

HB 5031 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Piluso

Joint Committee On Ways and Means

Action Date: 06/07/19

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

Senate Vote

Yeas: 10 - Beyer, Frederick, Girod, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Thomsen, Wagner

Exc: 1 - Hansell

Prepared By: Michelle Lisper, Department of Administrative Services

Reviewed By: Julie Neburka, Legislative Fiscal Office

Military Department

2019-21

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 16,891,831	\$ 16,458,514	\$ 21,750,271	\$ 4,858,440	28.8%
General Fund Capital Improvement	\$ 1,000,000	\$ -	\$ -	\$ (1,000,000)	(100.0%)
General Fund Debt Service	\$ 9,997,675	\$ 11,639,970	\$ 11,639,970	\$ 1,642,295	16.4%
Other Funds Limited	\$ 112,160,793	\$ 111,605,421	\$ 112,391,960	\$ 231,167	0.2%
Other Funds Capital Improvement	\$ 500,000	\$ -	\$ -	\$ (500,000)	(100.0%)
Other Funds Debt Service Limited	\$ 550,790	\$ 100,050	\$ 100,050	\$ (450,740)	(81.8%)
Federal Funds Limited	\$ 289,027,233	\$ 283,009,085	\$ 285,416,888	\$ (3,610,345)	(1.2%)
Federal Funds Capital Improvement	\$ 4,946,561	\$ 5,133,694	\$ 5,133,694	\$ 187,133	3.8%
Total	\$ 435,074,883	\$ 427,946,734	\$ 436,432,833	\$ 1,357,950	0.3%

Position Summary

Authorized Positions	477	478	517	40
Full-time Equivalent (FTE) positions	426.82	435.30	463.00	36.18

⁽¹⁾ Includes adjustments through December 2018

* 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 Department; 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 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 from 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 educational programs for 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, the Department of Defense, and FEMA.

The Department has a federal budget administered separately from its state budget that 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 administering 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 recommended a budget of \$436,432,833 total funds consisting of \$33,390,241 General Fund, \$112,492,010 Other Funds expenditure limitation, \$290,550,582 Federal Funds expenditure limitation, and 517 positions (463.00 FTE). The total funds budget is 2.0% higher than the 2019-21 current service level and 0.3% more than the 2017-19 legislatively approved budget.

Administration

The Administration Program provides leadership and support for command, control, and administration of the Oregon National Guard and the Office of 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 recommended a budget of \$5,279,710 General Fund, \$2,637,158 Other Funds expenditure limitation, and 25 positions (23.67 FTE). The Subcommittee recommended the following packages:

Package 801, LFO Analyst Adjustment. This package reduces the Department's budget by \$174,858 General Fund and eliminates one Executive Support Specialist position (1.00 FTE) in order to meet statewide budget reductions targets.

Package 803, Internal Auditor. This package adds \$186,263 General Fund and one Internal Auditor position (0.88 FTE).

Operations

The Operations Program is responsible for ongoing maintenance and support of the facilities used 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 recommended a budget of \$8,070,438 General Fund, \$5,012,166 Other Funds expenditure limitation, \$97,346,048 Federal Funds expenditure limitation, and 362 positions (313.80 FTE). The Subcommittee recommended the following packages:

Package 201, PANG Over-Cap and Utilities. This package provides \$275,000 General Fund and \$707,960 Federal Funds expenditure limitation for the Portland Air National Guard (PANG) Air Base. The General Fund will cover employee payroll costs exceeding federally-mandated pay caps and collective bargaining costs that are not allowed to be paid with federal funds. The General Fund for utilities and other operating costs will generate the Federal Funds expenditure limitation match in the package.

Package 202, New Positions-AGI. This package provides \$193,354 Other Funds expenditure limitation, \$2,552,425 Federal Funds expenditure limitation, and 24 permanent positions (18.00 FTE). These positions will be added to the Operations and Maintenance Program's Military Construction, Fire and Emergency Services, and Army National Guard Emergency Management Coordinator programs at Military Department locations throughout the state.

This package funds the following positions with the following funding sources:

- 12 seasonal half-time wildland firefighter positions (6.00 FTE), federally funded at \$748,380;
- Two permanent full-time Wildland Fire Suppression Specialist positions (2.00 FTE) established at Camp Umatilla, federally funded at \$249,460;
- Two permanent full-time Facility Maintenance Specialist positions (2.00 FTE), one established at Camp Withycombe and the other at Camp Pendleton, funded with \$25,778 Other Funds and \$231,998 Federal Funds;
- Three permanent full-time administrative positions (3.00 FTE) and one position reclassification at Camp Rilea in Warrenton, funded with \$85,767 Other Funds (from facility rental revenues) and \$338,166 Federal Funds; and
- One administrative, two construction, one procurement, and one program analyst position (5.00 FTE) and one position reclassification in Salem, funded with \$70,786 Other Funds and \$809,871 Federal Funds.

