pro-  
34 bation officers.

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

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

43 (22) "Qualifying position" means one or more jobs with one or more participating public em-  
44 ployers in which an employee performs 600 or more hours of service in a calendar year, excluding  
45 any service in a job for which a participating public employer does not provide benefits under this

1 chapter pursuant to an application made under ORS 238.035.

2 (23) "Regular account" means the account established for each active and inactive member un-  
3 der ORS 238.250.

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

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

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

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

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

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

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

17 (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS  
18 652.190.

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

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

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

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

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

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

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

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

33 (H) Payments for instructional services rendered to public universities listed in ORS 352.002 or  
34 the Oregon Health and Science University when such services are in excess of full-time employment  
35 subject to this chapter. A person employed under a contract for less than 12 months is subject to  
36 this subparagraph only for the months to which the contract pertains; or

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

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

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

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

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

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

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

2       238.005. For purposes of this chapter:

3       (1) "Active member" means a member who is presently employed by a participating public em-  
4       ployer in a qualifying position and who has completed the six-month period of service required by  
5       ORS 238.015.

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

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

9       (4) "Calendar year" means 12 calendar months commencing on January 1 and ending on De-  
10       cember 31 following.

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

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

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

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

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

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

29       (a) Persons engaged as independent contractors.

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

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

35       (d) Persons employed and paid from federal funds received under a federal program intended  
36       primarily to alleviate unemployment. However, any such person shall be considered an "employee"  
37       if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects  
38       to have the person so considered by an irrevocable written notice to the board.

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

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

43       (a) The average salary per calendar year paid by one or more participating public employers to  
44       an employee who is an active member of the system in three of the calendar years of membership  
45       before the effective date of retirement of the employee, in which three years the employee was paid

1 the highest salary. The three calendar years in which the employee was paid the largest total salary  
2 may include calendar years in which the employee was employed for less than a full calendar year.  
3 If the number of calendar years of active membership before the effective date of retirement of the  
4 employee is three or fewer, the final average salary for the employee is the average salary per cal-  
5 endar year paid by one or more participating public employers to the employee in all of those years,  
6 without regard to whether the employee was employed for the full calendar year.

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

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

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

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

15 (11) "Fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 fol-  
16 lowing.

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

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

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

23 (15) "Member" means a person who has established membership in the system and whose mem-  
24 bership has not been terminated as described in ORS 238.095. "Member" includes active, inactive  
25 and retired members.

26 (16) "Member account" means the regular account and the variable account.

27 (17) "Normal retirement age" means:

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

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

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

37 (19) "Police officer" includes:

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

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

45 (c) Employees of the Oregon Liquor Control Commission who are classified as liquor enforce-

1 ment inspectors by the administrator of the commission.

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

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

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

8 (g) Parole and probation officers employed by the Department of Corrections, parole and pro-  
9 bation officers who are transferred to county employment under ORS 423.549 and adult parole and  
10 probation officers, as defined in ORS 181.610, who are classified as police officers for the purposes  
11 of this chapter by the county governing body. If a county classifies adult parole and probation offi-  
12 cers as police officers for the purposes of this chapter, and the employees so classified are repres-  
13 ented by a labor organization, any proposal by the county to change that classification or to cease  
14 to classify adult parole and probation officers as police officers for the purposes of this chapter is  
15 a mandatory subject of bargaining.

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

17 (i) Employees of the Port of Portland who are classified as airport police by the Board of Com-  
18 missioners of the Port of Portland.

19 (j) Employees of the State Department of Agriculture who are classified as livestock police of-  
20 ficers by the Director of Agriculture.

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

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

24 (m) Corrections officers as defined in ORS 181.610.

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

27 (o) The Director of the Department of Corrections.

28 (p) An employee who for seven consecutive years has been classified as a police officer as de-  
29 fined by this section, and who is employed or transferred by the Department of Corrections to fill  
30 a position designated by the Director of the Department of Corrections as being eligible for police  
31 officer status.

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

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

39 (s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050,  
40 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who  
41 have supervisory, control or teaching responsibilities over juveniles committed to the custody of the  
42 Department of Corrections or the Oregon Youth Authority.

43 (t) Employees at youth correction facilities as defined in ORS 420.005 whose primary job de-  
44 scription involves the custody, control, treatment, investigation or supervision of juveniles placed  
45 in such facilities.



1 (u) Employees of the Oregon Youth Authority who are classified as juvenile parole and pro-  
2 bation officers.

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

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

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

15 (23) "Regular account" means the account established for each active and inactive member un-  
16 der ORS 238.250.

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

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

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

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

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

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

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

30 (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS  
31 652.190.

