

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5037-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. G. Smith

Carrier – Senate: Sen. Verger

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

Vote: 25 – 0 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc:

Prepared By: Art Ayre, Department of Administrative Services

Reviewed By: John Borden, Legislative Fiscal Office

Meeting Date: June 20, 2011

Agency
Military Department

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Biennium
2011-13

Budget Summary*

	2009-11	2011-13	2011-13	2011-13	Committee Change from	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	Committee Recommendation	2009-11 Leg Approved \$ Change	% Change
General Fund	\$ 17,315,589	\$ 20,126,484	\$ 14,211,830	\$ 14,368,459	\$ -2,947,130	-17.0%
General Fund Debt Service	\$ 5,586,168	\$ 11,679,596	\$ 10,412,499	\$ 9,321,044	\$ 3,734,876	+66.9%
Other Funds Ltd	\$ 121,633,829	\$ 93,122,761	\$ 106,755,975	\$ 112,992,031	\$ -8,641,798	-7.1%
Other Funds Deb Service Ltd	\$ 106,885	\$ 112,363	\$ 112,363	\$ 112,363	\$ 5,478	+5.1%
Federal Funds Ltd	\$ 252,408,909	\$ 263,657,337	\$ 282,028,025	\$ 270,906,382	\$ 18,497,473	+7.3%
Federal Funds Cap Improvement	\$ 607,250	\$ 621,824	\$ 4,521,824	\$ 4,521,824	\$ 3,914,574	+644.6%
Other Funds Nonlimited	\$ 6,483	\$ 0	\$ 0	\$ 0	\$ -6,483	-100.0%
Other Funds Debt Service Non-Ltd	\$ 1,165,541	\$ 0	\$ 0	\$ 0	\$ -1,165,541	-100.0%
Federal Funds Debt Service Non-Ltd	\$ 1	\$ 0	\$ 0	\$ 0	\$ -1	-100.0%
Total	\$ 398,830,655	\$ 389,320,365	\$ 418,042,516	\$ 412,222,103	\$ 13,391,448	+3.4%

Position Summary

	540	526	508	493	-47
Authorized Positions	487.60	485.43	461.96	448.30	-39.30
Full-time Equivalent (FTE) Positions					

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund pays wages and salaries of state employees, funds the Reintegration Program, 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 for 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 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 FEMA.

The Department has a federal budget that is administered separately from its state budget and is not subject to State 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 \$412,222,103 total funds consisting of \$23,689,503 General Fund, \$113,104,394 Other Funds, and \$275,428,206 Federal Funds, including 493 positions (448.30 FTE). The total funds budget is a 5.9 percent increase from the 2011-13 CSL and a 3.4 percent increase from the 2009-11 Legislatively Approved Budget.

The Subcommittee deferred a formal recommendation on expenditure limitation for Package 499: Major Construction to the Joint Ways and Means Capital Construction Subcommittee.

The Subcommittee approved the following budget notes:

Budget Note:

The Department shall report to the appropriate House and Senate policy Committees and the Joint Committee on Ways and Means during the 2012 Legislative Session with a detailed report on all programs, plans, activities, audits, and audit findings which are funded apart from the Department's state legislatively approved budget. The report is to include, but is not limited to, the State Operating Budget, State Annual Funding Program, and all cooperative agreements and amendments submitted to the National Guard Bureau for the past three federal fiscal years as well as the proposed plan(s) for the following federal fiscal year(s).

Budget Note:

The Military Department shall report to the appropriate House and Senate policy Committees and the Joint Committee on Ways and Means during the 2012 Legislative Session with a long-range strategic plan that includes both state and federally budgeted resources.

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 \$5,842,200 total funds consisting of \$3,822,542 General Fund and \$2,019,658 Other Funds, including 23 positions (21.68 FTE).