Package 203, Kingsley Field Over-Cap and Utilities. This package provides \$220,000 General Fund for the Kingsley Field Air National Guard Base. Specifically, \$127,518 General Fund is provided to cover personnel and labor costs disallowed by the Master Agreement between the National Guard Bureau and the State of Oregon; \$92,482 General Fund is provided to pay increased utility expenses associated with heavy use of the facility. This General Fund will match Federal Funds (for which the Department has adequate expenditure limitation) at a 15/85 rate.

Kingsley Field is the only training facility in the nation for F-15 fighter pilots. The facility has experienced increased use since 2007, when the Air Force closed all other F-15 training sites. A shortage of trained pilots has contributed to increased use of the facility, as the Air Force continues to send greater numbers of pilot trainees to Kingsley Field.

Office of Emergency Management

The Office of Emergency Management (OEM) coordinates statewide emergency services and maintains the 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 recommended a budget of \$7,794,510 General Fund, \$100,626,256 Other Funds expenditure limitation, \$173,285,759 Federal Funds expenditure limitation, and 44 positions (44.62 FTE). The Subcommittee recommended the following packages:

Package 301, OEM Fund Shift Indirect Cost Positions. This package provides \$1,415,352 General Fund and reduces Federal Funds by \$2,698,530. The package shifts personnel expenses for 11 positions in OEM from Federal Funds to the General Fund in order to comply with audit findings related to charging indirect costs to grants. Additionally, it removes Federal Funds expenditure limitation for Services and Supplies that was double-counted in the Department's 2019-21 budget request.

Package 801, LFO Analyst Adjustments. This package provides \$2,970,000 General Fund on a one-time-only basis to repay FEMA for questioned costs identified in a 2013 federal audit of two Department of Homeland Security grant programs: the State Homeland Security grant program and the Urban Area Security Initiative grant program.

Package 802, Generator Connector Grant Fund. This package provides \$288,000 Other Funds expenditure limitation for the Fuel Storage Facility Compatibility Grant program created by Senate Bill 1523 (2016). This program provides grants to commercial cardlock facilities for the purchase and installation of generator connectors, in order for emergency response personnel to be able to pump fuel from these facilities in an emergency.

Community Support

The Community Support program offers educational opportunities for 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) program in Portland and Klamath Falls.

The Subcommittee recommended a budget of \$605,613 General Fund, \$4,116,380 Other Funds expenditure limitation, \$14,785,081 Federal Funds expenditure limitation, and 86 positions (80.82 FTE). The Subcommittee recommended the following packages:

Package 401, Youth Challenge Program Expansion. This package provides \$400,000 General Fund on a one-time-only basis, \$305,185 Other Funds expenditure limitation, \$1,683,492 Federal Funds expenditure limitation, and establishes 14 permanent positions and two contracted teaching positions (8.82 FTE).

The positions and budget increases will support an increased number of students (from 156 to 240 per class) expected once the program's facility expansion project (currently under construction) is completed in the 2019-21 biennium. The program is planning a phased approach for increasing the number of students. Phase 1 will add 24 additional female cadets in January 2020 and Phase 2 will accommodate 60 additional male cadets in July 2020.

The number of positions is based on the student to staff ratios written in the Master Cooperative Agreement between the State of Oregon and the federal government. General Fund will pay for the new positions to be phased in on April 1, 2020, prior to Other Funds and Federal Funds revenue from the cooperative agreements being received after additional cadets are enrolled and onsite.

Package 402, STARBASE Position. This package provides \$162,456 Federal Funds expenditure limitation and establishes one permanent teaching position (1.00 FTE) in the STARBASE program at the Portland Air National Guard Base. STARBASE is a 100% federally-funded experiential educational program designed to increase third through eighth-grade students' interest in science, technology, engineering, and math. The program targets students in demographics that are under-represented in STEM professions, ideally serving students who live in inner cities or rural locations, those who are socio-economically disadvantaged, low in academic performance, or have a disability. The Portland STARBASE program served 1,650 fifth-grade students through 58 classes in 2018.

The new position will backfill the program after two teaching positions are transferred from Portland to a new STARBASE academy opening at Camp Rilea in Warrenton, Oregon.

