

House Bill 4157

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 **as introduced**.

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

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:**

INDUSTRIES FOR THE BLIND PROGRAM

6
7
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 ORS 346.190 and 346.230 are repealed.**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
23 who remained in that employment until having established membership in the Public Employees
24 Retirement System.

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

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

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

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

10 (a) Persons engaged as independent contractors.

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

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

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

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

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

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

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

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

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

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

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

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

44 (13) "Inactive member" means a member who is not employed in a qualifying position, whose
45 membership has not been terminated in the manner described by ORS 238.095 and who is not retired

1 for service or disability.

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

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

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

8 (17) "Normal retirement age" means:

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

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

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

18 (19) "Police officer" includes:

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

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

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

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

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

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

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

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

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

45 (j) Employees of the State Department of Agriculture who are classified as livestock police of-

1 ficers by the Director of Agriculture.

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

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

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

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

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

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

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

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

20 (s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050,
21 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who
22 have supervisory, control or teaching responsibilities over juveniles committed to the custody of the
23 Department of Corrections or the Oregon Youth Authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
12 652.190.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 238.005. For purposes of this chapter:

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

45 (2) "Annuity" means payments for life derived from contributions made by a member as provided

1 in this chapter.

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

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

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

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

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

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

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

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

23 (a) Persons engaged as independent contractors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (17) "Normal retirement age" means:

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

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

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

31 (19) "Police officer" includes:

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

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

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

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

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

45 (f) Police officers who are commissioned by a university under ORS 352.383 or 353.125 and who

1 are classified as police officers by the university.

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

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

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

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

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

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

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

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

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

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

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

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

33 (s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050,
 34 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who
 35 have supervisory, control or teaching responsibilities over juveniles committed to the custody of the
 36 Department of Corrections or the Oregon Youth Authority.

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

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

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

44 (21) "Public employer" means the state, one of its agencies, any city, county, or municipal or
 45 public corporation, any political subdivision of the state or any instrumentality thereof, or an agency

1 created by one or more such governmental organizations to provide governmental services. For
 2 purposes of this chapter, such agency created by one or more governmental organizations is a gov-
 3 ernmental instrumentality and a legal entity with power to enter into contracts, hold property and
 4 sue and be sued.

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

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

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

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

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

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

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

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

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

24 (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
 25 652.190.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 238A.005. For the purposes of this chapter:

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

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

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

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

18 (a) Persons engaged as independent contractors;

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

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

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

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

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

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

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

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

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

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

36 (L) Judges.

37 (5) "Firefighter" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 (C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit

1 plan by the employer at the election of the employee and that is not includable in the taxable in-
 2 come of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on January 3, 2013.

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

6 (E) Retroactive payments described in ORS 238.008.

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

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

12 (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
 13 652.190.

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

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

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

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

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

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

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

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

29 (H) The amount of an employee contribution to the individual account program that is paid by
 30 the employer and is not deducted from the compensation of the employee, as provided under ORS
 31 238A.335 (1) and (2)(b).

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

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

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

39 238A.005. For the purposes of this chapter:

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

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

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

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

3 (a) Persons engaged as independent contractors;

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

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

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

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

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

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

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

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

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

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

21 (L) Judges.

22 (5) “Firefighter” means:

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

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

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

30 (6) “Fund” means the Public Employees Retirement Fund.

31 (7)(a) “Hour of service” means:

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

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

40 (b) “Hour of service” does not include any hour for which payment is made or due under a plan
 41 maintained solely for the purpose of complying with applicable workers’ compensation laws or un-
 42 employment compensation laws.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (E) Retroactive payments described in ORS 238.008.

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

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

42 (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
 43 652.190.

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

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

1 employer.

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

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

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

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

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

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

14 (H) The amount of an employee contribution to the individual account program that is paid by
15 the employer and is not deducted from the compensation of the employee, as provided under ORS
16 238A.335 (1) and (2)(b).

