

Section 1

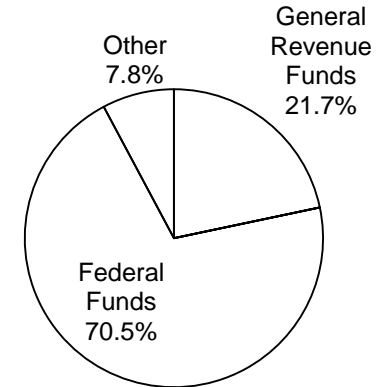
**Military Department
Summary of Recommendations - House**

Page: V-39
John Nichols, Major General

Rachel Carrera, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$49,643,383	\$30,208,555	(\$19,434,828)	(39.1%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$49,643,383</i>	<i>\$30,208,555</i>	<i>(\$19,434,828)</i>	<i>(39.1%)</i>
Federal Funds	\$99,442,861	\$98,193,491	(\$1,249,370)	(1.3%)
Other	\$10,206,564	\$10,866,000	\$659,436	6.5%
All Funds	\$159,292,808	\$139,268,046	(\$20,024,762)	(12.6%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



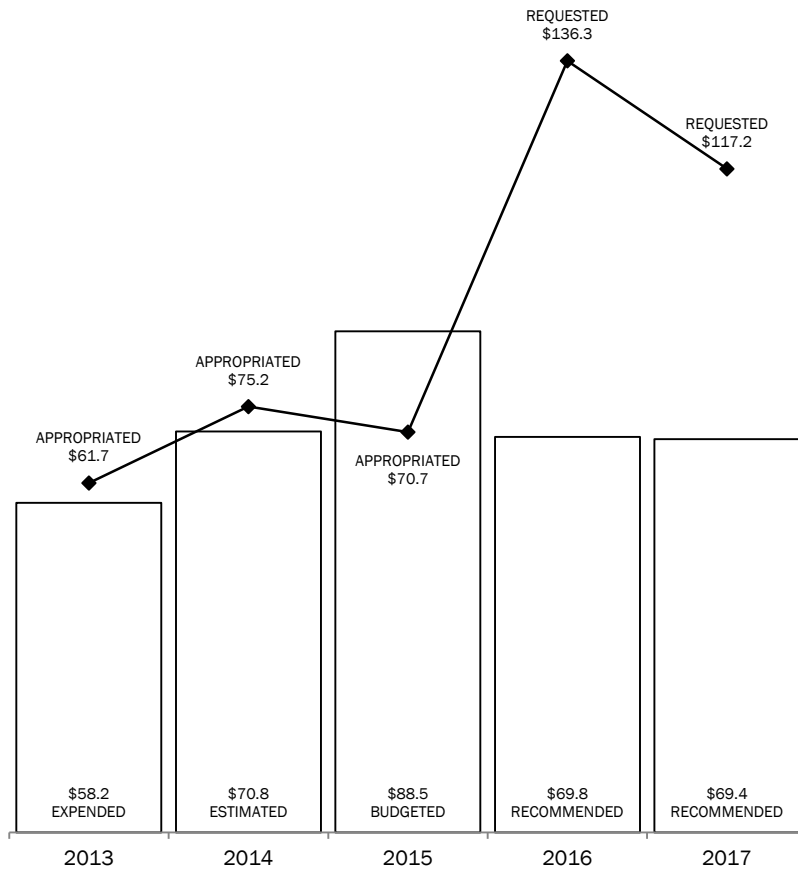
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	660.1	568.0	(92.1)	(14.0%)

