

SB 5532 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Julie Neburka, Legislative Fiscal Office

Military Department

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 15,696,369	\$ 16,130,255	\$ 14,678,106	\$ (1,018,263)	(6.5%)
General Fund Capital Improvements	\$ 250,000	\$ -	\$ -	\$ (250,000)	(100.0%)
General Fund Debt Service	\$ 9,697,828	\$ 10,800,440	\$ 10,800,440	\$ 1,102,612	11.4%
Other Funds Limited	\$ 101,496,722	\$ 100,919,612	\$ 101,504,188	\$ 7,466	0.0%
Other Funds Capital Improvements	\$ 194,377	\$ -	\$ -	\$ (194,377)	(100.0%)
Other Funds Debt Service	\$ 106,014	\$ 102,541	\$ 102,541	\$ (3,473)	(3.3%)
Other Funds Nonlimited	\$ 172	\$ -	\$ -	\$ (172)	(100.0%)
Other Funds Debt Service Nonlimited	\$ 60,452	\$ -	\$ -	\$ (60,452)	(100.0%)
Federal Funds Limited	\$ 255,555,668	\$ 256,761,903	\$ 268,024,444	\$ 12,468,776	4.9%
Federal Funds Capital Improvements	\$ 4,770,599	\$ 4,946,572	\$ 4,946,572	\$ 175,973	3.7%
Total	\$ 387,828,201	\$ 389,661,323	\$ 400,056,291	\$ 12,228,090	3.2%

Position Summary

Authorized Positions	451	429	475	24
Full-time Equivalent (FTE) positions	408.01	386.88	424.82	16.81

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

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

Other Funds revenues include 9-1-1 taxes; proceeds from real property sales; facility rental fees; Average Daily Membership revenue received from the Bend-LaPine School District for the Youth Challenge Program; indirect cost transfers within the agency; and other miscellaneous revenues. Facility rental fees contribute to, but do not fully cover, armory maintenance and operations costs. If the Capital Construction Subcommittee subsequently approves one or more of the agency’s requested bond-funded capital construction projects, there will be additional Other Funds revenue from the sale of bonds.

Federal Funds come from a variety of federal-state cooperative agreements with the National Guard Bureau and grants from the Federal Emergency Management Agency (FEMA). They fund most facilities' operating costs, pay wages and salaries of state 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 FEMA.

The department has a federal budget 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 (OMD) provides Oregon and the United States with a ready force of Citizen Soldiers, Airmen and Civilians, trained and equipped to respond to any contingency, natural or manmade. The department is responsible for administration of the Oregon Army National Guard, the Oregon Air National Guard, the Oregon State Defense Force and the Office of Emergency Management. OMD has a dual mission: providing combat-ready units and equipment to be deployed in support of national defense, under the direction of the President; and providing 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 \$400,056,291 total funds consisting of \$25,478,546 General Fund, \$101,606,729 Other Funds expenditure limitation, and \$272,971,016 Federal Funds expenditure limitation, including 475 positions (424.82 FTE). The total funds budget is a 2.7 percent increase from the 2017-19 current service level and a 3.2 percent increase from the 2015-17 Legislatively Approved Budget.

Administration

The Administration Program provides leadership and support for command, control, and administration of the Oregon National Guard and Oregon Emergency Management. The program consists of the Command Group, Financial Administration Division, State Personnel Office, Public Affairs Program, Emergency Financial Assistance Program and the Reintegration Program. The Subcommittee approved a budget of \$7,688,409 total funds consisting of \$5,277,981 General Fund and \$2,410,428 Other Funds expenditure limitation, including 25 positions (23.88 FTE).

Operations

The Operations Program unit is responsible for ongoing maintenance and support of the facilities utilized by the National Guard and provides the infrastructure to respond to natural or human-made disasters. The program 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. It also includes capital construction staff to oversee the department's capital construction projects. The Subcommittee

approved a budget of \$99,665,557 total funds consisting of \$7,312,690 General Fund, \$4,485,935 Other Funds limitation and \$87,866,932 Federal Funds limitation, including 337 positions (295.38 FTE).

