



OREGON MILITARY DEPARTMENT
JOINT FORCE HEADQUARTERS, OREGON NATIONAL GUARD
CHIEF OF STATE AFFAIRS
230 GEER DRIVE NE
P.O. BOX 14350
SALEM, OREGON 97309-5047

November 3, 2025

Senator Kate Lieber, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Interim Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

The Oregon Military Department submits the attached 5% General Fund and Other Funds reduction plan for your consideration. Also attached is the list of new and expanded programs.

Mission statement: The Oregon Military Department (OMD) is a Ready, Professional Organization of Soldiers, Airmen and Civilians dedicated to the highest quality service to our Communities, State and Nation. The OMD provides the State of 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 man-made. Always Ready, Always There!

OMD administers the Oregon Army National Guard and the Oregon Air National Guard, which are reserve components of the U.S. Army and Air Force. The Governor is Commander in Chief of the Oregon National Guard and can activate it to state service under ORS 396.065 to support Oregonians in times of crisis or natural disaster. State missions typically entail wildfire suppression but have also included assistance to local governments during winter storms, floods, COVID-19 vaccination support and PPE distribution as well as call-taking at the Employment Department. When activated to federal service by the President, the Oregon Guard is deployed on federal military missions internationally or domestically.

Funding the Oregon National Guard is a bifurcated effort between the federal government (National Guard Bureau or NGB) and OMD's state budget. The federal government pays, equips and trains Service Members, while the state budget funds command and control of the Oregon National Guard (The Adjutant General and Chief of State Affairs are both state funded positions), but mainly supports facility infrastructure: utilities, maintenance and new construction/remodels of facilities (excluding Air National Guard property which is conducted by the federal government).

Twenty-two Cooperative Agreements between OMD and NGB provide federal funding to support the mission of the Oregon National Guard and require substantial involvement from both federal and state entities. The state budget also provides for two educational programs that operate under Cooperative Agreements: the Oregon Youth Challenge Program and Starbase, a STEAM program for mainly 5th graders. Six of the Cooperative Agreements carry state match requirements. Reductions

in state matching funds can reduce the ability to obtain federal funds in these agreements. For example, the Kingsley Field Civil Engineering program carries a 15% state match requirement, so each General Fund dollar cut will reduce \$5.66 of Federal Funds.

The 2025-27 Legislatively Adopted Budget for OMD funds 507 state positions and 476.38 FTE, \$50,065,469 General Fund, \$41,460,544 Other Funds and \$221,798,821 Federal Funds. Excluding debt service, capital construction and the account "Federal Funds as Other Funds" as instructed by LFO, the budget subject to the 5% cuts is \$36,715,046 General Fund appropriation and \$21,405,251 Other Funds limitation. The 5% reduction amounts are \$1,835,752 General Fund and \$1,070,263 Other Funds limitation.

General Fund

In considering 5% reduction options, our main objective is to avoid employee layoffs and the permanent loss of positions. Our employees are critical to the success of the agency. All proposed reductions impact General Fund for Services and Supplies.

General Fund reductions in the Administration Program would reduce central support of our operational programs but would not impact federal matching funds. A reduction of \$48,000 from the State Information Technology budget will prevent modernization of IT software and systems and PC lifecycle replacements. Reductions in Command Group, State Personnel Office and Financial Administration would restrict office supply purchases, training opportunities for staff and travel to OMD sites across the state to assist with human resource actions and conduct site visits. The Administration Program budget is already constrained following Services and Supplies cuts of almost \$125,000 General Fund in the 2023-25 budget. Additional reductions would severely restrict activities in this program.

General Fund reductions in the Operations Program and Community Support would impact federal matching funds. Kingsley Field Civil Engineering would be reduced by \$17,000 General Fund, resulting in an inability to match \$96,333 Federal Funds, for a total cut of \$113,333. This will result in reduced purchases of critical maintenance and repair materials required to maintain the Air National Guard Base in Klamath Falls, which is undergoing significant renovations to accommodate the new F-35 Lightning fighter jet. It also endangers operations of the civilian airport.