The Subcommittee approved the following packages that make changes in this Division to the 2011-13 Current Service Level (CSL):

- Package 085, 2009-11 Allotment Reduction Roll-ups. This package continues the June and September 2010 allotment reductions through the 2011-13 biennium. The package abolishes seven positions (7.00 FTE) and fund shifts three positions from General Fund to Other Funds. The package reduces General Fund by \$966,138 and Other Funds expenditure limitation by \$107,194.
- Package 086, Eliminate Inflation; and Package 087: Personal Service Adjustments. These two packages are used on a statewide basis to eliminate standard and Attorney General Inflation, adjust State Government Service Charges, and make a 5.5 percent across-the-board reduction in total Personal Services from the CSL budget.
- Package 104, USERRA Costs. This package provides funds for the payment of invoices from the Oregon Public Employees Retirement System for retroactive pension contributions on behalf of three Oregon Military Department employees who were placed on active military duty and who have returned to their state jobs after their completion of military duty. The payment is required under the Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA). The package increases General Fund by \$135,947.
- Package 801, Targeted Statewide Adjustments. This package implements a statewide reduction action included in the Co-Chairs' Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's Recommended Budget. This is in addition to Package 086, which eliminates most Services and Supplies inflation originally built into the budget. The package reduces General Fund by \$64,837.
- Package 811, Allotment Reduction Restoration. This policy package restores two of the seven permanent full-time positions eliminated in policy Package 085 (Allotment Reductions Roll-ups). The positions restored are an Office Specialist 2 and a Public Affairs Specialist 2 (2.00 FTE). The package increases General Fund by \$273,571 and Other Funds expenditure limitation by \$60,314. The Other Funds are Federal Funds as Other Funds. Agency-wide, this package is funded with General Fund Debt Service savings, the elimination of vacant positions, fund shifts, and reductions to Services and Supplies.
- Package 816, OEM Fund Shift. This policy package fund shifts a portion of the Adjutant General and the Deputy Director's position from General Fund in the Administration Program to Other Funds (9-1-1 administrative costs) in the Emergency Management Program. The General Fund from this action is used to partially restore three Facility Maintenance Specialist positions in the Operations Program. This package reduces General Fund by \$80,004 and eliminates 0.32 FTE.
- Package 819, Supplemental Statewide Ending Balance. This package includes, per the Co-Chairs' budget plan, a supplemental statewide ending balance hold back adjustment. The result is about a 3.5 percent across-the-board reduction to an agency's total biennial General Fund and/or Lottery Funds budget or approximately seven percent to be taken from the second year of the budget. The package reduces General Fund by \$133,972.

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 detection 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 \$109,204,807 total funds consisting of \$8,266,407 General Fund, \$4,525,049 Other Funds, and \$96,413,351 Federal Funds, including 374 positions (330.30 FTE).

The Subcommittee approved the following packages that make changes in this Division to the 2011-13 CSL:

- Package 022, Phase-out Program and One-time Costs. This package phases out General Fund appropriation for the Central Oregon Readiness Center lease payment that ends February 1, 2013. The package reduces General Fund by \$685,465.
- Package 085, 2009-11 Allotment Reduction Roll-ups. This package continues the June and September 2010 allotment reductions through the 2011-13 biennium. The package abolishes 38 positions (38.00 FTE) – primarily maintenance positions for National Guard armories – and fund shifts three positions from General Fund to Other Funds and Federal Funds. The package reduces General Fund by \$4,795,510, increases Other Funds expenditure limitation by \$319,457, and decreases Federal Funds expenditure limitation by \$738,874.
- Package 086, Eliminate Inflation; and Package 087: Personal Service Adjustments. These two packages are used on a statewide basis to eliminate standard and Attorney General Inflation, adjust State Government Service Charges, and make a 5.5 percent across-the-board reduction in total Personal Services from the CSL budget. The Subcommittee approved the packages with a technical adjustment to restore \$159,927 of Other Funds revenue in Package 087.
- Package 201, Operations Program New Positions. This package establishes the following two limited-duration, full-time positions (2.00 FTE): One Natural Resource Specialist 1 position will be assigned to the Camp Rilea Training Site located at Warrenton, Oregon. The primary purpose of this position is to manage and operate the Camp Rilea wastewater and domestic water treatment plant. The requested source of funding is 100 percent Federal Funds. One Administrative Specialist 1 position will be assigned to Camp Rilea in Warrenton, Oregon. The duties of this position include coordination of training materials, tenant and using unit schedules, billeting scheduling, lodging reservations, and inspecting for condition of training site facilities and supplies. The requested source of funding is 100 percent Other Funds (rental revenue). The package increases Other Funds expenditure limitation by \$102,968 and Federal Funds expenditure limitation by \$110,062.
- Package 203, Limited Duration to Permanent Positions. This package establishes nine limited-duration positions (8.63 FTE): one Program Analyst 1 position, one Construction Project Manager 2 position, one Custodian position, and six firefighter positions. The eight positions other than the Custodian position are full-time (8.00 FTE). The Custodian position is part-time (0.63 FTE). The Personal

Services expenses have been reduced by 5.5 percent to match the reductions in Package 087. The package increases Other Funds expenditure limitation by \$61,830 and Federal Funds expenditure limitation by \$1,207,656.