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

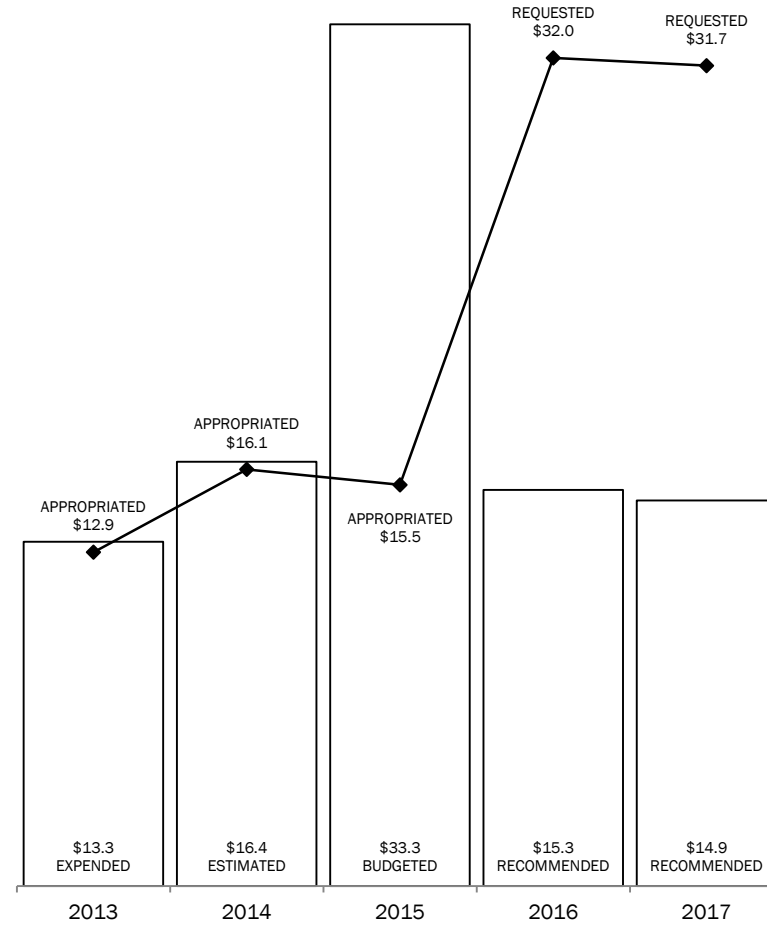
Section 1
Military Department
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$139.3 MILLION

