

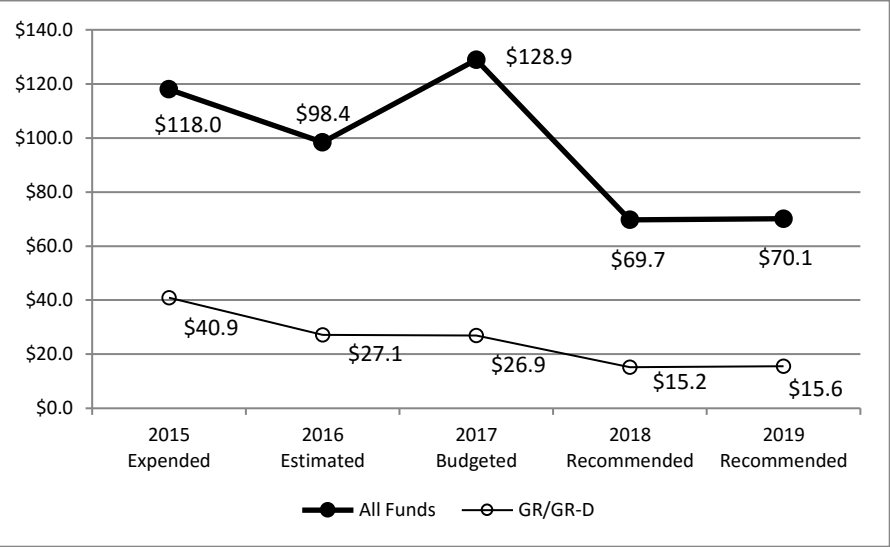
Military Department
Summary of Recommendations - Senate

Page 1
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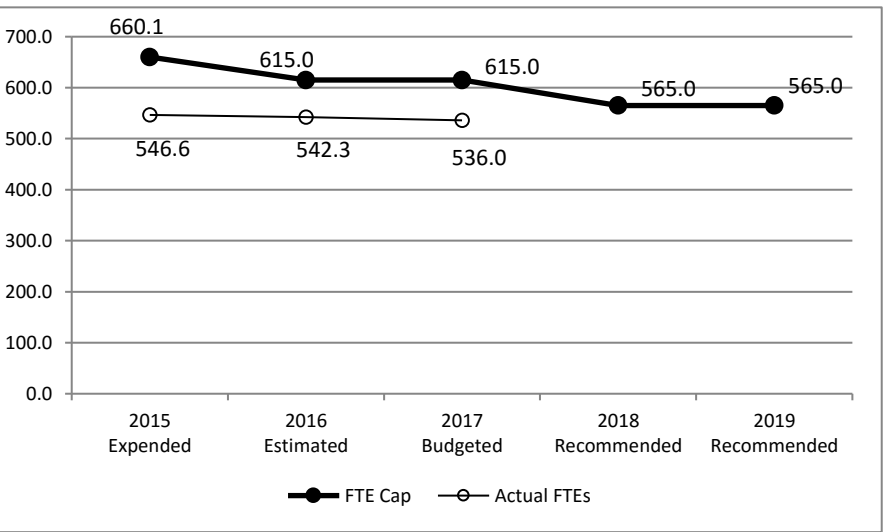
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$34,481,910	\$30,740,115	(\$3,741,795)	(10.9%)
GR Dedicated Funds	\$19,562,500	\$0	(\$19,562,500)	(100.0%)
Total GR-Related Funds	\$54,044,410	\$30,740,115	(\$23,304,295)	(43.1%)
Federal Funds	\$130,518,686	\$90,919,840	(\$39,598,846)	(30.3%)
Other	\$42,761,179	\$18,216,000	(\$24,545,179)	(57.4%)
All Funds	\$227,324,275	\$139,875,955	(\$87,448,320)	(38.5%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	536.0	565.0	29.0	5.4%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Military Department
Summary of Funding Changes and Recommendations - Senate

