

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5536-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Barker
Carrier – Senate: Sen. Verger**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 21 – 0 – 1

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

– Nays:

– Exc: Winters

Prepared By: Satish Upadhyay, Department of Administrative Services

Reviewed By: John Borden, Legislative Fiscal Office

Meeting Date: June 22, 2009

Agency

Oregon Military Department

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 25,645,400	\$ 28,323,692	\$ 24,773,692	\$ -871,708	-3.4%
Other Funds	\$ 111,678,070	\$ 84,111,080	\$ 91,035,475	\$ -20,642,595	-18.5%
Federal Funds	\$ 306,495,601	\$ 237,131,727	\$ 254,820,173	\$ -51,675,428	-16.9%
Total	\$ 443,819,071	\$ 349,566,499	\$ 370,629,340	\$ -73,189,731	-16.5%

Position Summary

Authorized Positions	518	511	525	7
Full-time Equivalent (FTE) positions	476.23	470.93	484.93	8.70

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund pays wages and salaries of state employees, funds the Reintegration and Emergency Financial Assistance Programs, and provides matching funds for various facilities management activities, as well as matching funds for various Oregon National Guard activities.

Other Funds include revenues from federal contributions to the payment of facilities' operating costs; 9-1-1 tax; emergency management performance grant funds to assist state and local emergency management programs; facility rental fees; proceeds from real property sales; interest on funds in the Military Construction Account; the Average Daily Membership (ADM) revenue received from Bend-LaPine School District for the Youth Challenge Program; miscellaneous funds from vending machines, pay telephones, and other miscellaneous sources; and an intra-agency transfer of federal revenues to support central administrative costs. Facility rental fees contribute to, but do not fully cover, armory maintenance and operations costs.

Federal Funds pay wages and salaries of federal employees assigned to Oregon National Guard duties; provide construction funds for a variety of maintenance, armory, training and reserve center facilities; fund several programs for at-risk youth; and contribute to central administrative costs through an interagency transfer. The Office of Emergency Management receives federal dollars from the Department of Homeland Security, Department of Defense and the Federal Emergency Management Agency (FEMA).

The Department's federal budget is administered separately from its state budget and is not included in the Department's Federal Funds expenditure limitation.

Summary of Public Safety Subcommittee Action

The Oregon Military Department provides combat-ready units and equipment to be deployed in support of national defense under the direction of the President, and trained personnel and equipment to protect life and property in Oregon during natural disasters or civil unrest under the direction of the Governor.

The Subcommittee approved a budget of \$370,629,340 total funds consisting of \$24,773,692 General Fund, \$91,035,475 Other Funds, and \$254,820,173 Federal Funds, including 525 positions (484.93 FTE). The total funds budget is a six percent increase from the 2009-11 Essential Budget Level and a 16.5 percent decrease from the 2007-09 Legislatively Approved Budget.

The Subcommittee also recommended \$2.7 million Other Funds and \$17 million for Capital Construction projects for inclusion in Senate Bill 5506, the statewide Capital Construction bill, and Senate Bill 5505, the Bonding bill. The Subcommittee deferred a formal recommendation on Article XI-M and XI-N General Obligation bonds and expenditure limitation for the Seismic Program and the Department's request to extend five currently approved Capital Construction projects' expiration dates, to the Capital Construction Subcommittee.

Administration

The Administration program consists of the Office of the Adjutant General, the Financial Administration Division, the State Personnel Office, Public Affairs, and the Reintegration/Emergency Financial Assistance Programs. The Subcommittee approved a budget of \$7,224,983 total funds consisting of \$4,687,043 General Fund and \$2,537,940 Other Funds, including 27 positions (26.00 FTE).