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 \$11,740,020 total funds consisting of \$11,639,970 General Fund, and \$100,050 Other Funds expenditure 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 \$5,133,694 Federal Funds expenditure limitation.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:10.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Military Department
Michelle Lisper 971-283-6360

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 27,889,506	\$ -	\$ 113,211,583	\$ -	\$ 293,973,794	\$ -	435,074,883	477	426.82
2019-21 Current Service Level (CSL)*	\$ 28,098,484	\$ -	\$ 111,705,471	\$ -	\$ 288,142,779	\$ -	427,946,734	478	435.30
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - Administration									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (174,858)	\$ -	\$ -	\$ -	\$ -	\$ -	(174,858)	(1)	(1.00)
Package 803: Internal Auditor									
Personal Services	\$ 186,263	\$ -	\$ -	\$ -	\$ -	\$ -	186,263	1	0.88
SCR 002 - Operations									
Package 201: PANG Over-Cap and Utilities									
Personal Services	\$ 78,010	\$ -	\$ -	\$ -	\$ -	\$ -	78,010	0	0.00
Services and Supplies	\$ 196,990	\$ -	\$ -	\$ -	\$ 707,960	\$ -	904,950		
Package 202: New Positions- AGI									
Personal Services	\$ -	\$ -	\$ 182,979	\$ -	\$ 2,377,875	\$ -	2,560,854	24	18.00
Services and Supplies	\$ -	\$ -	\$ 10,375	\$ -	\$ 174,550	\$ -	184,925		
Package 203: Kingsley Field Over-Cap and Utilities									
Personal Services	\$ 127,518	\$ -	\$ -	\$ -	\$ -	\$ -	127,518	0	0.00
Services and Supplies	\$ 92,482	\$ -	\$ -	\$ -	\$ -	\$ -	92,482		
SCR 003 - Office of Emergency Management									
Package 301: OEM Fund Shift Indirect Cost Positions									
Personal Services	\$ 1,415,352	\$ -	\$ -	\$ -	\$ (1,415,352)	\$ -	-	0	0.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (1,283,178)	\$ -	(1,283,178)		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ 2,970,000	\$ -	\$ -	\$ -	\$ -	\$ -	2,970,000		
Package 802: Generator Connector Grant Fund									
Services and Supplies	\$ -	\$ -	\$ 288,000	\$ -	\$ -	\$ -	288,000		
SCR 004 - Community Support									
Package 401: Youth Challenge Program Expansion Ph2									
Personal Services	\$ -	\$ -	\$ 305,185	\$ -	\$ 915,492	\$ -	1,220,677	14	8.82
Services and Supplies	\$ 400,000	\$ -	\$ -	\$ -	\$ 768,000	\$ -	1,168,000		
Package 402: STARBASE Position									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 152,456	\$ -	152,456	1	1.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	10,000		
TOTAL ADJUSTMENTS	\$ 5,291,757	\$ -	\$ 786,539	\$ -	\$ 2,407,803	\$ -	8,486,099	39	27.70
SUBCOMMITTEE RECOMMENDATION *	\$ 33,390,241	\$ -	\$ 112,492,010	\$ -	\$ 290,550,582	\$ -	436,432,833	517	463.00
% Change from 2017-19 Leg Approved Budget	19.7%	0.0%	(0.6%)	0.0%	(1.2%)	0.0%	0.3%	8.4%	8.5%
% Change from 2019-21 Current Service Level	18.8%	0.0%	0.7%	0.0%	0.8%	0.0%	2.0%	8.2%	6.4%

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/5/2019 12:09:16 PM

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 2020	Target 2021
1. RECRUITING - Percent of soldiers and airmen recruited vs. recruiting goal.		Approved	90%	100%	100%
2. ARMORY CONDITION - Percent of statewide armories in adequate or better condition.		Approved	55%	80%	80%
3. REVENUE GENERATION - Percent of available armory time rented.		Approved	22%	40%	40%
4. EQUIPMENT AVAILABILITY - Percent of equipment on hand in Oregon vs. equipment authorized.		Approved	126%	95%	100%
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	91%	90%	90%
6. REINTEGRATION - Percent of members successfully referred for reintegration services.		Approved	100%	98%	100%
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	73%	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	75%	75%	80%
	2) Helpfulness		70%	75%	80%
	3) Timeliness		69%	75%	80%
	4) Availability of Information		68%	75%	80%
	5) Accuracy		72%	75%	80%
	6) Overall			71%	75%

LFO Recommendation:

The Legislative Fiscal Office recommends the Key Performance Measures and targets as presented, and notes the following recommended changes.

For KPM #4, Equipment Availability, LFO recommends increasing the target from 95% to 100%. Maintaining as much National Guard Bureau equipment in Oregon as is possible better prepares the state for disaster response. The agency has consistently maintained equipment availability at more than 100% for four of the past five years.

For KPM #6, Reintegration, LFO recommends increasing the target from 98% to 100%. The agency has exceeded its 98% target in each of the last five reporting years.

For KPM # 9, Customer Satisfaction, LFO recommends increasing all six targets from 75% to 80% in order to establish more rigorous expectations for customer service provided by the Military Department.

SubCommittee Action:

The Subcommittee approved the key performance measures and increased targets as recommended by LFO.