- Package 204, Operations and Maintenance – 8 Facilities. This package partially funds basic facility operations, maintenance, and repair support for new or significantly remodeled facilities (Ontario Readiness Center; Salem Flight Operations; Lane County Armed Forces Reserve Center; Camp Withycombe Armed Forces Reserve Center; Baker City Readiness Center; Central Oregon Readiness Center; Gresham Readiness Center; and the St. Helens Readiness Center). The General Fund (45 percent) is matched with Federal Funds (55 percent). The Subcommittee reduced General Fund and Federal Funds in this package to partially restore permanent full-time positions eliminated in Package 085. The restored positions are in Package 811. This package increases General Fund by \$364,786 and Federal Funds expenditure limitation by \$446,640.
- Package 205, LaGrande Half Street Improvements. This package provides General Fund to pay an invoice from the City of LaGrande for street improvements for which the agency is responsible as part of the property lease. The package increases General Fund by \$53,492.
- Package 206, Wildfire Management Program. This package provides positions and limitation for the Oregon Army National Guard's Wildland Fire Management Program, which began during the 2009-11 biennium, and was approved by the Emergency Board. The package includes four full-time, permanent positions (4.00 FTE) and 11 part-time, permanent positions (5.5 FTE) for a total of 15 positions (9.50 FTE). The Personal Services have been reduced by 5.5 percent to match the reductions in Package 087. This package increases Federal Funds expenditure limitation by \$2,016,782.
- Package 207, Christmas Valley. This package increases Other Funds expenditure limitation by \$42,911 for the repayment of a loan from the State Department of Energy for the purchase of land at Christmas Valley in Lake County. The Department of Administrative Services is directed to unschedule \$42,911 Other Funds expenditure limitation for the Christmas Valley Project as provided in the budget note below.
- Package 209, Operations Program Federal Funds Limitation. This package increases Federal Funds expenditure limitation by \$13,577,708 to provide for Services and Supplies in the Army National Guard to support operations and maintenance (\$6.8 million), equipment refurbishment (\$6.8 million), and Kingsley Field fire protection (\$56,523). The package provides Services and Supplies expenditure limitation associated with the six firefighter positions in Package 203.
- Package 210, Federal Funds Shift to Capital Improvements. This package moves \$3,900,000 Federal Funds expenditure limitation from the Army National Guard's Operations and Maintenance Program into the Capital Improvements Program in order to more accurately report the agency's Capital Improvements budget.
- Package 801, Targeted Statewide Adjustments. This package implements a statewide reduction action included in the Co-Chairs' Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's Recommended

Budget. This is in addition to Package 086, which eliminates most Services and Supplies inflation originally built into the budget. The package reduces General Fund by \$380,221.

- Package 802, Vacant Position Savings. This package eliminates primarily long-term vacant positions that have been reviewed and determined to not be critical for supporting the agency's core programs. This package reduces General Fund by \$83,570 and Federal Funds expenditure limitation by \$4,615,818 and eliminates 40 positions (38.66 FTE).
- Package 811, Allotment Reduction Restoration. This policy package restores 17 positions (17.00 FTE) of the 38 permanent full-time positions eliminated in policy Package 085 (Allotment Reductions Roll-ups). The positions restored are: Facility Maintenance Specialist (11); Maintenance and Operations Supervisor (1); Custodian (1); Electrician (1); Plumber (1); Facility Energy Technician (1); and an Accounting Technician (1). The package increases Other Funds expenditure limitation by \$181,957 (armory rental revenue) in order to continue partially funding the positions. The package also increases General Fund by \$1,449,821 and Federal Funds expenditure limitation by \$639,274.
- Package 812, Armory Rental/Maintenance Positions. This package reduces Other Funds expenditure limitation by \$241,200, increases Federal Funds expenditure limitation by \$160,057, abolishes three Principle Executive Manager A positions (3.00 FTE) funded with Other Funds (armory rental revenue), and establishes three permanent full-time Facility Maintenance Specialist positions (3.00 FTE). The Other Funds limitation is used to match the increase in Federal Funds.
- Package 816, Oregon Emergency Management Fund Shift. Two policy package fund shifts in the Administration Program and the Emergency Management Program moved General Fund to Other Funds (9-1-1 administrative costs). This package increases General Fund by \$384,674 from these two actions to restore three Facility Maintenance Specialist positions (3.00 FTE) in the Operations Program. The Subcommittee approved the package with the understanding that the fund shift is only for the 2011-13 biennium.
- Package 819, Supplemental Statewide Ending Balance. This package includes, per the Co-Chairs' budget plan, a supplemental statewide ending balance hold back adjustment. The result is about a 3.5 percent across-the-board reduction to an agency's total biennial General Fund and/or Lottery Funds budget or approximately 7 percent to be taken from the second year of the budget. This package reduces General Fund by \$266,587.

