

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: HB 2927 - A <REVISED>

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Julie Neburka, Paul Siebert, Tom MacDonald, Michelle Deister, Matt Stayner, Laurie Byerly
Date: June 9, 2021

Measure Description:

Renames Office of Emergency Management as Oregon Department of Emergency Management. Establishes independent agencies.

Government Unit(s) Affected:

Oregon Military Department (OMD), Oregon State Police (OSP), Office of the Governor, Department of Administrative Services, Department of Public Safety Standards and Training (DPSST), Oregon Health Authority (OHA), Oregon Department of Transportation (ODOT), Oregon Department of Forestry (ODF), Department of Corrections (DOC), Department of Justice (DOJ), Cities, Counties

Summary of Fiscal Impact:

Quantifiable costs related to the measure may require budgetary action. In addition, certain elements of the fiscal impact are indeterminate, at this time - See analysis.

<REVISED>

Analysis:

HB 2927 A-Engrossed:

- Renames Office of Emergency Management (OEM) as the Oregon Department of Emergency Management (ODEM) and establishes ODEM as an independent state agency. The measure also establishes the Local Government Emergency Management Advisory Council to provide advice and recommendations to ODEM regarding ODEM’s emergency preparedness and response functions.
- Renames the office of State Fire Marshal as the Oregon Department of the State Fire Marshal (OSFM) and establishes OSFM as independent state agency.
- Transfers the Oregon Homeland Security Council from OEM to the Office of the Governor, adding members to and modifying the duties of the Council. The measure also establishes the Emergency Preparedness Advisory Council to advise and make policy recommendations to the Oregon Homeland Security Council regarding federal emergency support functions.
- Establishes the Task Force on Implementation charged with making recommendations as to whether the office of the State Fire Marshal should be made an independent state agency, and if not, in which existing state agency the Office of the Fire Marshal should be housed. The Task Force must report its findings and recommendations to an interim committee of the Legislative Assembly by February 1, 2022. The office of the State Fire Marshall is required to provide staffing support for the Task Force. The Task Force sunsets on January 2, 2023.

Although preliminary estimates for the cost of restructuring are roughly \$6,482,613 General Fund, 33 positions, 19.05 FTE for the 2021-23 biennium; and \$11,009,102 Total Funds [\$8,521,110 General Fund + \$2,487,992 Other Funds], 39 positions, 36.00 FTE for the 2023-25 biennium, the complete fiscal impact of the measure to the state is indeterminate.

At this time, all the ramifications of this measure cannot be fully predicted and quantified. The following analysis provides preliminary projections and information. The full fiscal impact of the reorganization required by the

measure is indeterminate, contingent on the recommendations of the Task Force on Implementation, the actions of the 2021 and 2023 Legislative Assemblies, budgetary actions during the 2021-23 biennium, as well as the specific plans and contractual agreements to be developed by the agencies affected working together to coordinate the separation and restructuring of programs, systems, staff, and funding. Actions of the 2021 Legislative Assembly includes legislation that may either increase or decrease responsibilities and funding for all the agencies affected by this measure.

Oregon Military Department (OMD), Oregon Department of Emergency Management (ODEM)

The measure stipulates that the unexpended balances of amounts authorized to be expended by the Oregon Military Department for the purposes of the Office of Emergency Management for the 2021-23 biennium are to be transferred to the Oregon Department of Emergency Management at the beginning of the 2021-23 biennium. This amount is indeterminate depending on the actions of the 2021 Legislative Assembly, as well as the specific plans and contractual agreements to be developed by the agencies affected by this measure. As a point of reference, the 2021-23 current service level budget for the Office of Emergency Management (OEM) within the Oregon Military Department is \$286.8 million Total Funds [\$5.7 million General Fund + \$100.2 million Other Funds + \$180.9 million Federal Funds], 44 positions, and 44.00 FTE.