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

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

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

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

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

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

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

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

1 (H) Payments for instructional services rendered to public universities of the Oregon University  
2 System or the Oregon Health and Science University when such services are in excess of full-time  
3 employment subject to this chapter. A person employed under a contract for less than 12 months is  
4 subject to this subparagraph only for the months to which the contract pertains; or

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

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

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

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

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

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

14 **SECTION 4.** ORS 238A.005 is amended to read:

15 238A.005. For the purposes of this chapter:

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

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

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

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

24 (a) Persons engaged as independent contractors;

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

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

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

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

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

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

34 (h) Employees of a public university listed in ORS 352.002 who are actively participating in an  
35 optional retirement plan offered under ORS 243.800;

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

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

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

42 (L) Judges.

43 (5) "Firefighter" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (D) Any amount that is contributed to a cash or deferred arrangement by the employer at the  
10 election of the employee and that is not included in the taxable income of the employee by reason  
11 of 26 U.S.C. 402(e)(3), as in effect on January 3, 2013.

12 (E) Retroactive payments described in ORS 238.008.

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

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

18 (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS  
19 652.190.

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

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

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

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

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

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

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

31 (G) Payments for instructional services rendered to public universities listed in ORS 352.002 or  
32 the Oregon Health and Science University when those services are in excess of full-time employment  
33 subject to this chapter. A person employed under a contract for less than 12 months is subject to  
34 this subparagraph only for the months covered by the contract.

35 (H) The amount of an employee contribution to the individual account program that is paid by  
36 the employer and is not deducted from the compensation of the employee, as provided under ORS  
37 238A.335 (1) and (2)(b).

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

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

44 **SECTION 5.** ORS 238A.005, as operative until July 1, 2014, is amended to read:

45 238A.005. For the purposes of this chapter:

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

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

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

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

9 (a) Persons engaged as independent contractors;

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

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

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

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

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

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

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

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

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

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

27 (L) Judges.

28 (5) "Firefighter" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (D) Any amount that is contributed to a cash or deferred arrangement by the employer at the  
40 election of the employee and that is not included in the taxable income of the employee by reason  
41 of 26 U.S.C. 402(e)(3), as in effect on January 3, 2013.

42 (E) Retroactive payments described in ORS 238.008.

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

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

3 (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS  
4 652.190.

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

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

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

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

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

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

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

16 (G) Payments for instructional services rendered to public universities of the Oregon University  
17 System or the Oregon Health and Science University when those services are in excess of full-time  
18 employment subject to this chapter. A person employed under a contract for less than 12 months is  
19 subject to this subparagraph only for the months covered by the contract.

20 (H) The amount of an employee contribution to the individual account program that is paid by  
21 the employer and is not deducted from the compensation of the employee, as provided under ORS  
22 238A.335 (1) and (2)(b).

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

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

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

30 346.240. (1) The Oregon Department of Administrative Services may, from time to time, as may  
31 be necessary, draw a warrant in favor of the Commission for the Blind for a sum not exceeding  
32 \$1,500 in any one amount, [*but not in any event in excess of the amount paid into the State Treasury*  
33 *under ORS 346.230,*] to be used for the purpose of paying for postage, expressage, freight, telegraph,  
34 telephone and other incidental expenses for which payment must be made in cash.

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

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

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

41 346.290. (1) There is established in the General Fund of the State Treasury an account to be  
42 known as the Commission for the Blind Account. Except for [*Industries for the Blind Program funds*  
43 *designated in ORS 346.230 and*] funds made available to the Commission **for the Blind** under ORS  
44 346.270 or deposited pursuant to ORS 346.540, all moneys received by the commission for promoting  
45 the welfare of persons with visual impairments shall be paid into the State Treasury and credited

1 to the Commission for the Blind Account.

2 (2) All moneys in the Commission for the Blind Account [*hereby are appropriated continuously*  
3 *for and shall be used*] **are continuously appropriated to the commission for use** by the commis-  
4 sion for the respective purposes authorized by law.

5 [(2)] (3) The commission [*for the Blind*] shall keep a record of all moneys deposited in the Com-  
6 mission for the Blind Account. The record shall indicate by separate cumulative accounts the  
7 source from which the moneys are derived and the individual activity or program against which  
8 each withdrawal is charged.

9 **SECTION 8. Any moneys remaining in an account described in ORS 346.230 on the ef-**  
10 **fective date of this 2014 Act are transferred to the Commission for the Blind Account es-**  
11 **tablished by ORS 346.290.**

12  
13 **OREGON DEPARTMENT OF ADMINISTRATIVE SERVICES**

14  
15 **SECTION 9.** ORS 291.371 is amended to read:

16 291.371. (1) As used in this section, “legislative review agency” means the Joint Committee on  
17 Ways and Means during the period when the Legislative Assembly is in session and the Emergency  
18 Board or the Joint Interim Committee on Ways and Means during the interim period between ses-  
19 sions.