The Subcommittee approved the following note relating to the Operations Division:

Budget Note:

The Military Department shall report to the appropriate House and Senate policy Committees and the Joint Committee on Ways and Means during the 2012 Legislative Session on its Christmas Valley Project and the progress of that project as measured against the Department's original business case and financial management plan.

The Department of Administrative Services is directed to unschedule \$42,911 for the Christmas Valley Project until the submission by the Department of the report requested by the Emergency Board.

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 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 \$273,968,435 total funds consisting of \$2,078,192 General Fund, \$104,710,326 Other Funds, and \$167,179,917 Federal Funds, including 50 positions (50.32 FTE).

The Subcommittee approved the following packages that make changes in this Division to the 2011-13 CSL:

- Package 086, Eliminate Inflation; and Package 087: Personal Service Adjustments. These two packages are used on a statewide basis to eliminate standard and Attorney General Inflation, adjust State Government Service Charges, and make a 5.5 percent across-the-board reduction in total Personal Services from the CSL budget.
- Package 302, Oregon Emergency Management Domestic Preparedness. This package increases Federal Funds expenditure limitation by \$927,578 and establishes one limited-duration, full-time Information Systems Specialist 5 (1.00 FTE) to support the agency's crisis management information sharing and data system Operations Center. The Personal Services have been reduced by 5.5 percent to match reductions in Package 087. Within the package is \$750,000 Federal Funds for professional services to hire a contractor who would complete a "State of the State" report on Oregon's overall emergency preparedness following September 11, 2001. The report would show what has been accomplished with the funds that Oregon received from the Department of Homeland Security since 2002 and identify gaps that still exist. The gap analysis would allow the state to concentrate future funding opportunities on those areas still needing attention. The cost would be an eligible cost under the Homeland Security Grant Program. The Military Department is instructed to submit the completed emergency preparedness report to the appropriate Senate and House policy Committees and the Joint Committee on Ways and Means prior to the convening of the 2013 Legislature.
- Package 303, Oregon Emergency Management Disaster Closeout Program. This package increases Federal Funds expenditure limitation by \$301,589 and establishes one limited-duration, full-time Program Analyst 3 position (1.00 FTE) to provide technical assistance and on-site work to assist with the ongoing Federal recovery effort on two presidentially declared disasters in Oregon. The Personal Services have been reduced by 5.5 percent to match the reductions in Package 087.
- Package 304, Oregon Emergency Management EMPG. This package increases Federal Funds expenditure limitation for special payments made to cities and counties from the Emergency Management Performance Grant. The Subcommittee approved the package without an

increase in Federal Funds expenditure limitation. The package is self-balancing by reducing Federal Funds limitation in the Disasters program and increasing Federal Funds limitation in the OEM Administration program.