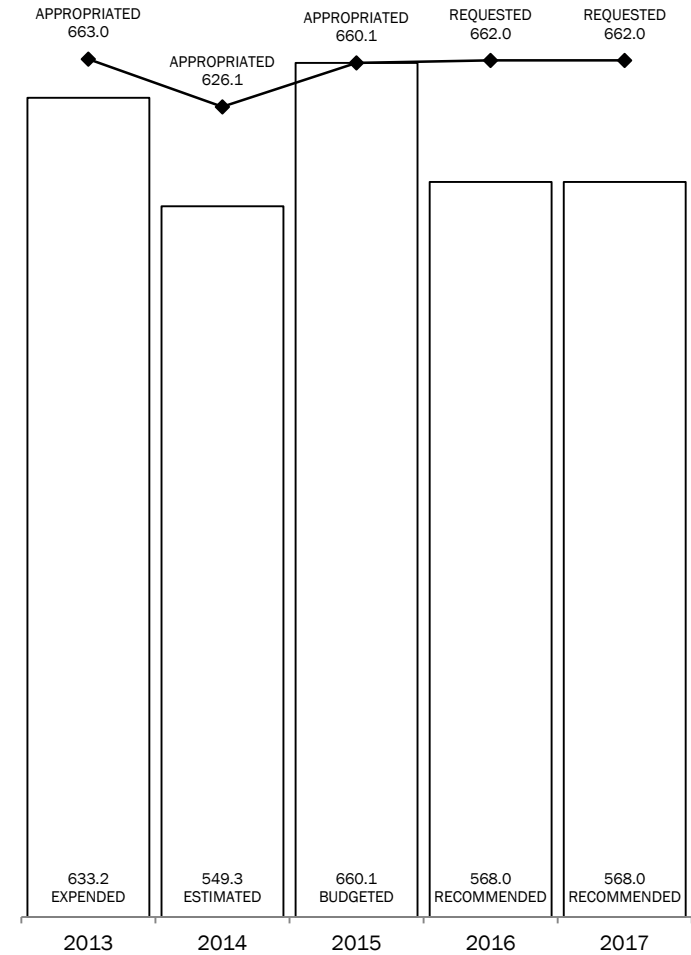
ALL FUNDS



GENERAL REVENUE FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Military Department
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
STATE ACTIVE DUTY - DISASTER A.1.1	\$19,185,815	\$592,459	(\$18,593,356)	(96.9%)	Recommendations include a decrease of \$17,500,000 that reflects a budget execution decision to provide that funding in fiscal year 2015 for the agency's continued participation in Operation Strong Safety II, and an agency anticipated decrease of \$1,093,356 in federal funds in the form of Public Assistance Grants which were received in fiscal year 2014 for reimbursement of past disaster response expenditures.
STATE TRAINING MISSIONS A.1.2	\$7,383,761	\$4,987,548	(\$2,396,213)	(32.5%)	Recommendations include an agency anticipated decrease of \$1,667,122 in Interagency Contracts with the Department of Public Safety for Operation Border Star, and an anticipated decrease of \$729,091 in federal funds for state training missions.
Total, Goal A, OPERATIONS RESPONSE	\$26,569,576	\$5,580,007	(\$20,989,569)	(79.0%)	
FACILITIES MAINTENANCE B.1.1	\$92,797,413	\$98,309,708	\$5,512,295	5.9%	Recommendations include a net increase of \$5,512,295 as the result of an agency anticipated increase of \$2,785,737 in Federal Funds for facilities maintenance, an agency estimated decrease of \$23,149 in Appropriated Receipts associated with an anticipated reduction in billet operations, a decrease of \$2,650,293 in General Obligation bond proceeds (previous year bond proceeds were the result of an Unexpended Balance from 2012-13), an agency estimated increase of \$5,000,000 to reflect the agency's annual estimate for the Current Fund Balance, and the inclusion of \$400,000 for land acquisition of a currently leased property.
DEBT SERVICE B.1.2	\$3,647,854	\$2,752,572	(\$895,282)	(24.5%)	Recommendations include a decrease of \$895,282 in General Revenue Funds for debt service as estimated by the Texas Public Finance Authority.
TRUCK REBUILD PROGRAM B.2.1	\$12,078,654	\$12,283,294	\$204,640	1.7%	Recommendations include the agency's anticipated increase of \$204,640 in federal funding for the Truck Rebuild Program over the biennium.
FIREFIGHTERS - ELLINGTON AFB B.2.2	\$3,351,937	\$3,432,168	\$80,231	2.4%	
Total, Goal B, OPERATIONS SUPPORT	\$111,875,858	\$116,777,742	\$4,901,884	4.4%	

Section 2

Military Department
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
YOUTH EDUCATION PROGRAMS C.1.1	\$11,435,868	\$6,938,338	(\$4,497,530)	(39.3%)	Recommendations include a decrease of \$4,497,530 for a one-time appropriation for renovations to a ChalleNGe Academy site in the 2014-15 biennium (\$600,000), elimination of the second ChalleNGe Academy (\$1,400,000 in General Revenue, \$2,858,030 in Federal Funds), and an agency anticipated increase in Federal Funds for the Starbase Youth Education Program of \$360,498.
STATE MILITARY TUITION ASSISTANCE C.1.2	\$3,000,000	\$3,000,000	\$0	0.0%	
MENTAL HEALTH INITIATIVE C.1.3	\$850,000	\$1,257,000	\$407,000	47.9%	Recommendations include an additional \$407,000 in General Revenue over the biennium for an exceptional item of additional mental health counselors (2 FTEs).
Total, Goal C, COMMUNITY SUPPORT	\$15,285,868	\$11,195,338	(\$4,090,530)	(26.8%)	
INDIRECT ADMINISTRATION D.1.1	\$5,561,506	\$5,714,959	\$153,453	2.8%	Recommendations include an increase of \$153,453 in General Revenue for biennializing the state employees salary increase adjustment made in the 2014-15 biennium.
Total, Goal D, INDIRECT ADMINISTRATION	\$5,561,506	\$5,714,959	\$153,453	2.8%	
Grand Total, All Strategies	\$159,292,808	\$139,268,046	(\$20,024,762)	(12.6%)	