In addition, OMD estimates the fiscal impact of restructuring and providing additional services required by the bill at \$4,437,894 General Fund, 13 new positions, and 13.00 FTE for the 2021-23 biennium; and \$4,949,980 General Fund, 19 new positions, and 16.00 FTE for the 2023-25 biennium.

2021-23 Biennium Impact of Restructuring of the Office of Emergency Management (OEM)			
Oregon Department of Emergency Management (ODEM)	General Fund	Positions	FTE
¹ Administrative Services			
Financial Services - Personal Services	461,989	2	2.00
Procurement and Contracts - Personal Services	187,920	1	1.00
DAS Shared Services - Services and Supplies	952,860		
² Oregon Emergency Response System (OERS)			
³ Training and Exercises - Personal Services	1,268,615	6	6.00
⁴ Support for Two New Advisory Councils - Personal Services	146,063	1	1.00
Services and Supplies	414,388		
TOTAL ODEM	\$3,431,835	10	10.00
Oregon Military Department (OMD)	General Fund	Positions	FTE
¹ Administrative Services			
Financial Services - Personal Services Fund Shift	216,130		
Human Resources - Personal Services Fund Shift	86,976		
Information Technology - Personal Services	619,126	3	3.00
Information Technology - Services and Supplies	83,825		
TOTAL OMD	\$1,006,057	3	3.00
TOTAL IMPACT OF RESTRUCTURING OEM	\$4,437,892	13	13.00

In addition to General Fund expenses, OMD would require \$5 million in Other Funds expenditure limitation in Community Support for use in the event of State Active Duty mobilizations. The agency currently uses Other Funds expenditure limitation available in the Office of Emergency Management for State Active Duty expenses.

2023-25 Impact of Biennium Restructuring of Office of Emergency Management (OEM)			
Oregon Department of Emergency Management (ODEM)	General Fund	Positions	FTE
¹ Administrative Services			
Financial Services - Personal Services	461,989	2	2.00
Procurement and Contracts - Personal Services	187,920	1	1.00
DAS Shared Services	952,860		
² Oregon Emergency Response System (OERS)	438,187	6	3.00
³ Training and Exercises - Personal Services	1,268,615	6	6.00
⁴ Support for Two New Advisory Councils - Personal Services	146,063	1	1.00
Services and Supplies	488,289		
TOTAL ODEM	\$3,943,923	16	13.00
Oregon Military Department (OMD)	General Fund	Positions	FTE
¹ Administrative Services			
Financial Services - Personal Services Fund Shift	216,130		
Human Resources - Personal Services Fund Shift	86,976		
Information Techology - Personal Services	619,126	3	3.00
Information Technology - Services and Supplies	83,825		
TOTAL OMD	\$1,006,057	3	3.00
TOTAL IMPACT OF RESTRUCTURING OEM	\$4,949,980	19	16.00

¹ With the separation of ODEM from Oregon Military Department, savings from sharing essential support services staff and resources would not be realized, and both entities are anticipated to need additional resources beyond that of their existing budgets. Administrative Services cost estimates assume that the bulk of the existing financial services and human resources functions remains with OMD, and ODEM will need to contract with the Department of Administrative Services for these functions. Administrative Services costs for ODEM include Personal Services for one Procurement Specialist 2 position to manage procurements for ODEM. Financial Services amounts for ODEM reflect one Fiscal Analyst 3 position and one Internal Auditor 3 position. Administrative Services costs for OMD reflects fund shifts and backfill necessary to separate the work of the two entities. The bulk of the information technology function including staff remains with ODEM while OMD replaces lost capacity by transitioning to the State Data Center and hiring three new positions (ISS7 and ISS5) for its information technology services.