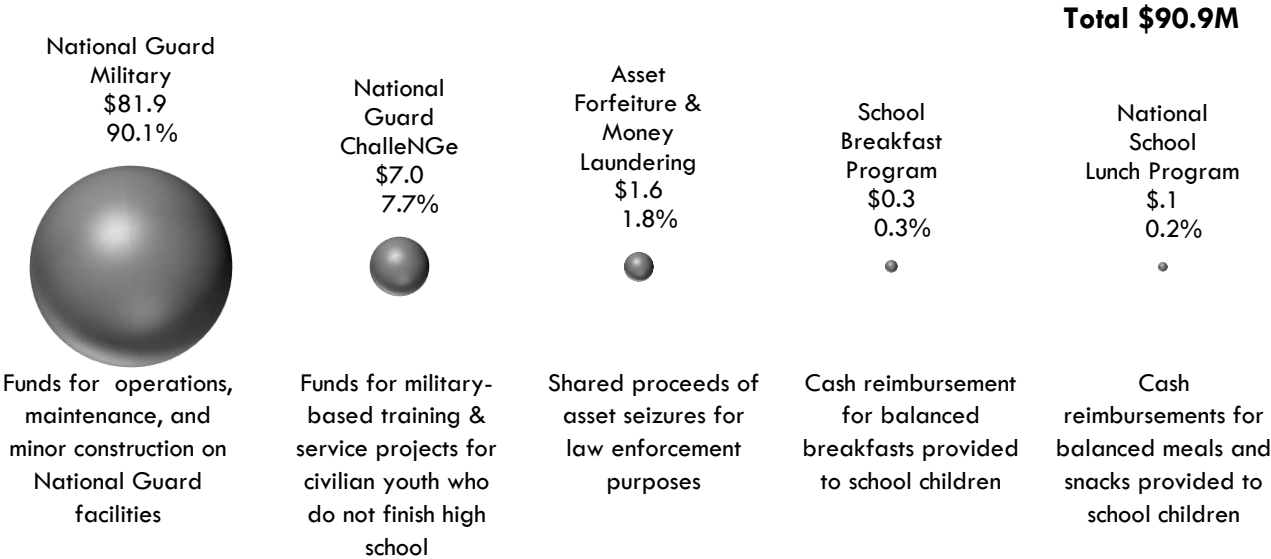
Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Reduction of \$2.0 million in General Revenue-Related Funds in three areas - Facilities, State Training Missions, and Texas State Guard, pursuant to the 4 percent reduction requirement. Reduction will incur an additional estimated \$1.8 million decrease in matching Federal Funds.	(\$0.8)	(\$1.2)	(\$1.8)	\$0.0	(\$3.8)	A.1.2. B.1.1.
B)	Reduction of \$18.4 million in General Revenue-Dedicated Deferred Maintenance Funding appropriated by the Eighty-fourth Legislature as a one-time expenditure to support major repair and renovations at Readiness Center facilities. Reduction will incur an estimated \$27.4 million decrease in matching Federal Funds.	\$0.0	(\$18.4)	(\$27.4)	\$0.0	(\$45.8)	B.1.1.
C)	Reduction of \$2.0 million in General Revenue Funds in Facility Maintenance and Replacement Projects.	(\$2.0)	\$0.0	\$0.0	\$0.0	(\$2.0)	B.1.1.
D)	Agency anticipated Federal Funds decrease of \$7.3 million in National Guard Military Operations and Maintenance, \$2.0 million in Public Assistance Grants, and \$0.9 million in the National Guard Challenge Program.	\$0.0	\$0.0	(\$10.4)	\$0.0	(\$10.4)	A.1.1. A.1.2. B.1.1.
E)	Elimination of \$0.7 million in one-time CAPPS funding for implementation costs and 3.0 FTEs.	(\$0.7)	\$0.0	\$0.0	\$0.0	(\$0.7)	D.1.1.
F)	Increase of \$0.1 million in General Revenue Funds to reflect current data center services estimates.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	D.1.1.
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
G)	Huntsville Property Purchase: The Eighty-fourth Legislature appropriated \$0.4 million in General Revenue Funds for the purchase of an armory in Huntsville, Texas. Recommendations do not maintain funding for this one-time expenditure.	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	B.1.1.
H)	Agency anticipated reduction of various Other Funds (Interagency Contracts, Appropriated Receipts, Revenue Bond Proceeds, General Obligation Bond Proceeds) to reflect current estimates and balances.	\$0.0	\$0.0	\$0.0	(\$24.5)	(\$24.5)	A.1.1. A.1.2. B.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$3.8)	(\$19.6)	(\$39.6)	(\$24.5)	(\$87.5)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Military Department
Selected Fiscal and Policy Issues - Senate**

