

## Oregon Military Department

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	27,975,478	21,863,993	23,632,023	26,221,529
Other Funds	112,147,990	115,114,017	97,672,979	114,842,052
Other Funds Non-Limited	3,041,910	75,955	-	-
Federal Funds	226,182,554	290,059,506	280,239,389	288,235,764
<b>Total Funds</b>	<b>369,347,932</b>	<b>427,113,471</b>	<b>401,544,391</b>	<b>429,299,345</b>
Positions	515	522	488	519
FTE	458.59	477.51	445.01	476.01

\* includes Emergency Board and administrative actions through December 2014

### ***Program Description***

The Oregon Military Department (OMD) is responsible for administration of the Oregon Army National Guard, the Oregon Air National Guard, the Oregon State Defense Force, the Office of Emergency Management, and the Oregon Youth Challenge Program. The Department is overseen by an Adjutant General, appointed by the Governor to a four-year term of office. The Adjutant General also serves as the homeland security advisor to the Governor and chief of staff of the Governor's Military Council.

The National Guard is a federal-state partnership with a dual mission: (a) provide combat-ready units and equipment in support of national defense, and (b) provide units and equipment to protect life and property during natural disasters and civil unrest, and for backup support to law enforcement. The National Guard serves on a day-to-day basis under the command of the Governor, but is available to the federal government upon order of the President of the United States.

A responsibility unrelated to the Department's primary mission is youth education. The Youth Challenge Program provides at-risk high school dropouts an opportunity to complete educational credit with a goal of reintegrating into high school to earn a diploma or prepare for the General Education Development (GED) examination. Other youth educational opportunities also exist at Oregon's two airbases.

### ***CSL Summary and Issues***

1. 2015-17 CSL for Military is an 8% General Fund increase but 5% total funds reduction compared to the 2013-15 Legislatively Approved Budget.
2. Federal revenue sources are National Guard Bureau, Department of Homeland Security, and FEMA grants. Other Funds are mostly from 9-1-1 tax and facility rentals. General Fund is required to match federal funds for day-to-day operations at 20% or 25%, depending on the service branch.
3. Also phased out is \$7.3 million Other Funds reflecting the transfer of the Seismic Rehab program to Oregon Business Development and \$1.4 million Other Funds for one-time limitation to cover personal service costs associated with 2013 firefighting.
4. The major Federal Funds phase-out is \$6 million for a Umatilla Caretaker Contract. A policy package requests extending the agreement and 23 limited duration positions.

### ***Policy Issues***

1. Next Generation 911. Adding text and data capabilities to Oregon's 9-1-1 system will require about six years from planning to implementation and likely cost around \$150 million. The agency is working with LFO and the state CIO on foundational documents in preparation for requesting project implementation proposals. An alternate approach has been proposed that would break the project into discrete units, beginning with the conversion of frame-relay to internet protocol network. This would need to be done regardless of NG911, as frame-relay systems are aging and will receive poorer support from industry as time goes on. The cost currently appears to be \$500,000 from 9-1-1 tax, but the number will need to be refined.
2. Capital construction request is \$13.2 million in bond proceeds plus \$5.1 million Other Funds limitation to expend proceeds from the sale of the Monmouth training facility, matched by \$18.6 million federal funds. If approved, this level of funding would support three construction projects as well as planning/predesign work on four other projects. Approval would also trigger General Fund debt service. OMD's facilities are sorted into three tiers based on age and size. First tier are newer armories or readiness centers of adequate size to support their tenants. Mid-tier armories won't be replaced in the next 20 years despite being undersized, not up to code or adequate to support the tenant unit. The National Guard Bureau has a matching fund program to provide upgrades, repairs, seismic retrofitting, etc. for the mid-tier armories designed to add years of useful life to the facilities. Lower-tier armories are programmed for more immediate replacement.

3. Adequate General Fund for fire and emergency services for Air National Guard at the Portland Air base and Kingsley Field: The agency is requesting \$1.4 million to cover the gap between bargained pay and the Federal government's cap on firefighters' pay. The bargained contract is similar to SEIU and AFSCME. One-time General Fund of \$735,000 provided during the February 2014 legislative session was inadequate to fund all positions and meant that the agency had to hold vacancies. This issue is the Department's number one funding priority. The state is put in the position of either funding the full cadre of firefighters and emergency personnel, or continuing to hold vacancies.

### ***Other Significant Issues and Background***

There were no comprehensive agency audits performed during 2013-15. An audit letter was issued as part of the statewide single audit specifically addressing the Emergency Management division's handling of Disaster Grants in Presidential Declared Disasters. Specifically, the audit recommended and the agency agreed to developing and implementing written policy and methodology for accruals for the Disaster grant, keeping current with Federal Funding Accountability and Transparency Act reporting, and strengthening report documentation. Corrections were complete June 30, 2014.

A budget note in SB 5534, the agency's 2013-15 appropriation bill, directed the agency to work with the Department of Administrative Services to develop project management documents for Next Generation 9-1-1 Internet Protocol Network by December 2013 in order for LFO to conduct a readiness assessment of the project. The Department reported to the Legislature in 2014 on the status of the project. In the course of working with DAS CIO and LFO, it was agreed that the alternate approach described in #1 above would serve the state and provide time to plan the more comprehensive approach.

In addition to NG911 reporting, the agency made 3 requests for additional limitation at the December 2014 Emergency Board: Roseburg Armory federal capital construction, Youth Conservation Program maintenance, and 2014 fire season costs reimbursement. Two additional actions allocated the agency's disaster fund for projects in the City of Westfir and for the Vernonia School district.

### ***Co-Chairs' Budget Framework Discussion***

No specific budget details were identified in the Co-Chairs' budget framework for this agency.