- Package 070, Revenue Shortfalls. This package reduces Other Funds limitation by \$500,000 to bring limitation in the Operations and Maintenance Program in line with estimated armory rental revenues.
- Package 203, Camp Umatilla. This package increases Federal Funds limitation by \$7,390,762 and creates 21 permanent full-time positions (21.00 FTE) to manage the 7,500-acre National Guard training site on the former Umatilla Chemical Depot near Hermiston, Oregon. A portion of this site has been used for National Guard Training since 1980; the 2012 National Defense Authorization Act authorized 7,500 acres to be conveyed to the Oregon Military Department for use as a training site.
- Package 204, LD to Permanent Positions. This package increases Federal Funds limitation by \$166,478 and establishes one permanent full-time Construction Inspector position (1.00 FTE) to eliminate a long-term double fill. OMD has double filled its existing Construction Inspector position since January 2008 to provide adequate project management and inspection capacity for the agency's new construction and building alteration projects. New construction, major repairs and service life extension projects represent a significant, ongoing workload for OMD.
- Package 206, PANG Stormwater Fees. This package provides \$224,000 General Fund and \$896,000 Federal Funds limitation to pay an annual stormwater fee assessed at the Portland Air National Guard Base by the City of Portland. The cost of the assessment will be split 20 percent General Fund and 80 percent Federal Funds per OMD's agreement with the National Guard Bureau.
- Package 801, LFO Analyst Adjustments. The National Guard Bureau has determined fire protection programs at air national guard bases are to be 100 percent federally funded. Federal funding is available for fire protection services at Kingsley Field Air National Guard Base and at the Portland Air National Guard Base. Accordingly, General Fund support for this function is reduced by \$1,494,931.
- Package 812, Vacant Position Elimination. This package abolishes one vacant Facility Energy Technician 3 position (1.00 FTE), reducing General Fund by \$29,755 and Federal Funds limitation by \$119,020.

Oregon Emergency Management

Oregon Emergency Management (OEM) coordinates statewide emergency services and maintains emergency communications systems used for public warnings, emergency notifications and emergency support. OEM also provides cities, counties and tribes throughout Oregon with planning, training and technical assistance in disaster preparedness, emergency response, recovery services and hazard mitigation. Program areas within OEM include the Administration Program, Technology and Response Program, Plans and Training Program and the Mitigation and

Recovery Program. The Subcommittee approved a budget of \$262,701,293 total funds consisting of \$1,881,987 General Fund, \$91,578,052 Other Funds limitation and \$169,241,254 Federal Funds limitation, including 42 positions (42.62 FTE).

- Package 080, May 2016 E-Board. This package provides \$200,000 Other Funds limitation to allow the Office of Emergency Management to make special payments to the Department of Public Safety Standards and Training (DPSST) to fund training for telecommunicators and managers of 911 call centers in the 2017-19 biennium. Funding in the amount of \$100,000 was approved by the Emergency Board in May 2016. To address the demand for training, OEM will provide an additional \$100,000 to DPSST in 2017-19, for a total of \$200,000 Other Funds limitation.
- Package 305, FEMA Grants to DLCD. This package increases Federal Funds limitation by \$1,083,668 to accommodate grant payments from OEM to the Department of Land Conservation and Development (DLCD). DLCD is applying to OEM in 2017-19 for grant funds from FEMA's Pre-Disaster Mitigation and Hazard Mitigation grant programs. These are reimbursable grant programs that provide funding to state and local governments for natural hazard mitigation plans. DLCD will use the grant funds to help local governments with their natural hazard mitigation plans and to prepare an updated and improved risk assessment tool.
- Package 801, LFO Analyst Adjustments. This package fund shifts two positions by reducing General Fund by \$151,463 and increasing Other Funds limitation by \$151,463. The source of the Other Funds limitation for this fund shift is the 911 Emergency Communications Account. Additionally, the package includes an Other Funds revenue transfer in the amount of \$125,573 from the 911 Emergency Communications Account to the Oregon State Police, to shift 15 percent of the cost of the Oregon Emergency Response System from General Fund to Other Funds.

