

SB 1067 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 6/9, 7/3, 7/3

WHAT THE MEASURE DOES:

The measure makes several changes to state government programs and processes to contain costs and reduce future costs; including:

- Requires legislative review of reclassification of positions by state agencies
- Requires legislative review of agency long-term vacancies
- Requires additional reporting on collective bargaining changes
- Reduces the cap on state government FTE from 1.5% to 1.0% of the state population
- Requires the Legislative Fiscal Office (LFO) to study the Lottery Commission administrative costs and transfer rate prior to the odd-numbered year session
- Requires a study of state procurement practices to achieve savings
- Authorizes LFO to update current service level assumptions from what is used to prepare the Governor's budget proposal
- Sets a target of 2% of replacement value to be spent on deferred maintenance each biennium
- Modifies the law regarding PERS side accounts (pre-paid employer contributions) and requires the Governor's budget proposal to include recommendations on funds available for additional side account deposits
- Limits PERS contingency reserve fund to \$50 million
- Ensures that communications regarding the PERS unfunded accrued liability includes information on side accounts
- Requires the Legislature to establish a minimum project amount to be eligible for bond financing; projects below that amount need to be funded with cash
- Centralizes debt collection activity in state government in the Department of Revenue and further specifies changes to debt collection processes
- Requires PEBB and OEGB to establish an executive committee to develop a plan for the merger of the boards and to begin to combine administrative functions and operations
- Requires PEBB and OEGB to adopt methodologies designed to limit growth in premium or per member health plan costs to 3.4% per year
- Eliminates "double coverage" for PEBB and OEGB employees who have family members also employed by a PEBB or OEGB employer.
- Ties hospital rates for PEBB and OEGB to a percentage of Medicare rates for most hospitals
- Establishes effective dates

ISSUES DISCUSSED:

Provisions of the measure and potential impact on hospitals.

EFFECT OF AMENDMENT:

Specifies reporting requirements, further defines state-owned buildings and infrastructure, allows for adding lump sum payments to existing side accounts in the Public Employees Retirement Fund, further specifies exemptions related to borrowing for operating expenses, specifies reporting requirements related to liquidated and delinquent accounts, establishes intent for plan for merger of the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEGB) and specifies reporting requirements regarding the boards, eliminates double

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coverage for those covered by PEBB and OEBB plans beginning with plans years after July 1, 2019, provides exemptions for certain hospitals for the tie to Medicare rates and sets implementation date for the tie to Medicare rates as after July 1, 2019, and requires PEBB and OEBB to go out to bid at least every three years for actuarial or technical support. Makes clarifying modifications.

BACKGROUND:

A legislative work group was convened during the 2017 session to examine potential cost reduction and prevention options in order to help reduce cost increases in future budgets and to institute prudent financial practices and principles for state government. The measure is a compilation of actions related to that work and other proposals that also had the same intent.