Similarly, a \$59,422 General Fund cut to Portland Air National Guard Civil Engineering will reduce Federal Funds by \$237,688 (80/20 fund split) for a total reduction of \$297,110, which will reduce the ability to properly maintain facilities supporting the 24/7 aerospace control alert mission at the base, critical for security of U.S. airspace from the Canadian border to northern California.

OMD chose deferred maintenance funding in the Installations Division of the Operations Program mainly because it is fairly new funding that began in the 2021-23 funding, and because it is early in the biennium when we can plan for fewer projects. Deferred maintenance reductions totaling \$1,557,580 General Fund would result in a loss of Federal Funds in the same amount. This funding is used to maintain our state facility inventory that predominantly carries a 50/50 federal/state funding formula. This will result in fewer maintenance projects, larger deferred maintenance, and potential loss of armory rental revenue if the facilities are not properly maintained and in poor condition.

Additionally, if armories cannot meet NGB requirements, there is a possibility that military units could be reassigned to different armories, other states, or lose their federal authorization altogether, resulting in their elimination.

OMD has internally set aside \$1.5 million General Fund from deferred maintenance funding to supplement the Oregon State Retention Bonus (OSRB) Program. When added to the \$2.5 million approved by the 2025 Legislature in SB 807, total funding for the bonus program is \$4.0 million, which provides retention bonus payments of \$5,000 each to 800 Oregon National Guard Service Members. The last priority in this reduction plan would be to reduce this supplemental funding by \$95,000, decreasing the number of Service members who could receive this bonus by 19, from a total of 800 to 781. As recruiting and retention is the top priority of OMD leadership, this is the least preferred General Fund reduction option.

Other Funds

OMD does not anticipate significant impacts from reductions to Other Funds limitation. In the Administration Program, very little Other Funds limitation is used for Services and Supplies, so the reduction to the State Personnel Office (\$38,984) and the Financial Administration Division (\$152,419) will have no impact on their operations.

The \$878,860 reduction to Emergency Operations Other Funds limitation in the Community Support Program will decrease limitation to approximately \$4.9 million, slightly reducing the ability to cover State Active Duty expenditures which are unpredictable. In the 2023-25 biennium approximately \$2.3 million limitation was expended on State Active Duty, which was nearly twice that amount in the previous biennium: \$5.5 million. State activations and their costs vary widely year to year based on the severity and frequency of wildfire activity and other natural disasters. Regardless, OMD could request additional limitation from the Legislature if necessary.

If further discussion would be helpful, feel free to contact me at 503-881-3996, or Adam Giblin, CFO of OMD, at 971-718-2488.

Sincerely,

Sean McCormick
Chief of State Affairs
Oregon Military Department

Encls: OMD 5% Reduction Plan
OMD New and Expanded Programs

Oregon Military Department (OMD)																
2025-27 Biennium				OF on separate tab												
2025-27 LAB				36,715,046	-	21,405,251	-	-	-	-	58,120,297					
Detail of Reductions to 2025-27 Legislatively Adopted Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Priority (ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
1	1	OMD	SCR 001: AGT	State Info Technology: Reduce S&S funding	48,000						\$ 48,000				Yes	A reduction of \$48,000 from the AGT GF S&S budget means that we will be unable to fund IT modernization and investments in remediating some of our Cyber Security Audit findings and PC lifecycle.
2	1	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	330,516				330,516		\$ 661,032				Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.
3	2	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	330,516				330,516		\$ 661,032				Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.