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

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

26 (A) Can be financed by the agency within the limits of its biennial budget and legislatively ap-  
27 proved program;

28 (B) Will not produce future budgetary increases; and

29 (C) Conforms to legislatively approved salary policies.

30 (b) Proposed changes not meeting the requirements of paragraph (a) of this subsection shall be  
31 presented to the legislative review agency.

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

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

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

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

42 (d) Employee workload.

43 (5) It is declared to be the policy of this state that the total personal services, budget and full-  
44 time equivalent positions approved for any state agency shall be the maximum amount necessary to  
45 meet the requirements of the agency for the biennium. Notwithstanding ORS 291.232 to 291.260, the



1 Governor and the Oregon Department of Administrative Services may transfer vacant position au-  
2 thority among and within state agencies to achieve maximum utilization of authorized positions  
3 within agencies.

4  
5 **LEGISLATIVE ASSEMBLY**  
6

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

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

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

12 (c) **One member of the House of Representatives appointed by the Speaker of the House**  
13 **of Representatives and who is a member of a different political party from the House cochair**  
14 **of the joint committee;**

15 (d) **The Legislative Fiscal Officer;**

16 (e) **The Legislative Revenue Officer;**

17 (f) **The director of the Chief Financial Office of the Oregon Department of Administrative**  
18 **Services; and**

19 (g) **The Director of the Oregon Department of Administrative Services.**

20 (2) **The task force shall:**

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

23 (b) **Identify current statutory provisions that are outdated, are unnecessary or need**  
24 **modification;**

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

26 (d) **Recommend a comprehensive package of statutory changes that will modernize the**  
27 **process of developing the state budget and help align the state budgeting process with the**  
28 **desired outcomes recommended by the Governor and adopted by the Legislative Assembly.**

29 (3) **A majority of the members of the task force constitutes a quorum for the transaction**  
30 **of business.**

31 (4) **Official action by the task force requires the approval of a majority of the members**  
32 **of the task force.**

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

35 (6) **If there is a vacancy for any cause in a position appointed by the President of the**  
36 **Senate or the Speaker of the House of Representatives, the appointing authority shall make**  
37 **an appointment to become immediately effective.**

38 (7) **The task force shall meet at times and places specified by the call of the chairpersons**  
39 **or of a majority of the members of the task force.**

40 (8) **The task force may adopt rules necessary for the operation of the task force.**

41 (9) **Not later than November 15, 2014, the task force shall submit a report to the Legis-**  
42 **lative Assembly in the manner provided by ORS 192.245.**

43 (10) **The Legislative Administrator shall provide staff support to the task force.**

44 (11) **Members of the task force who are not members of the Legislative Assembly are not**  
45 **entitled to compensation, but may be reimbursed for actual and necessary travel and other**

1 expenses incurred by them in the performance of their official duties in the manner and  
2 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions  
3 of the task force shall be paid out of funds appropriated to the Legislative Administration  
4 Committee for purposes of the task force.

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

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

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

17  
18 **HOUSING AND COMMUNITY SERVICES**

19  
20 SECTION 13. Section 31, chapter 722, Oregon Laws 2013, is repealed.

21  
22 **DEPARTMENT OF CORRECTIONS**

23  
24 SECTION 14. (1) There is created the Work Group on Corrections Health Care Costs  
25 consisting of 13 members as follows:

26 (a) Two members appointed by the President of the Senate from among the members of  
27 the Senate, including one member from the Democratic party and one member recommended  
28 by the leadership of the Republican party.

29 (b) Two members appointed by the Speaker of the House of Representatives from among  
30 the members of the House of Representatives, including one member from the Democratic  
31 party and one member recommended by the leadership of the Republican party.

32 (c) The Director of the Department of Corrections or the director's designee.

33 (d) The Director of the Oregon Health Authority or the director's designee.

34 (e) The Director of the Oregon Youth Authority or the director's designee.

35 (f) Six members appointed by the Governor who have expertise in health care, health  
36 care costs and corrections, including one member from a labor organization representing  
37 corrections officers and one county sheriff.

38 (2) Under the direction of the Governor, the work group shall recommend legislation to  
39 be introduced in the 2015 regular session of the Legislative Assembly to establish the ap-  
40 propriate mechanisms to significantly lower the health care costs of the Department of  
41 Corrections. The work group shall prioritize legislative concepts that:

42 (a) Produce the greatest value for the department's health care expenditures;

43 (b) Consolidate health care functions as appropriate; and

44 (c) May be integrated into other initiatives in this state to reduce health care costs.

45 (3) A majority of the voting members of the work group constitutes a quorum for the

1 transaction of business.

2 (4) Official action by the work group requires the approval of a majority of the voting  
3 members of the work group.