Section 3a

Texas Military Department Selected Fiscal and Policy Issues - House

- 1. Operation Strong Safety II.** In July 2014, the governor issued an emergency declaration to provide funding for the deployment of the Texas National Guard to the border region to assist the Department of Public Safety (DPS) with border security operations. The declaration provided \$32.5 million in General Revenue Fund 5153, Emergency Radio Infrastructure to the Texas Military Department (TMD) to fund the deployment of 1,000 Texas National Guardsmen to the Texas–Mexico border. On December 1, 2014, TMD was provided an additional \$17.5 million in General Revenue Fund 01 through budget execution to extend the deployment into March 2015. TMD has expended \$36.7 million of the total \$50.0 million as of January 31, 2015.
- 2. Elimination of second ChalleNGe Academy.** The Eighty-third Legislature appropriated \$5.3 million in All Funds and 44 full-time equivalent positions (FTEs) to establish a second ChalleNGe Academy in Eagle Lake. The academy was originally scheduled to be operational in early fiscal year 2015, but the opening has been postponed until June 2015. House Bill 1, As Introduced, does not include funding for the second ChalleNGe Academy.
- 3. Internal Audit.** Recommendations do not include the agency's request to delete Rider 22, Internal Audit. TMD is currently required to submit monthly reports of all internal audit work performed. TMD has hired an internal audit firm to audit the department's processes. TMD believes the audit activities required in the rider are unnecessary because of the hiring of the audit firm and the revisions made as the result of the audits. TMD currently has a significant number of deficiencies dating back to 2011 noted in the most current report. The audit firm, McConnell and Jones LLP, recently produced audit reports on TMD's State Tuition Reimbursement Program, TMD's managing of Asset Forfeiture Funds, and Texas State Guard Operations, all of which received a Deficiency rating.
- 4. Land Acquisition of Huntsville Property.** Recommendations include \$0.4 million in General Revenue for the purchase of land containing an armory building in Huntsville. The agency reports that the land purchase and estimated tax will eliminate the need to budget lease costs, and that rent payments for the remainder of the 40 year lease would exceed the current total purchase price.
- 5. Full-time Equivalent Positions.** Recommendations provide for 568 FTEs in fiscal year 2016 and 568 FTEs in fiscal year 2017, a decrease of 92.1 FTEs from the 2015 cap. This decrease primarily reflects changes in federal funding levels. In fiscal year 2014, the agency terminated 96 federally reimbursed state positions in a reduction-in-force action as a result of a decrease in federal funding for the Truck Rebuild Program.

Section 3b

**Texas Military Department
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	663.0	626.1	660.1	568.0	568.0
Actual/Budgeted	633.2	549.3	660.1	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$139,140	\$140,531	\$143,342	\$143,342	\$143,342