- Package 305, Oregon Emergency Management Search and Rescue. This package increases Other Funds expenditure limitation by \$57,731 and increases one permanent part-time Program Analyst 2 position (0.60 FTE) to a permanent full-time position (1.00 FTE). The position supports the agency's Search and Rescue operation and is funded in part by aircraft pilot registration fees collected by the Oregon Department of Aviation. The 0.40 increase in FTE is funded with Other Funds (9-1-1 administrative cost). The Personal Services has been reduced by 5.5 percent to match the reductions in Package 087. The Subcommittee approved the package with the understanding that the fund shift is only for the 2011-13 biennium.
- Package 306, Oregon Emergency Management Seismic Rehabilitation. This package increases Other Funds expenditure limitation by \$20,514,429 for special payments to local governments and school districts for seismic rehabilitation of emergency services and public education buildings. The package is funded with previously issued General Obligation bonds for seismic rehabilitation grants that were authorized by the 2009 Legislature and sold during the 2009-11 biennium.
- Package 801, Targeted Statewide Adjustments. This package implements a statewide reduction action included in the Co-Chairs' Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's Recommended Budget. This is in addition to Package 086, which eliminates most Services and Supplies inflation originally built into the budget. The package reduces General Fund by \$66,701.
- Package 811, Allotment Reduction Restoration. This policy package increases Other Funds expenditure limitation by \$208,833 and restores one position (1.00 FTE) of the seven permanent full-time positions eliminated in Policy Package 085 (Allotment Reduction Roll-ups). The position is an Information Specialist 6 and is funded with Other Funds (9-1-1 administrative costs). Agency-wide, this package is funded with General Fund Debt Service savings, the elimination of vacant positions, fund shifts, and reductions to Services and Supplies. The Subcommittee approved the package with the understanding that the fund shift is only for the 2011-13 biennium.
- Package 814, Oregon Emergency Management IT Network Support. This package fund shifts \$155,213, which is 13 months of an existing Information Specialist 7 position and associated Services and Supplies, from Federal Funds to Other Funds (9-1-1 administrative costs). The Other Funds are matched with \$155,213 of Federal Funds. Currently, OEM's network is funded 100 percent with Federal Funds provided through the Chemical Stockpile Emergency Preparedness Program (CSEPP). The destruction of chemical weapons at the Umatilla Army Depot is scheduled for completion in November 2011 with the official closure of the program six months later in May 2012.
- Package 815, Private Community Liaison. This policy package increases Federal Funds expenditure limitation by \$72,280 and establishes one Program Analyst 2 (1.00 FTE). This package is self-funded by reducing existing Services and Supplies and using matching Federal Funds. This position is intended to support the agency by developing partnerships with private industry to enhance the overall capabilities of local emergency management programs. This position will work closely with local government officials to assist in the inclusion of

private industry in planning activities necessary for local emergency management programs which are vital for the response and recovery from all types of hazard events.

- Package 816, Oregon Emergency Management Fund Shift. This policy package fund shifts three positions from General Fund within the Emergency Management Program to Other Funds (9-1-1 administrative costs). The 9-1-1 Other Funds allow the Program to continue to receive 50 percent matching Federal Funds for these positions. This package also fund shifts a portion of the Adjutant General and the Deputy Director's position from General Fund in the Administration Program to Other Funds (9-1-1 administrative costs) in the Emergency Management Program. The General Fund from this action is used to partially restore three Facility Maintenance Specialist positions in the Operations Program. The package reduces General Fund by \$304,670, increases Other Funds expenditure limitation by \$384,674, and adds 0.32 FTE. The Subcommittee approved this package with the understanding that the fund shift is only for the 2011-13 biennium.
- Package 819, Supplemental Statewide Ending Balance. This package includes, per the Co-Chairs' budget plan, a supplemental statewide ending balance hold back adjustment. The result is about a 3.5 percent across-the-board reduction to an agency's total biennial General Fund and/or Lottery Funds budget or approximately seven percent to be taken from the second year of the budget. This package reduces General Fund by \$89,027.

The Subcommittee approved the following budget notes relating to this Division:

Budget Note:

The Military Department is directed to fulfill the direction previously given to the agency by the 2009 Legislature, the 2010 Special Session, and then the Emergency Board to report on 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.

If a satisfactory study is not submitted to the 2012 Legislature by the Military Department, the Legislative Fiscal Office is directed to contract with a firm to conduct an independent analysis of consolidating the State's PSAPs. The contract, if necessary, will be paid for by the Military Department using 9-1-1 revenues.

Budget Note:

The Oregon Military Department, Office of Emergency Management should consider granting Columbia County additional flexibility in placement of a new Emergency Operations Center (EOC). This additional flexibility should include that any/all ambiguous language in federal funding associated with the Columbia County EOC project will be interpreted to favor site adjustment. Original site-specific circumstances have changed and potential project efficiencies warrant shared construction and development of a new multipurpose facility at the Portland Community College facility in Scappoose, Oregon.