4 (5) The Governor shall select one member of the work group to serve as chairperson and  
5 another to serve as vice chairperson, for the terms and with the duties and powers necessary  
6 for the performance of the functions of such offices as the Governor determines.

7 (6) If there is a vacancy for any cause, the appointing authority shall make an appoint-  
8 ment to become immediately effective.

9 (7) Members of the Legislative Assembly appointed to the work group are nonvoting  
10 members of the work group and may act in an advisory capacity only.

11 (8) The work group shall meet at times and places specified by the call of the chairperson  
12 or of a majority of the voting members of the work group.

13 (9) The work group may adopt rules necessary for the operation of the work group.

14 (10) The work group shall submit its recommendations for legislation to the interim  
15 committees of the Legislative Assembly related to health care no later than January 1, 2015.

16 (11) The Oregon Health Authority and the Department of Corrections shall provide ad-  
17 ministrative and technical support to the work group.

18 (12) The work group shall have access to nationally recognized experts and information  
19 from nationally recognized health care programs to aid in its deliberations.

20 (13) Members of the work group who are not members of the Legislative Assembly are  
21 not entitled to compensation, but may be reimbursed for actual and necessary travel and  
22 other expenses incurred by them in the performance of their official duties in the manner  
23 and amounts provided for in ORS 292.495. Claims for expenses incurred in performing func-  
24 tions of the work group shall be paid out of funds appropriated to Oregon Health Authority  
25 and the Department of Corrections for purposes of the work group.

26 (14) All agencies of state government, as defined in ORS 174.111, are directed to assist  
27 the work group in the performance of its duties and, to the extent permitted by laws relating  
28 to confidentiality, to furnish such information and advice as the members of the work group  
29 consider necessary to perform their duties.

30 SECTION 15. Section 14 of this 2014 Act is repealed on the date of the convening of the  
31 2015 regular session of the Legislative Assembly as specified in ORS 171.010.

32 SECTION 16. The work group established by section 14 of this 2014 Act is a continuation  
33 of the Work Group on Corrections Health Care Costs created by section 1, chapter 538,  
34 Oregon Laws 2013, and not a new work group. The members appointed under section 1,  
35 chapter 538, Oregon Laws 2013, and serving on the date of the convening of the 2014 regular  
36 session of the Legislative Assembly shall continue to serve for purposes of the work group  
37 created under section 14 of this 2014 Act.

38  
39 SECRETARY OF STATE  
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41 SECTION 17. Notwithstanding ORS 56.041 and in addition to the transfers required by  
42 ORS 56.041 (4) or any other law, the amount of \$2,200,000 is transferred from the Operating  
43 Account to the General Fund for general governmental purposes. The transfer shall be made  
44 on June 15, 2015.  
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**FINANCIALLY TROUBLED SCHOOL DISTRICTS**

**SECTION 18.** (1) As used in this section, “financially troubled school district” means a school district that:

- (a) Has an accumulated negative balance for the general fund of the school district; and
- (b) Does not have reserve funds that are sufficient to bring the balance of the general fund of the school district to a positive balance.

(2) A financially troubled school district may request the Department of Education to provide financial assistance to the school district as provided by this section.

(3) Upon receiving a request for financial assistance from a financially troubled school district, the department shall review the school district’s financial condition and the causes that led to the school district’s financial situation.

(4)(a) If the department agrees with the request made by a financially troubled school district for financial assistance, the department may recommend to the Superintendent of Public Instruction that financial assistance be provided to the school district.

(b) The Superintendent of Public Instruction may provide financial assistance to a financially troubled school district by entering into an agreement with the school district to make a loan to the school district. A loan made as provided by this paragraph:

- (A) May not exceed \$400,000;
- (B) Shall be interest free;
- (C) Must be repaid within four years after entering into the agreement or by December 31, 2018, whichever is earlier; and
- (D) Must be repaid from amounts that otherwise would have been distributed to the school district from the State School Fund.

(5) The Superintendent of Public Instruction shall transfer to the State School Fund any amounts repaid by a financially troubled school district for a loan made under this section.

(6) A school district that receives financial assistance under this section shall submit quarterly financial reports to the department for review until the loan is repaid in full.

(7) The Superintendent of Public Instruction, on recommendation of the department, may order changes in the financial policies of the school district until the loan is repaid in full.

**SECTION 19.** Section 18 of this 2014 Act is repealed on December 31, 2018.

**SECTION 20.** Notwithstanding ORS 327.008 and 327.013, for the biennium beginning July 1, 2013, the Department of Education may expend up to \$400,000 from the State School Fund for the purposes of section 18 of this 2014 Act.

**CAPTIONS**

**SECTION 21.** The unit captions used in this 2014 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2014 Act.

**EMERGENCY CLAUSE**

**SECTION 22.** This 2014 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect

1 **on its passage.**

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