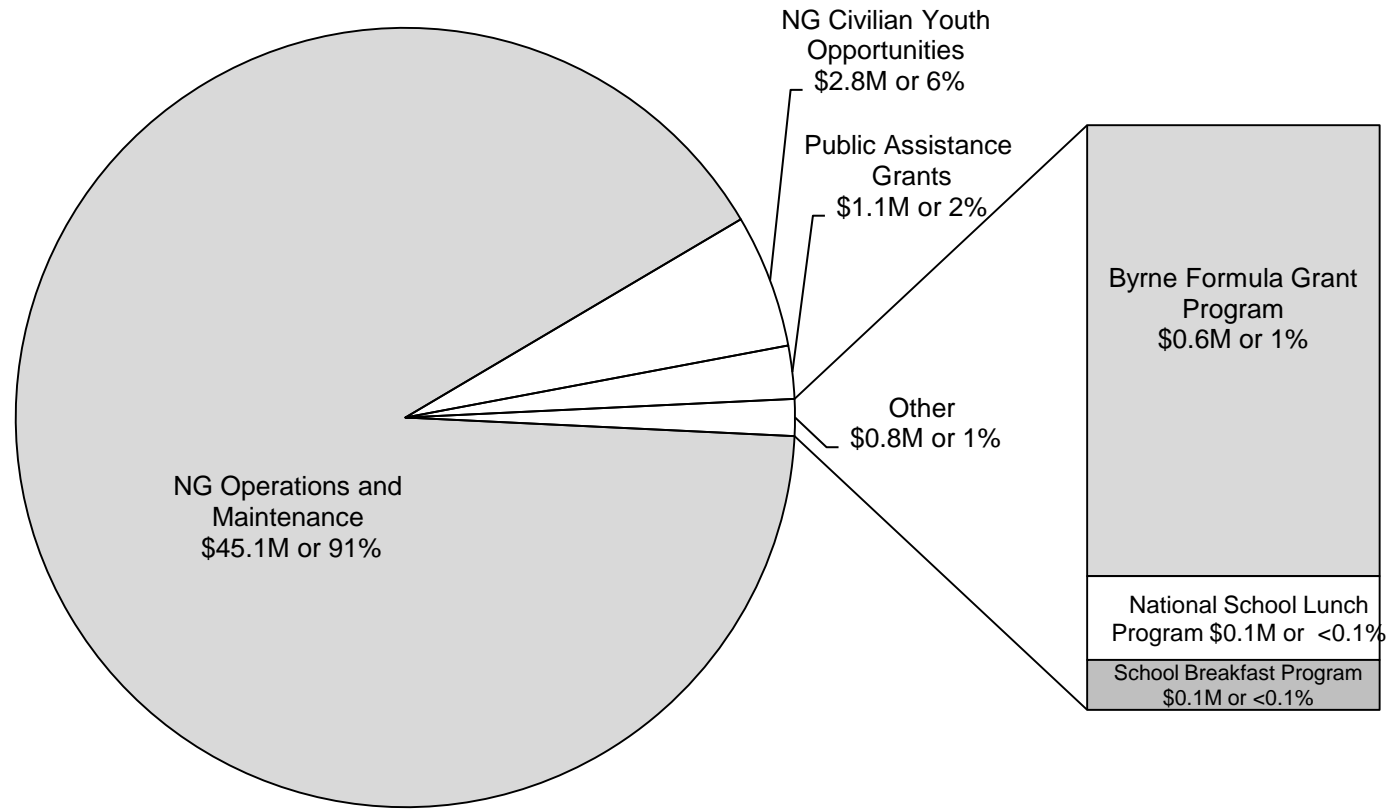
The agency is requesting an increase in authority for the Adjutant General Exempt Position from \$143,342 to \$170,000 per fiscal year and is requesting a change from the current Group 5 classification to Group 6. The State Auditor's Office report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014) indicates a market average salary of \$186,582 for the Adjutant General position at the Texas Military Department and recommends a change from the current Group 5 classification to Group 6.

Section 3c

**Texas Military Department
Performance Measure Highlights - House**

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none"> • <i>Average Maintenance Cost per Square Foot of All Buildings</i> \$ 2.45 \$ 4.24 \$ 2.95 \$ 3.45 \$ 3.45 <p><i>Measure Explanation: Provides the average cost to support the facilities. The agency reports incurring higher maintenance costs due to the growing need for substantial repairs and rehabilitation in order to address life, health, and safety issues existing in the agency's facilities.</i></p>					
<ul style="list-style-type: none"> • <i>Number of Texas National Guard Members</i> 22,523 22,241 22,000 23,000 23,000 <p><i>Measure Explanation: The number of Texas National Guard Members.</i></p>					
<ul style="list-style-type: none"> • <i>Number of Texas State Guard Members</i> 2,160 1,984 2,300 2,300 2,300 <p><i>Measure Explanation: The number of Texas State Guard Members.</i></p>					
<ul style="list-style-type: none"> • <i>Number of Students Completing STARBASE Education Program</i> 2,334 1,099 1,000 1,600 1,600 <p><i>Measure Explanation: STARBASE is an academic outreach program focused on science, math, and technology for fourth to seventh grade youths. As the result of federal budget issues in federal fiscal year 2014, the STARBASE program was not funded in the federal budget. The program was suspended until budget issues were resolved and the program's funding was restored. At the beginning of federal fiscal year 2015, classes did not resume as the result of staff shortages. TMD anticipates that in the 2016–17 biennium, all positions will be filled. Revised performance targets reflect TMD's anticipated program growth.</i></p>					
<ul style="list-style-type: none"> • <i>Number of Students Completing ChalleNGe Education Program</i> 194 104 200 105 105 <p><i>Measure Explanation: ChalleNGe is a five month residential program and one year post-residential mentoring program for youths aged 16 to 18 who are drug-free, unemployed, high school dropouts, and with no criminal history. The decrease in target from fiscal year 2015 to the 2016–17 biennium can be attributed to the exclusion of the second ChalleNGe Academy site from the introduced bill.</i></p>					