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 \$9,251,430 total funds consisting of \$201,318 General Fund, \$1,736,998 Other Funds, and \$7,313,114 Federal Funds, including 46 positions (46.00 FTE).

The Subcommittee approved the following packages that make changes in this Division to the 2011-13 CSL:

- Package 086, Eliminate Inflation; and Package 087: Personal Service Adjustments. These two packages are used on a statewide basis to eliminate standard and Attorney General Inflation, adjust State Government Service Charges, and make a 5.5 percent across-the-board reduction in total Personal Services from the CSL budget. The Subcommittee approved the packages with a technical adjustment to restore \$131,572 of Other Funds revenue in Package 087.
- Package 090, Analyst Adjustments. This package shifts funding for the Oregon Youth Challenge Program from General Fund and Other Funds to Federal Funds due to the January 2010 reduction in required state match from 40 percent to 25 percent. A small amount of General Fund remains in the Program. The fund shift has been adjusted for reductions taken in Packages 086 and 087. The package reduces General Fund by \$602,362 and Other Funds expenditure limitation by \$885,331 and increases Federal Funds expenditure limitation by \$1,487,693.
- Package 801, Targeted Statewide Adjustments. This package implements a statewide reduction action included in the Co-Chairs' Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's Recommended Budget. This is in addition to Package 086, which eliminates most Services and Supplies inflation originally built into the budget. The package reduces General Fund by \$14,540.
- Package 819, Supplemental Statewide Ending Balance. This package includes, per the Co-Chairs' budget plan, a supplemental statewide ending balance hold back adjustment. The result is about a 3.5 percent across-the-board reduction to an agency's total biennial General Fund and/or Lottery Funds budget or approximately 7 percent to be taken from the second year of the budget. This package reduces General Fund by \$7,829.

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) and General Obligation bonds for the Seismic Rehabilitation Program. COPs and G.O. bonds are

tax exempt government securities. The Subcommittee approved a budget of \$9,433,407 total funds, consisting of \$9,321,044 General Fund and \$112,363 Other Funds.

The Subcommittee approved the following packages that make changes in this Division to the 2011-13 CSL:

- Package 090, Analyst Adjustments. This package adjusts principal and interest payments to allow debt service on June 2010 seismic rehabilitation General Obligation bonds and for \$7.5 million of May 2011 seismic rehabilitation General Obligation bonds. This package's reduction of one-half of the planned \$15 million May 2011 sale of General Obligation bonds provides General Fund Debt Service savings in 2011-13 and subsequent biennia. This package also increases Debt Service for existing Certificates of Participation to match the projected Debt Service expenditures. The package reduces General Fund by \$1,267,097.
- Package 817, Debt Service Savings. This policy package further reduces General Fund Debt Service to recognize savings without impacting the repayment of Debt Service obligations. The package reduces General Fund by \$727,018.
- Package 819, Supplemental Statewide Ending Balance. This package includes, per the Co-Chairs' budget plan, a supplemental statewide ending balance hold back adjustment. The result is about a 3.5 percent across-the-board reduction to an agency's total biennial General Fund and/or Lottery Funds budget or approximately seven percent to be taken from the second year of the budget. This package reduces General Fund by \$364,437.

Capital Improvement

The program provides for capital projects less than \$1,000,000, which includes deferred maintenance. The Subcommittee approved a budget of \$4,521,824 Federal Funds.

The Subcommittee approved the following package that makes changes in this Division to the 2011-13 CSL:

- Package 497, Capital Improvements Shift from Operations. This package moves \$3,900,000 of Federal Funds expenditure limitation from the Army National Guard's Operations and Maintenance Program into the Capital Improvements Program in order to more accurately report the agency's Capital Improvements budget.