Community Support

The Community Support program offers educational opportunities for at-risk youth in Oregon. These opportunities are provided by the Oregon Youth Challenge Program in Bend and the Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE) programs in Portland and Klamath Falls. The Subcommittee approved a budget of \$14,151,479 total funds consisting of \$205,448 General Fund, \$3,029,773 Other Funds limitation and \$10,916,258 Federal Funds limitation, including 71 positions (62.94 FTE).

- Package 080, May 2016 E-Board. This package increases Other Funds limitation by \$256,000 and Federal Funds limitation by \$518,000 for the Youth Challenge Program. This increase was approved by the Emergency Board in May 2016, following updated revenue estimates from the National Guard Bureau for federal fiscal year 2016.
- Package 401, Youth Challenge Program Expansion. This package provides \$477,113 Other Funds limitation, \$600,322 Federal Funds expenditure limitation and creates 13 new permanent positions (4.94 FTE) to phase in the expansion of the Oregon Youth Challenge Program starting in October 2018. The Youth Challenge Program expansion was approved by the Legislature in 2015, when bond

financing was approved to renovate the program's facility to accommodate an additional 84 cadets per class. Renovations are expected to be complete by December 2018, with the first class of additional cadets in January 2019.

- Package 402, STARBASE Positions. This package provides a net increase in the amount of \$726,331 Federal Funds limitation and creates 12 new permanent positions (12.00 FTE) to replace limited duration and temporary teaching staff in the Science and Technology Academy Reinforcing Basic Aviation and STARBASE programs. The package decreases professional services limitation by \$660,000, decreases Services and Supplies limitation by \$335,000 and increases the programs personal services by \$1,721,331.

The STARBASE program exposes third to eighth graders to the fields of science, technology, engineering and mathematics through a 25-hour curriculum that demonstrates math and science applications in aerospace operations. This federally funded program hosts approximately 2,100 students per year, at the Portland Air National Guard Base and at the Kingsley Field Air National Guard base in Klamath Falls.

Capital Debt Service and Related Costs

The Capital Debt Service and Related Costs Program provides funding to make payments on principal, interest and financing costs for Certificate of Participation and Article XI-Q general obligation bond debt used to construct and upgrade agency facilities and for acquisition of land and facilities. The Subcommittee approved a budget of \$10,902,981 total funds consisting of \$10,800,440 General Fund, and \$102,541 Other Funds limitation.