Military Department
Summary of Federal Funds (Estimated 2014) - House
TOTAL = \$49.7M



Section 3d

**Military Department
Significant Federal Funds Changes**

CFDA No.	Program Name	2014-15 Base	2016-17 Recommended	Recommended Over/(Under) Base	Comments
10.553.000	School Breakfast Program	\$174,088	\$109,420	\$44,752	
10.555.000	National School Lunch Program	\$262,353	\$153,780	\$45,207	
12.401.000	NG Operations and Maintenance	\$90,973,945	\$93,315,462	\$2,341,517	Increases funding for B.1.1, Facilities Maintenance by \$2,785,737; \$204,640 within B.2.1, Truck Rebuild Program; and \$80,231 within B.2.2, Firefighters at Ellington Air Force Base. Anticipated decrease in funding for A.1.2, State Training Missions of \$729,091. Increase of \$2,785,737 within B.1.1, Facilities Maintenance, based on project costs within cooperative agreements between TMD and the National Guard Bureau.
12.404.000	NG Civilian Youth Opportunities	\$5,645,196	\$3,194,821	\$144,462	
16.579.001	Asset Forfeiture & Money Laundering Task Force Grant	\$1,293,923	\$1,420,000	\$126,077	
97.036.000	Public Assistance Grants	\$1,093,356	\$0	(\$1,093,356)	Agency anticipated decrease of \$1,093,356 in federal funds in the form of Public Assistance Grants which were received in fiscal year 2014 for reimbursement of past disaster response expenditures and will not continue into the 2016-17 biennium. At the time of the disasters, payments were made from the State Active Duty General Revenue fund and per 2014-15 GAA Article IX, Sec 8.03(g) the agency is appropriated the funds upon reimbursement.

Section 4

**Texas Military Department
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Texas Military Department Rider Highlights - House

27. (new) **Purchase of the National Guard Armory Facility in Huntsville.** Recommendations include the addition of a rider to note that \$400,000 within B.1.1, Facilities Maintenance, is for the acquisition of land in Huntsville and that any unexpended balance from this amount is appropriated for the same purpose for the fiscal year beginning September 1, 2016.

Section 6

**Military Department
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
Exceptional Item Requests - In Agency Priority Order		
1. Statewide Projects - renovation of nine Readiness Centers using General Revenue or General Obligation bond proceeds and federal funds.	\$ 19,562,500	\$ 48,750,000
2. Texas State Guard Operations - an electronic infrastructure and nine FTEs to support the daily operations of approximately 2,300 State Guard members.	\$ 2,160,518	\$ 2,160,518
3. Four additional annual training days for the Texas State Guard.	\$ 2,967,536	\$ 2,967,536
4. Integrated Emergency Operations Management System, a payment and personnel tracking system to help facilitate administrative functions related to State Active Duty (SAD).	\$ 226,600	\$ 226,600
5. Re-establishment of funding for second ChalleNGe Academy site in Eagle Lake (44 FTEs).	\$ 1,400,000	\$ 5,600,000
6. Additional disaster funds to respond to unanticipated disaster related occurrences and accurate processing of payroll during disaster related deployments.	\$ 4,000,000	\$ 4,000,000
7. Satellite network supporting 16 Texas Military Forces (TXMF) emergency communications trailers and 23 other communications platforms from other agencies in times of emergencies.	\$ 1,464,320	\$ 1,464,320
8. Increase in daily maintenance (regular preventative and minor maintenance) of facilities.	\$ 17,215,000	\$ 17,215,000
9. Energy efficient facility upgrades using General Revenue or General Obligation bond proceeds.	\$ 3,300,000	\$ 3,300,000
10. ProjectONE (ERP) CAPPs transition, statewide software for financial and Human Resources/Payroll administration.	\$ 976,418	\$ 976,418
11. Texas Military Forces Museum FTEs to supplement current level of three FTEs (6 FTEs).	\$ 753,406	\$ 753,406