² The measure transfers the Oregon Emergency Response System (OERS) from the Oregon State Police to ODEM, operative July 1, 2025. OERS is a broad-based system supporting the entire state, but OERS is also a call taking center. Due to OERS managing multiple functions that supported both OSP and OEM simultaneously, when OEM was transferred to OMD from OSP in 2007, OERS remained within OSP's budgetary responsibilities and was managed by OEM. The Military Department estimates the cost of a safe and efficient separation of OERS to be \$878,905 General Fund, 6 positions, and 6.00 FTE per biennium. The 2021-23 amount in the table reflects the cost of onboarding the additional six OERS Duty Officers with rolling start dates to provide 24/7/365 call coverage for the Emergency Coordination Center (ECC).

³ Section 25a of the measure directs ODEM to develop and carry out emergency preparedness exercises, and coordinate regional training on a statewide basis. OMD estimates the cost of complying with this provision of the bill to be \$1,646,987 General Fund, 6 positions, and 6.00 FTE per biennium. These positions include one Principal Executive Manager D position to implement policies, procedures, and establish priorities in coordination with the Preparedness, Emergency Coordination, and Mitigation and Recovery Services Section Managers, consistent with federal and state regulations, to support the community through regional implementation. Five Policy Analyst 3 positions would work under the supervision of the Regional Preparedness Program Manager to coordinate and

support the implementation of emergency management programs and activities within the region with a focus on supporting county, tribal, and local partners.

⁴ The measure creates two new councils, the Emergency Preparedness Advisory Council and the Local Government Emergency Management Advisory Council. To provide support to the Local Government Emergency Management Advisory Council and to coordinate with the Emergency Preparedness Advisory Council, ODEM would need to hire one Administrative Support Specialist 2 position. Personal Services and related Services and Supplies for this position is estimated at \$166,484 per biennium.

Oregon State Police (OSP), Oregon Department of the State Fire Marshal (OSFM)

The measure stipulates that the unexpended balances of amounts authorized to be expended by the Oregon State Police for the purposes of the State Fire Marshal for the 2023-25 biennium are to be transferred to the Oregon Department of the State Fire Marshal (OSFM) at the beginning of the 2023-25 biennium. This amount is indeterminate depending on the actions of the 2021 and 2023 Legislative Assemblies, budgetary actions during the 2021-23 biennium, as well as the specific plans and contractual agreements to be developed by the agencies affected by this measure. As a point of reference, the 2021-23 current service level budget of the State Fire Marshal within the Oregon State Police is \$31.8 million Total Funds [\$0.4 million General Fund + \$30.8 million Other Funds + \$0.6 million Federal Funds], 67 positions, and 67 FTE.

In addition, OSP estimates the fiscal impact of restructuring and providing additional services required by the bill at \$1,807,561 General Fund, 19 new positions, and 5.05 FTE for the 2021-23 biennium; and \$5,821,961 Total Funds [\$3,333,969 General Fund + \$2,487,992 Other Funds], 19 positions, 19.00 FTE for the 2023-25 biennium. Although the recommendations of the Task Force on Implementation are unknown, for the purposes of this fiscal impact analysis, OSP assumes that OSFM will separate from OSP effective July 1, 2023. Expenditures for the 2021-23 biennium reflects onboarding of staff with rolling start dates to prepare for the July 1, 2023 operative date.

2021-23 Biennium Impact of Restructuring of the office of the State Fire Marshal			
Oregon Department of the State Fire Marshal (OSFM)	General Fund	Positions	FTE
Administrative Services			
Financial Services - Personal Services	370,700	6	1.75
Procurement and Contracts - Personal Services	99,375	2	0.50
Human Resources - Personal Services	404,865	6	1.75
Information Technology - Personal Services	225,506	3	1.00
Program Support - Personal Services	84,056	2	0.05
Mass Transit Tax - Personal Services	4,559		
Services and Supplies	118,500		
Contract Services for Transition Plans	500,000		
TOTAL OSFM	\$1,807,561	19	5.05