Capital Construction

Expenditure limitation for Capital Construction projects will be included in House Bill 5005, the statewide bonding bill, and House Bill 5006, the statewide capital construction bill. The Subcommittee reviewed Package 499: Major Construction, which provides \$680,000 Other Funds expenditure limitation for the purchase of land at Christmas Valley, and deferred consideration of this package to the Joint Committee on Ways and Means Capital Construction Subcommittee.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5037-A

**Oregon Military Department
Art Ayre -- (503) 378-3108**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$ 22,901,757	\$ 0	\$ 121,740,714	\$ 1,172,024	\$ 253,016,159	\$ 1	\$ 398,830,655	540	487.60
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 31,806,080	\$ 0	\$ 93,235,124	\$ 0	\$ 264,279,161	\$ 0	\$ 389,320,365	526	485.43
2011-13 Governor's Recommended Budget*	\$ 24,624,329	\$ 0	\$ 106,868,338	\$ 0	\$ 286,549,849	\$ 0	\$ 418,042,516	508	461.96

SUBCOMMITTEE ADJUSTMENTS (from GRB)

Administration

Package 101: Admin Program Reclassed Positions									
Personal Services	\$ 0	\$ 0	\$ (8,668)	\$ 0	\$ 0	\$ 0	\$ (8,668)	0	0.00
Package 801: Targeted Statewide Adjustments									
Services and Supplies	\$ (64,837)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (64,837)	0	0.00
Package 811: Allotment Reduction Restoration									
Personal Services	\$ 273,571	\$ 0	\$ 60,314	\$ 0	\$ 0	\$ 0	\$ 333,885	2	2.00
Package 816: OEM Fund Shift									
Personal Services	\$ (80,004)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (80,004)	0	-0.32
Package 819: Supplemental Statewide Ending Balance									
Personal Services	\$ (99,060)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (99,060)	0	0.00
Services and Supplies	\$ (34,912)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (34,912)	0	0.00

Operations

Package 201: Operations Program New Positions									
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1	1.00
Package 202: Operations Program Reclassed Positions									
Personal Services	\$ 41,917	\$ 0	\$ 0	\$ 0	\$ (51,348)	\$ 0	\$ (9,431)	0	0.00
Package 204: Operations and Maintenance - 8 Facilities									
Services and Supplies	\$ (496,374)	\$ 0	\$ 0	\$ 0	\$ (618,081)	\$ 0	\$ (1,114,455)	0	0.00
Package 207: Christmas Valley									
Special Payments	\$ 0	\$ 0	\$ (19,496)	\$ 0	\$ 0	\$ 0	\$ (19,496)	0	0.00
Package 801: Targeted Statewide Adjustments									
Services and Supplies	\$ (380,221)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (380,221)	0	0.00

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 802: Vacant Position Savings										
Personal Services	\$ (83,570)	\$ 0	\$ 0	\$ 0	\$ (4,615,818)	\$ 0	\$ (4,699,388)	(40)	-38.66	
Package 811: Allotment Reduction Restoration										
Personal Services	\$ 1,436,444	\$ 0	\$ 181,957	\$ 0	\$ 639,274	\$ 0	\$ 2,257,675	17	17.00	
Services and Supplies	\$ 13,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,377	0	0.00	
Package 812: Armory Rental/Maintenance Positions										
Personal Services	\$ 0	\$ 0	\$ (241,200)	\$ 0	\$ 160,057	\$ 0	\$ (81,143)	0	0.00	
Package 816: OEM Fund Shift										
Personal Services	\$ 384,674	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 384,674	3	3.00	
Package 819: Supplemental Statewide Ending Balance										
Personal Services	\$ (54,872)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (54,872)	0	0.00	
Services and Supplies	\$ (204,735)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (204,735)	0	0.00	
Special Payments	\$ (6,980)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,980)	0	0.00	
<u>Oregon Emergency Management</u>										
Package 301: OEM Program Reclassed Positions										
Personal Services	\$ (5,022)	\$ 0	\$ 0	\$ 0	\$ (4,996)	\$ 0	\$ (10,018)	0	0.00	
Package 304: OEM EMPG										
Special Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,547,798)	\$ 0	\$ (6,547,798)	0	0.00	
Package 306: OEM Seismic Rehabilitation										
Special Payments	\$ 0	\$ 0	\$ 5,514,429	\$ 0	\$ 0	\$ 0	\$ 5,514,429	0	0.00	
Package 801: Targeted Statewide Adjustments										
Services and Supplies	\$ (66,701)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (66,701)	0	0.00	
Package 811: Allotment Reduction Restoration										
Personal Services	\$ 0	\$ 0	\$ 208,833	\$ 0	\$ 0	\$ 0	\$ 208,833	1	1.00	
Package 814: OEM IT Network Support										
Personal Services	\$ 0	\$ 0	\$ 101,471	\$ 0	\$ (101,471)	\$ 0	\$ 0	0	0.00	
Services and Supplies	\$ 0	\$ 0	\$ 53,742	\$ 0	\$ (53,742)	\$ 0	\$ 0	0	0.00	
Package 815: Private Community Liaison										
Personal Services	\$ 72,714	\$ 0	\$ 0	\$ 0	\$ 72,280	\$ 0	\$ 144,994	1	1.00	
Services and Supplies	\$ (72,714)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (72,714)	0	0.00	
Package 816: OEM Fund Shift										