Section 6

**Military Department
Items not Included in Recommendations - House**

	<u>2016-17 Biennial Total</u>	
	<u>GR & GR- Dedicated</u>	<u>All Funds</u>
12. Additional State Military Tuition Assistance to address increased number of applications due to program eligibility and policy changes.	\$ 1,100,000	\$ 1,100,000
13. Land acquisition for a southeast Texas readiness center for geographical co-location of Texas Army National Guard soldiers and training facilities, using General Revenue or General Obligation bond proceeds.	\$ 3,000,000	\$ 3,000,000
14. Range abatement and conversion projects to transform unoccupied and sealed indoor firing ranges into administrative or storage space, using General Revenue or General Obligation bond proceeds.	\$ 6,000,000	\$ 6,000,000
15. Road maintenance to improve road conditions at Texas Military Forces facilities, using General Revenue or General Obligation bond proceeds.	\$ 4,000,000	\$ 4,000,000
16. Funding to construct state post exchange (military retail store) for access by all members of the TXMF and retired personnel.	\$ 550,000	\$ 3,050,000
17. Land acquisition of an interagency training site in south Texas, using General Revenue or General Obligation bond proceeds.	\$ 10,000,000	\$ 10,000,000
18. Authority for Adjutant General salary increase. The agency is requesting an increase in authority for the Adjutant General Exempt Position from \$143,342 to \$170,000 per fiscal year and is requesting a change from the current Group 5 classification to Group 6. The State Auditor's Office report, Executive Compensation at State Agencies (Report No. 14-705, August 2014) indicates a market average salary of \$186,582 for the Adjutant General position at the Texas Military Department and recommends a change from the current Group 5 classification to Group 6.	\$ -	\$ -
19. Revision of Rider 9, Appropriation - Billet Receipts. The agency is requesting unexpended balance authority within a biennium for billet receipts.	\$ -	\$ -
20. Deletion of Rider 22, Internal Audit. The agency is currently required to submit monthly reports on internal audit activities to the LBB, Governor's Office, and State Auditor's Office. The agency is requesting deletion of this rider.	\$ -	\$ -

Section 6

**Military Department
Items not Included in Recommendations - House**

21. Addition of new rider which would allow for unlimited unexpended balance authority within the biennium.

Total, Items Not Included in the Recommendations

2016-17 Biennial Total	
GR & GR- Dedicated	All Funds
\$ -	\$ -
\$ 78,676,298	\$ 114,563,798

Section 7

**Military Department
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		
1	Programs - Service Reductions to State Military Tuition Assistance and Mental Health Initiative	As part of a 10 percent reduction over the biennium, the agency would reduce funding for Strategy C.1.2, State Military Tuition Assistance, in the amount of \$2,635,213, and would reduce funding for Strategy C.1.3, Mental Health Initiative, by approximately one-fifth (\$175,740), including termination of one full-time equivalent position.	\$2,810,953	\$2,810,953	1.0	\$0	Tuition Assistance: 87.8% Mental Health Initiative: 20.7%	No
TOTAL, 10% Reduction Options			\$2,810,953	\$2,810,953	1.0	\$0		

Section 7

**Military Department
Summary of 10 Percent Biennial Base Reduction Options - House
Agency 10% Reduction Options by Category of Reduction**