- Package 101: Admin Program New Positions was approved by the Subcommittee. This package provides \$94,212 Other Funds and establishes one permanent, full-time position (1.00 FTE) to convert one limited-duration Accounting Technician 2 position to a permanent position. The position will continue to work on accounts payable functions primarily related to federal cooperative agreements and some state transactions.
- Package 109: Reintegration Program was approved by the Subcommittee with a modification. This package provides \$200,000 General Fund and establishes one permanent, full-time Administrative Specialist 2 position in support of the Oregon National Guard Reintegration Program. The package will maintain the delivery of state-supported reintegration efforts in the agency that help military members and their families transition back to civilian life after active duty federal deployment overseas. The amount is in addition to federal reintegration resources that the Department receives as part of its federal National Guard Bureau budget, which falls outside the budgetary control of the state. According to the Department, this amount of General Fund fully funds the Program at a level commensurate with past funding.
- Package 111: Emergency Relief Fund was approved by the Subcommittee. This package provides \$250,000 General Fund and \$250,000 Other Funds to provide hardship grants and loans to Oregon National Guard members and their immediate family members. This package will supplement approximately \$150,000 tax check-off revenue the Department will receive from personal income tax payers filing Oregon state income tax returns.

- Package 801: LFO Analyst Technical Changes was approved by the Subcommittee. This package shifts \$87,691 General Fund from Services and Supplies to Personal Services to make the agency's budget reflective, by budget category, of actual expenditure activity. The package reconciles the Personal Services costs relating to the Adjutant General and the Deputy Agency Director positions (classification of the Deputy position from Principal Executive Manager G to Principal Executive Manager H and pay line exception for the Adjutant General) in the agency's budget by shifting dollars from Services and Supplies to Personal Services.
- Package 804: Roll-Up of 2007-09 Reductions was approved by the Subcommittee. This package reduces \$24,103 General Fund from the Services and Supplies budget to carry forward reductions that began in the 2007-09 biennium. These reductions are necessary to ensure that statewide expenditures balance to projected revenues.
- Package 811: Additional Program Reductions was approved by the Subcommittee. This package decreases \$224,182 General Fund and eliminates one permanent, full-time Principal Executive Manager F position (1.00 FTE), which is the agency's Director of Human Resources. The position is currently vacant.
- Package 815: Fund Shift was approved by the Subcommittee. This package shifts \$126,906 of program expenditures from General Fund to Other Funds (9-1-1 revenue). This includes fund shifts of a portion of three positions' costs as well as a portion of the State Government Service Charges.

Operations

The Operations Program Unit includes operation and maintenance of Army National Guard facilities and operation of the Portland Air Base at the Portland International Airport, Kingsley Field in Klamath Falls, and the Camp Rilea Air Station in Warrenton. The Program also includes Capital Construction staff to oversee the Department's Capital Construction projects. Other federally funded programs include drug interdiction and education; repair of unserviceable U.S. Army equipment; installation of intrusion systems at armories and other facilities; and video teleconferencing, computer-based training, interactive audio and video services, e-mail, and electronic network systems provided to National Guard members and their communities. The Subcommittee approved a budget of \$100,669,673 total funds consisting of \$11,382,099 General Fund, \$3,958,377 Other Funds, and \$85,329,197 Federal Funds, including 406 positions (367.33 FTE).

- Package 201: Operations Program New Positions was approved by the Subcommittee. This package provides \$165,242 Other Funds and \$99,192 Federal Funds to convert three limited-duration positions into permanent positions (3.00 FTE). The positions include one Custodian each at the Lane County Armed Forces Reserve Center and the Camp Rilea Training Site, to be funded with Other Funds generated from tenant payments and facility rental income. The third position, an Administrative Specialist 1, is federally funded and will do Capital Construction planning and tracking-related activities.
- Package 202: Operations Program Reclassed Positions was approved by the Subcommittee. This package provides \$12,674 Other Funds and \$13,545 Federal Funds to reclassify five positions in the Operations program based on a review of their existing duties. These positions are currently being paid work-out-of-class and include the following: one Planner 3 to a Planner 4, three Program Analyst 1 positions to Principal Executive Manager A positions, and one Laborer 2 to a Parts Specialist.