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Dept	Prgm/ Div																
4	1	OMD	SCR 004: YCP	Youth Challenge Program: Reduce Services & Supplies GF	47,750				143,250		\$ 191,000					Yes	Reduced ability to purchase required S&S and maintain the facility that houses teen cadets 24/7. Reduction of state match hinders ability to request federal funding increases from NGB. Increases vulnerability to unforeseen needs of the program.
5	3	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	161,094				161,094		\$ 322,188					Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.
6	4	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	169,422				169,422		\$ 338,844					Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.
7	2	OMD	SCR 001: AGC	Financial Admin: Reduce Services & Supplies GF	6,000						\$ 6,000					Yes	Restrict travel, training office supplies.

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Priority (ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
8	3	OMD	SCR 001: AGP	State Personnel Office: Reduce Services & Supplies GF	2,000						\$ 2,000				Yes	Restrict travel, training, office supplies, in-person assistance with hiring interviews, other HR issues.
9	5	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	330,516				330,516		\$ 661,032				Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.
10	6	OMD	SCR 002: PANG	PANG: Reduce Services & Supplies GF	59,422				237,688		\$ 297,110				Yes	Eliminate funding for custodial contract, utility expenses, general base supplies and small procurements. This reduction would reduce the ability to properly support the 24/7 mission of the 142nd Fighter Wing.
11	7	OMD	SCR 002: KF-CE	Kingsley Field Civil Engineering: Reduce Services & Supplies GF	17,000				96,333		\$ 113,333				Yes	Reduce purchases of critical maintenance and repair materials required to maintain Kingsley Field Air National Guard base. Remove service contracts. May reduce infrastructure preparations for new F35 Lightning Fighter Jet. May impact snow removal of the runway and taxiways of the Crater Lake Klamath Regional Airport that is contractually agreed upon in the Airport Joint Use Agreement with the City of Klamath Falls, which could impact civilian airlines.
12	4	OMD	SCR 001: Comm Grp	Command Group: Reduce Services & Supplies GF	3,000						\$ 3,000				Yes	Restrict travel, training office supplies.

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Dept	Prgm/ Div															
12	8	OMD	SCR 002: AGI	Installations Div: Reduce General Fund for deferred maintenance Services & Supplies.	235,516				235,516		\$ 471,032				Yes	A reduction in the Deferred Maintenance funding will result in continued degradation of aging facilities and infrastructure. Due to inadequate state funding for maintenance and repairs for multiple biennia, many of the repairs are not for preventative measures, as limited funds are used to prioritize failed or failing building systems that are essential for life-safety, resulting in increased costs and loss of use of the facility. Delayed repairs also result in poor quality of facilities for National Guard Service Members and this has a direct correlation for recruitment and retention of those members. Facility degradation also has a direct impact on the community by creating physical and visual nuisances.
13	9	OMD	SCR 002: AGI	Installations Div: Reduce S&S General Fund that would have supplemented Retention Bonus funding.	95,000						\$ 95,000				Yes	Reduces the number of add'l Service Members that could receive Retention Bonus payments by 19 (from 300 to 281), once the \$2.5M dedicated funding for 500 payments is exhausted.
				TOTAL	1,835,752	-	-	-	2,034,851	-	\$ 3,870,603	0	0.00			

Target (5%)1,835,752

Difference(0)

2.5% increment917,876

Loss of FF2,034,851

2025-27 Biennium

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
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Agency	SCR	Program Establishment / Expansion			Program Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
		Biennium	Effective Date	Authorization											
248	001	2025-27	7/17/2025	SB 807 (2025)	Oregon State Retention Bonus Program	2,500,000						\$ 2,500,000			Fully implemented. Has had a positive impact on retention of OR National Guard members, with 201 reenlistments in the first 4 months. 40% or \$1,005,000 of the funding has been spent as of Nov 3, 2025.
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				TOTAL		2,500,000	-	-	-	-	-	\$ 2,500,000	0	0.00	

Instructions

Column (5) - Authorization should identify the source of the new program or program expansion, which could include enabling legislation, approved policy option package, or administrative establishment.

Column (6) - Program description should include a summary of the program and the expansion (if applicable), including any partner state agencies.

Column (16) - Current status of program implementation should be summarized, including any future budget requests anticipated upon full program implementation.