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Personal Services	\$ (301,794)	\$ 0	\$ 381,798	\$ 0	\$ 0	\$ 0	\$ 80,004	0	0.32	
Services and Supplies	\$ (2,876)	\$ 0	\$ 2,876	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00	
Package 819: Supplemental Statewide Ending Balance										
Personal Services	\$ (53,111)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (53,111)	0	0.00	
Services and Supplies	\$ (35,916)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (35,916)	0	0.00	
<u>Community Support</u>										
Package 801: Targeted Statewide Adjustments										
Services and Supplies	\$ (14,540)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (14,540)	0	0.00	
Package 819: Supplemental Statewide Ending Balance										
Services and Supplies	\$ (7,829)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,829)	0	0.00	
<u>Capital Debt Service and Related Costs</u>										
Package 817: Debt Service Savings										
Debt Service	\$ (727,018)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (727,018)	0	0.00	
Package 819: Supplemental Statewide Ending Balance										
Debt Service	\$ (364,437)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (364,437)	0	0.00	
TOTAL ADJUSTMENTS	\$ (934,826)	\$ 0	\$ 6,236,056	\$ 0	\$ (11,121,643)	\$ 0	\$ (5,820,413)	(15)	(13.66)	
SUBCOMMITTEE RECOMMENDATION *	\$ 23,689,503	\$ 0	\$ 113,104,394	\$ 0	\$ 275,428,206	\$ 0	\$ 412,222,103	493	448.30	
% Change from 2009-11 Leg Approved Budget	3.4%	0.0%	-7.1%	-100.0%	8.9%	-100.0%	3.4%	-8.7%	-8.1%	
% Change from 2011-13 Current Service Level	-25.5%	0.0%	21.3%	0.0%	4.2%	0.0%	5.9%	-6.3%	-7.6%	
% Change from 2011-13 Gov's Recommended Budget	-3.8%	0.0%	5.8%	0.0%	-3.9%	0.0%	-1.4%	-3.0%	-3.0%	

*Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: MILITARY DEPARTMENT, STATE of OREGON

Mission: The Oregon National Guard will provide the citizens of the State of Oregon and the United States with a ready force of citizens soldiers and airmen, equipped and trained to respond to any contingency, natural or manmade.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - RECRUITING - Percent of soldiers and airmen recruited vs. recruiting goal.		Approved KPM	103.00	100.00	100.00
2 - ARMORY CONDITION - Percent of statewide armories in adequate or better condition.		Approved KPM	49.00	50.00	50.00
3 - REVENUE GENERATION - Percent of available armory time rented.		Approved KPM	25.00	60.00	60.00
4 - EQUIPMENT AVAILABILITY - Percent of equipment on hand in Oregon vs. equipment authorized.		Approved KPM	91.00	90.00	90.00
5 - YOUTH CHALLENGE - Percent of 17-18 year olds completing GED or HS diploma at graduation.		Approved KPM	66.00	75.00	75.00
6 - REINTEGRATION - Percent of members successfully referred for reintegration services.		Approved KPM	100.00	98.00	98.00
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	48.43	55.00	55.00
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	45.06	55.00	55.00
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	51.76	55.00	55.00

Agency: MILITARY DEPARTMENT, STATE of OREGON

Mission: The Oregon National Guard will provide the citizens of the State of Oregon and the United States with a ready force of citizens soldiers and airmen, equipped and trained to respond to any contingency, natural or manmade.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	48.62	55.00	55.00
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	49.40	55.00	55.00
10 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	44.66	55.00	55.00

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the Department's proposed Key Performance Measures and targets with the direction that the Military Department will work with the Department of Administrative Services and the Legislative Fiscal Office to conduct a review of the Department's KPMs and report back to the 2013 Legislative session on its recommendations.

Sub-Committee Action:

The Capital Construction Subcommittee adopted the Legislative Fiscal Office recommendations.