- Package 204: Lane County AFRC Operations and Maintenance was approved by the Subcommittee. This package provides \$74,969 Federal Funds for the operations and maintenance of the recently completed Lane County Field Maintenance Shop.
- Package 209: Limited-Duration to Permanent Positions was approved by the Subcommittee. This package provides \$129,834 Other Funds and \$126,258 Federal Funds to convert two limited-duration positions into permanent positions (2.00 FTE) at Camp Rilea. The positions include one Food Services Manager 2 to manage the dining facility, and one Natural Resource Specialist 1 to monitor the waste water treatment facility.
- Package 211: Equipment Refurbishment S&S Increase was approved by the Subcommittee. This package provides \$13,495,000 Federal Funds to continue a June 2008 Emergency Board action that moved parts procurement for the agency's Equipment Refurbishment Program from being an expense paid directly by the federal government to a state expense now reimbursed by the federal government.
- Package 212: Equipment Refurbishment Positions was approved by the Subcommittee. This package provides \$1,459,818 Federal Funds to establish 13 permanent, full-time positions (13.00 FTE) in the Equipment Refurbishment Program. These positions are needed to meet the increasing demands of the program, which refurbishes electronic and electro-mechanical equipment such as night vision goggles and generators. The program has recently been contracted to work on heavy trucks.
- Package 213: Portland Airbase Fire Protection was approved by the Subcommittee. This package provides \$438,665 Federal Funds to increase the level of federal support the agency receives to provide fire protection services at the Portland Air Base as part of its Master Cooperative Agreement with the National Guard Bureau. These funds will primarily be used for training.
- Package 804: Roll-Up of 2007-09 Reductions was approved by the Subcommittee. This package decreases \$167,187 General Fund and \$206,467 Federal Funds from the Services and Supplies budget to carry forward reductions that began in the 2007-09 biennium. These reductions are necessary to ensure that statewide expenditures balance to projected revenues.
- Package 811: Additional Program Reductions was approved by the Subcommittee. This package decreases \$1,053,952 General Fund and eliminates six permanent, full-time Facilities Maintenance Specialist positions (6.00 FTE). Three of these positions are currently vacant. The Subcommittee also approved the following Budget Note:

Budget Note

The Department is to manage General Fund reductions in the Operations Program so as to not close or “mothball” any armory other than those currently being replaced by new Readiness or Armed Forces Reserve Centers without first reporting to the Emergency Board, the interim Joint Committee on Ways and Means, or a Special Session of the Legislature as to the necessity of any proposed closure.

- Package 815: Fund Shift was approved by the Subcommittee. This package shifts \$100,763 in Personal Services from General Fund to Federal Funds to fund shift a portion of one position.

Oregon Emergency Management

Oregon Emergency Management manages and maintains an emergency services system that coordinates local and state resources to prepare for, respond to, and recover from disaster conditions. It distributes 9-1-1 and Federal Emergency Management Agency (FEMA) revenues to local governments. The program also manages the Chemical Stockpile Emergency Preparedness Program (CSEPP) that coordinates federal, state, and local preparation for destruction of chemical weapons at the Umatilla Army Depot. The Subcommittee approved a budget of \$246,872,779 total funds consisting of \$2,337,350 General Fund, \$81,937,149 Other Funds, and \$162,598,280 Federal Funds, including 46 positions (45.60 FTE).

- Package 301: OEM Position Fund Shifts was approved by the Subcommittee. This package increases \$26,305 Other Funds and decreases \$26,192 Federal Funds to partially shift funding of one Accountant 3 position.

The Subcommittee also approved the following Budget Note:

Budget Note

The Office of Emergency Management is directed to report on the following components relating to statewide first responder building mapping information system: (a) The number of first responder organizations that the statewide mapping would effect; (b) recommendations as to other organizations that may need this mapping information and why; (c) determine the security issues involved in statewide mapping; (d) analyze and determine the estimated number of buildings (owned and leased), square footage to be mapped for K-12 schools, Community Colleges, Oregon University System, City and County Government; (e) determine if any mapping solutions that are already being used would fulfill the needs of a statewide building mapping information system; (f) determine any potential funding sources and estimated cost of a proposed statewide building mapping system; and (g) recommend a potential timeline for the project, if funding is obtained.