2023-25 Biennium Impact of Restructuring of the office of the State Fire Marshal				
Oregon Department of the State Fire Marshal (OSFM)	General Fund	Other Funds	Positions	FTE
* Administrative Services				
Financial Services		1,211,192	6	6.00
Procurement and Contracts		397,507	2	2.00
Human Resources		1,369,404	6	6.00
Information Technology		651,968	3	3.00
Program Support		336,231	2	2.00
Mass Transit Tax		15,159		
Services and Supplies		123,500		
Contract Services for Internal Audit		150,000		
Department of Administrative Services Charges		467,000		
TOTAL OSFM	\$0	\$4,721,961	19	19.00
Oregon State Police (OSP)				
	General Fund	Other Funds	Positions	FTE
* Administrative Services	\$2,233,969	(\$2,233,969)		
Facilities Rental	\$1,100,000			
TOTAL OSP	\$3,333,969	(\$2,233,969)		
TOTAL IMPACT OF RESTRUCTURING SFM	\$3,333,969	\$2,487,992	19	19.00

* With the separation of OSFM from the Oregon State Police, savings from sharing essential support services staff and resources would not be realized, and both agencies are anticipated to need additional resources beyond that of their existing budget. Administrative Services cost estimates assume that the bulk of the existing program support, procurement and contracts, human resources, and information technology services remains with OSP and OSFM will need to hire new employees and contract with the Department of Administrative Services.

Under current practice, the Office of State Fire Marshal is budgeted to transfer Other Funds (Fire Insurance Premium Tax (FIPT)) funding to another program area (Criminal Division / Arson Program) within the Oregon State Police. The \$3,333,969 cost to OSP reflects the fund shift necessary to backfill OSP administrative services and facilities rental expenditures because Other Funds revenues from Fire Insurance Premium Tax would move with the State Fire Marshall Office.

Note that although the State Fire Marshal believes there is sufficient Other Funds to support the \$1.4 million Other Funds increase for one biennium, this restructuring may result in future fee increases for the State Fire Marshal.

Office of the Governor

Office of the Governor	General Fund	Positions	FTE
Personal Services	154,157	1	1.00
Services and Supplies	83,004		
TOTAL OFFICE OF THE GOVERNOR	\$237,161	1	1.00

The Office of the Governor estimates to cost of supporting the Oregon Homeland Security Council and the Emergency Preparedness Advisory Council to be \$237,161 General Fund, 1 position, and 1.00 FTE per biennium. The measure stipulates that the unexpended balances of amounts authorized to be expended by OEM for the purposes of the Oregon Homeland Security Council for the 2021-23 biennium are to be transferred to the Office of the Governor. Under current practice, there is no dedicated budget associated with the Oregon Homeland Security Council within the Oregon Military Department budget. Any costs incurred by the Council since its establishment in 2005 were expected to be absorbed within OMD's operating budget. The Office of the Governor anticipates needing one Executive Support Specialist 2 position to provide administrative support to the two Councils.

Department of Administrative Services (DAS)

If the Oregon Department of Emergency Management and the Oregon Department of the State Fire Marshal become financial services clients, DAS Shared Financial Services may need additional staffing resources. The Legislative Fiscal Office assumes that if DAS can demonstrate an increase in workload as a result of this measure, the Department will appear before an interim committee or Emergency Board with request for additional staffing resources.

Department of Public Safety Standards and Training (DPSST), Oregon Health Authority (OHA), Oregon Department of Transportation (ODOT), Oregon Department of Forestry (ODF), Department of Corrections (DOC), Department of Justice (DOJ), Cities, Counties

The fiscal impact of this bill on DPSST, OHA, ODOT, ODF, and DOC is anticipated to be minimal. The measure adds DPSST, OHA, ODOT, ODF, and DOC to the membership of the Oregon Homeland Council and requires DPSST, OHA, ODOT, DOJ, ODF, counties and cities representative to participate on the Emergency Preparedness Advisory Council. The fiscal analysis assumes these entities will reprioritize duties to attend meetings and use existing staff and resources to furnish the Councils with existing available data, information, advice, and other support.