Capital Improvements

The Capital Improvements program provides for capital improvements to existing facilities. Capital improvements projects are those with a total cost of less than \$1.0 million. Program expenditures are used to address the department's backlog of deferred maintenance. The Subcommittee approved a budget of \$4,946,572 Federal Funds limitation.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Military Department
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 25,644,197	\$ -	\$ 101,797,113	\$ 60,624	\$ 260,326,267	\$ -	387,828,201	451	408.01
2017-19 Current Service Level (CSL)*	\$ 26,930,695	\$ -	\$ 101,022,153	\$ -	\$ 261,708,475	\$ -	389,661,323	429	386.88
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 002 - Operations									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ -	\$ -	\$ (500,000)	\$ -	\$ -	\$ -	(500,000)		
Package 203: Camp Umatilla									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 2,890,762	\$ -	2,890,762	21	21.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ -	4,500,000		
Package 204: LD to Permanent Positions									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 166,478	\$ -	166,478	1	1.00
Package 206: PANG Stormwater Fees									
Services and Supplies	\$ 224,000	\$ -	\$ -	\$ -	\$ 896,000	\$ -	1,120,000		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (1,494,931)	\$ -	\$ -	\$ -	\$ -	\$ -	(1,494,931)	0	0.00
Package 812: Vacant Position Elimination									
Personal Services	\$ (29,755)	\$ -	\$ -	\$ -	\$ (119,020)	\$ -	(148,775)	(1)	(1.00)
SCR 003 - Oregon Emergency Management									
Package 080: May 2016 E-Board									
Special Payments - Pub Safety Stds/Trng	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	200,000		
Package 305: FEMA Grants to DLCD									
Special Payments - Land Conservation Dev	\$ -	\$ -	\$ -	\$ -	\$ 1,083,668	\$ -	1,083,668		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (151,463)	\$ -	\$ 151,463	\$ -	\$ -	\$ -	-	0	0.00
SCR 004 - Community Support									
Package 080: May 2016 E-Board									
Services and Supplies	\$ -	\$ -	\$ 256,000	\$ -	\$ 518,000	\$ -	774,000		
Package 401: Youth Challenge Program Expansion									
Personal Services	\$ -	\$ -	\$ 157,738	\$ -	\$ 473,197	\$ -	630,935	13	4.94
Services and Supplies	\$ -	\$ -	\$ 319,375	\$ -	\$ 127,125	\$ -	446,500		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 402: STARBASE Positions										
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	1,721,331	\$ -	1,721,331	12	12.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	(995,000)	\$ -	(995,000)		
TOTAL ADJUSTMENTS	\$ (1,452,149)	\$ -	\$ 584,576	\$ -	\$ -	11,262,541	\$ -	10,394,968	46	37.94
SUBCOMMITTEE RECOMMENDATION *	\$ 25,478,546	\$ -	\$ 101,606,729	\$ -	\$ -	272,971,016	\$ -	400,056,291	475	424.82
% Change from 2015-17 Leg Approved Budget	-0.6%	0.0%	-0.2%	-100.0%	4.9%	0.0%	3.2%	5.3%	4.1%	
% Change from 2017-19 Current Service Level	-5.4%	0.0%	0.6%	0.0%	4.3%	0.0%	2.7%	10.7%	9.8%	

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

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Agency: Military Department

Mission Statement:

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 Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. RECRUITING - Percent of soldiers and airmen recruited vs. recruiting goal.		Approved	75%	100%	100%
2. ARMORY CONDITION - Percent of statewide armories in adequate or better condition.		Approved	53%	80%	80%
3. REVENUE GENERATION - Percent of available armory time rented.		Approved	23%	40%	40%
4. EQUIPMENT AVAILABILITY - Percent of equipment on hand in Oregon vs. equipment authorized.		Approved	139%	95%	95%
5. YOUTH CHALLENGE - Percent of youth who complete the academic phase of the program with a GED, high school diploma, or credit recovery at graduation		Approved	93%	85%	90%
6. REINTEGRATION - Percent of members successfully referred for reintegration services.		Approved	100	98	98
7. DOMESTIC PREPAREDNESS PLANS - Percentage of counties with National Incident Management System (NIMS) compliant Emergency Operations Plans (EOPS).		Approved	100%	100%	100%
8. HAZARD MITIGATION PLANS - Percentage of state population covered by a FEMA approved local hazard mitigation plan.		Approved	47%	90%	90%
9. 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.	1) Expertise	Approved	74%	75%	75%
	2) Helpfulness		74%	75%	75%
	3) Timeliness		68%	75%	75%
	4) Availability of Information		71%	75%	75%
	5) Accuracy		74%	75%	75%
	6) Overall			74%	75%

LFO Recommendation:

The Legislative Fiscal Office recommends the Key Performance Measures and targets as presented. Customer Satisfaction targets are recommended to be increased, as the agency has easily surpassed the current 55% satisfaction rating for the past five reporting years.

SubCommittee Action:

The Subcommittee approved the Key Performance Measures as recommended by LFO.