- Package 306: OEM Technology & Response was approved by the Subcommittee. The package provides \$5,553,820 Other Funds and establishes two permanent, full-time positions (2.00 FTE), one Program Analyst 2 and one Information Systems Specialist 3 (ISS 3) for the 9-1-1 Program. The Program Analyst 2 will act as the primary contact for local government 9-1-1 managers and be responsible for analyzing annual budget reports and disaster recovery plans submitted by local governments. The ISS 3 position will provide expertise in geography-related data management. The package also includes payments to the Department of Public Safety Standards and Training (DPSST) and increased distributions to Public Safety Answering Points (PSAP).

The Subcommittee approved the following Budget Note:

Budget Note

The Military Department will conduct a study of the relative merits of Public Safety Answering Point (PSAP) consolidation throughout the state with the intent of reducing redundancy and creating a more cost-efficient delivery system. The Department is to report to the 2010 Special Legislative Session.

- Package 309: OEM Titan Fusion Grant was approved by the Subcommittee. This package provides a one-time \$899,457 Federal Funds expenditure limitation, which relates to a pass-through federal grant to enhance funding for the Oregon Department of Justice's Titan Fusion Grant. This grant's focus is to limit criminal and terrorist activities. The Oregon Department of Justice has a companion policy package in its budget reflecting the receipt of these funds. The Subcommittee requested that the Department of Administrative Services unschedule the Federal Funds expenditure limitation until such time as the funds have been received by the agency.
- Package 810: This package represents the first issuance of Article XI-M and XI-N General Obligation bonds to seismically retrofit education and emergency services facilities in the state. The Subcommittee deferred a formal recommendation on this package to the Capital Construction Subcommittee.
- Package 804: Roll-Up of 2007-09 Reductions was approved by the Subcommittee. This package decreases \$12,812 General Fund and \$12,812 Federal Funds from the Services and Supplies budget to carry forward reductions that began in the 2007-09 biennium. These reductions are necessary to ensure that statewide expenditures balance to projected revenues.
- Package 812: Reduce Seismic Rehabilitation Program was approved by the Subcommittee. This package decreases \$213,029 General Fund and eliminates one permanent, full-time position (1.00 FTE).
- Package 815: Fund Shift was approved by the Subcommittee. This package shifts \$282,944 in Personal Services from General Fund to Other Funds (9-1-1 revenue) to fund shift a portion of four positions.

Community Support Programs

The Community Support program unit includes the Youth Challenge Program that provides educational and other services to 16-18 year old youth who have dropped out of high school, the Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE) program that demonstrates real-world applications of math and science to students in third to eighth grades in Portland and Klamath Falls through tours of the Portland Air Base and Kingsley Field, and the Emergency Operations program that coordinates the use of National Guard resources in response to state emergencies as directed by the Governor. The Subcommittee approved a budget of \$8,995,715 total funds consisting of \$834,145 General Fund, \$2,495,124 Other Funds, and \$5,666,446 Federal Funds, including 46 positions (46.00 FTE).

- Package 811: Additional Program Reductions was approved by the Subcommittee. This package decreases \$59,151 General Fund from the Services and Supplies budget.

- Package 815: Fund Shift was approved by the Subcommittee. This package makes a one-time shift of \$282,458 in Personal Services from General Fund to Other Funds (Average Daily Membership transfer ending balance). This includes fund shifts of a portion of five positions' costs in the Youth Challenge Program. Unlike other permanent fund shifts undertaken by the agency, the Youth Challenge fund shift is only for the 2009-11 biennium because it is funded entirely with an Other Funds ending balance.

Capital Debt Service and Related Costs

Capital Debt Service and Related Costs provides the funding to make payments on the principal, interest, and financing costs associated with the issuance of Certificates of Participation (COP). COPs are tax exempt government securities. The Subcommittee approved a budget of \$5,639,940 total funds, consisting of \$5,533,055 General Fund and \$106,885 Other Funds.