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

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

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

24 346.240. (1) The Oregon Department of Administrative Services may, from time to time, as may
25 be necessary, draw a warrant in favor of the Commission for the Blind for a sum not exceeding
26 \$1,500 in any one amount, [*but not in any event in excess of the amount paid into the State Treasury*
27 *under ORS 346.230,*] to be used for the purpose of paying for postage, expressage, freight, telegraph,
28 telephone and other incidental expenses for which payment must be made in cash.

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

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

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

35 346.290. (1) There is established in the General Fund of the State Treasury an account to be
36 known as the Commission for the Blind Account. Except for [*Industries for the Blind Program funds*
37 *designated in ORS 346.230 and*] funds made available to the Commission **for the Blind** under ORS
38 346.270 or deposited pursuant to ORS 346.540, all moneys received by the commission for promoting
39 the welfare of persons with visual impairments shall be paid into the State Treasury and credited
40 to the Commission for the Blind Account.

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

44 [(2)] (3) The commission [*for the Blind*] shall keep a record of all moneys deposited in the Com-
45 mission for the Blind Account. The record shall indicate by separate cumulative accounts the

1 source from which the moneys are derived and the individual activity or program against which
 2 each withdrawal is charged.

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

6
 7 **OREGON DEPARTMENT OF ADMINISTRATIVE SERVICES**

8
 9 **SECTION 9.** ORS 291.371 is amended to read:

10 291.371. (1) As used in this section, “legislative review agency” means the Joint Committee on
 11 Ways and Means during the period when the Legislative Assembly is in session and the Emergency
 12 Board or the Joint Interim Committee on Ways and Means during the interim period between ses-
 13 sions.

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

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

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

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

23 (C) Conforms to legislatively approved salary policies.

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

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

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

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

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

36 (d) Employee workload.

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

43
 44 **LEGISLATIVE ASSEMBLY**

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

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

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

6 (c) One member of the House of Representatives appointed by the Speaker of the House
 7 of Representatives and who is a member of a different political party from the House cochair
 8 of the joint committee;

9 (d) The Legislative Fiscal Officer;

10 (e) The Legislative Revenue Officer;

11 (f) The director of the Chief Financial Office of the Oregon Department of Administrative
 12 Services; and

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

14 (2) The task force shall:

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

17 (b) Identify current statutory provisions that are outdated, are unnecessary or need
 18 modification;

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

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

23 (3) A majority of the members of the task force constitutes a quorum for the transaction
 24 of business.

25 (4) Official action by the task force requires the approval of a majority of the members
 26 of the task force.

27 (5) The cochair of the Joint Committee on Ways and Means shall serve as chairpersons
 28 of the task force.

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

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

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

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

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

38 (11) Members of the task force who are not members of the Legislative Assembly are not
 39 entitled to compensation, but may be reimbursed for actual and necessary travel and other
 40 expenses incurred by them in the performance of their official duties in the manner and
 41 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions
 42 of the task force shall be paid out of funds appropriated to the Legislative Administration
 43 Committee for purposes of the task force.

44 (12) All agencies of state government, as defined in ORS 174.111, are directed to assist
 45 the task force in the performance of its duties and, to the extent permitted by laws relating

1 to confidentiality, to furnish such information and advice as the members of the task force
2 consider necessary to perform their duties.

3 **SECTION 11.** Section 10 of this 2014 Act is repealed on the date of the convening of the
4 2015 regular session of the Legislative Assembly as specified in ORS 171.010.

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

11
12 **HOUSING AND COMMUNITY SERVICES**

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

15
16 **CAPTIONS**

17
18 **SECTION 14.** The unit captions used in this 2014 Act are provided only for the conven-
19 ience of the reader and do not become part of the statutory law of this state or express any
20 legislative intent in the enactment of this 2014 Act.

21
22 **EMERGENCY CLAUSE**

23
24 **SECTION 15.** This 2014 Act being necessary for the immediate preservation of the public
25 peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect
26 on its passage.
27