Capital Improvement

The program provides for capital projects less than \$500,000, which includes deferred maintenance. The Subcommittee approved a budget of \$1,226,250 Federal Funds.

- Package 810: Federal ARRA Projects was approved by the Subcommittee. This package provides \$1,226,250 Federal Funds to continue federal funding under the American Recovery and Reinvestment Act (ARRA) for projects begun in the current 2007-09 biennium with \$408,750 of Federal Funds. An additional \$1.2 million is now available to complete the following projects, whose total costs are reflected below: Salem Armory window upgrade (\$60,000); Camp Rilea electrical upgrades (\$400,000); Camp Rilea utility upgrades (\$950,000); Albany Armory Motor Pool (\$55,000); and the Central Oregon BIAK Training Center classroom remodel (\$170,000). Approximately 25 percent of these costs were budgeted for the 2007-09 biennium under House Bill 5052.

The Subcommittee instructed the Department to move Capital Improvement-related budget and expenditure detail from the Operations Program to the Capital Improvement Program as the Department develops its 2011-13 budget.

- Package 811: Additional Program Reductions was approved by the Subcommittee. This package decreases \$1,452,513 General Fund from the program's Capital Outlay budget, eliminating all General Fund from the Capital Improvement Program. Other Funds and Federal Funds expenditures for the program, some of which also occur in the Operations Program, remain unaffected by this reduction.

Capital Construction

Expenditure limitation for Capital Construction projects will be included in Senate Bill 5506, the statewide bonding bill, and Senate Bill 5506, the statewide capital construction bill. The Subcommittee reviewed and recommended approval of approximately \$2.7 million Other Funds and \$17 million Federal Funds Capital Construction expenditure limitation to be included in Senate Bill 5506. The source of the Other Funds is COP proceeds and was recommended to be included in Senate Bill 5505.

- Package 499: Major Construction was recommended for approval by the Subcommittee, with a modification. The package, as recommended for approval, provides \$2.7 million Other Funds (COP) and \$13,825,000 Federal Funds for the construction of a new readiness center on the Columbia Gorge Community College campus in The Dalles. This facility will replace The Dalles Armory. Funds for planning and design of this project were approved by the Emergency Board at its January 1997 meeting. Funds from rentals will be used to partially offset facility operation and maintenance costs. Debt service for the 2009-11 biennium is estimated at \$100,222 General Fund. The cost of issuance of the COPs is estimated at \$92,000 Other Funds.
- Package 810: Federal ARRA Projects was recommended for approval by the Subcommittee. The package provides \$3,193,000 Federal Funds under the ARRA for a combination of new projects and some existing projects begun during the current 2007-09 biennium under the state economic stimulus package (Senate Bill 338). The total costs are reflected below: Central Oregon BIAK Training Center restroom/ shower (\$550,000); Camp Rilea roof and siding replacement (\$200,000); Clackamas Armory re-roofing (\$170,000); Hermiston Army drill floor HVAC (\$90,000); Coos Bay Armory unit transformation project (\$350,000); Hood River Armory improvements (\$233,000); Central Oregon Readiness Center interior repairs (\$300,000); and Camp Withycombe storm water infrastructure (\$1,300,000).

The Subcommittee deferred a formal recommendation on Capital Construction project extensions that are currently included in Senate Bill 5506 to the Capital Construction Subcommittee. The requested extensions are:

Lane County Armed Forces Reserve Center Complex Other Funds	June 30, 2010
Lane County Armed Forces Reserve Center Complex Federal Funds	June 30, 2010
Camp Rilea Dining Facility Federal Funds	June 30, 2011
Infantry Battle Course Boardman Bombing Range Federal Funds	June 30, 2011
Qualification Training Range Federal Funds	June 30, 2011
The Dalles Other Funds	June 30, 2011
The Dalles Federal Funds	June 30, 2011

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.