1. **Four Percent Reduction.** Recommendations for the Military Department (TMD) reduce funding from 2016–17 General Revenue-Related expenditure levels by \$2.0 million and zero full-time equivalent positions (FTEs) as the result of the required 4 percent reduction. Behavioral health funding (\$1.3 million) and debt service for revenue bonds (\$2.5 million) were excepted from the required reduction. The agency's baseline request included the following reductions:
 - \$1.2 million in General Revenue-Dedicated Fund 5166, Deferred Maintenance Account, for various repair and rehabilitation projects. A corresponding \$1.8 million reduction in estimated Federal Funds was made as the result of project-based federal matching funds associated with the General Revenue Fund reduction.
 - \$0.4 million in General Revenue Fund 01 for state training and missions, including a reduction in flight hours, vehicle mileage, fuel, travel, and pay allowances for rehearsals, exercises, and training; and
 - \$0.4 million in General Revenue Fund 01 for the State Guard, including reduction to paid training days.
2. **Deferred Maintenance Funding.** The Eighty-fourth Legislature, 2015, appropriated \$19.6 million in General Revenue-Dedicated Fund 5166, Deferred Maintenance Account and \$29.2 million in estimated federal matching funds for various statewide repair and rehabilitation projects. Recommendations eliminate the General Revenue-Dedicated Fund 5166 and corresponding Federal Funds in the 2018–19 biennium. TMD anticipates the projects funded with the 2016–17 appropriations will be completed by January 2019.
3. **Facilities Maintenance Funding.** Recommendations for TMD reduce General Revenue funding from Strategy B.1.1, Facilities Maintenance, by \$2.0 million from the 2016–17 biennium.
4. **Full-time Equivalent Position Reduction.** TMD reports its operating funds are not sufficient to maintain its 2016–17 FTE limitation of 612.0. Recommendations reduce the FTE limit to 565 in both fiscal years.
5. **Centralized Accounting and Payroll/Personnel System.** In the 2016–17 biennium, TMD was appropriated \$0.7 million for deployment of Centralized Accounting and Payroll/Personnel System Human Resources, Payroll, and Financials systems. Recommendations eliminate this funding in the 2018–19 biennium.
6. **Data Center Services.** Recommendations include an increase of \$0.1 million in General Revenue for Department of Information Resources data center services estimates to maintain existing obligations only.

Texas Military Department
Summary of Federal Funds (2018-19) - Senate

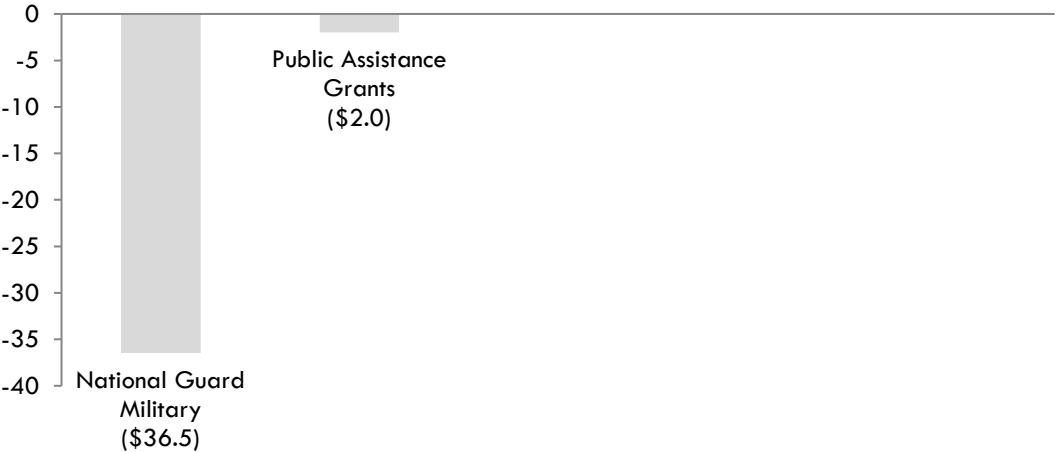


Selected Federal Fiscal and Policy Issues

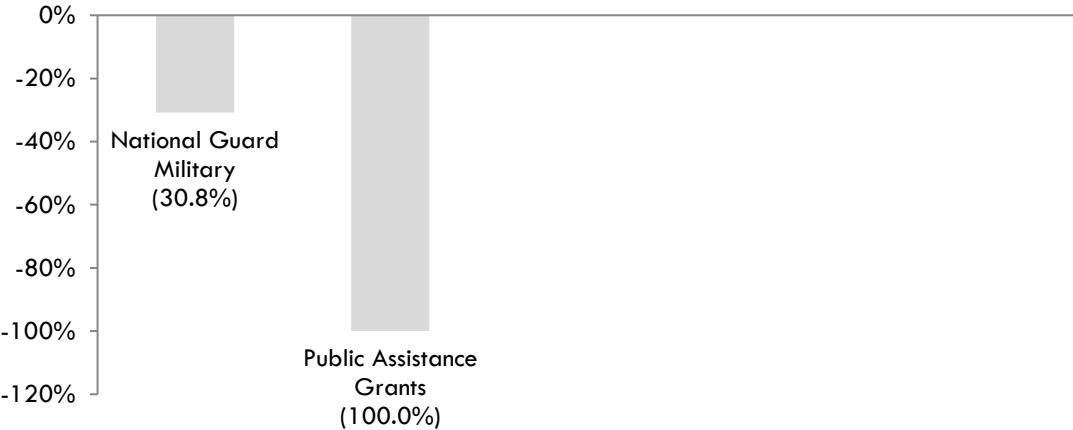
1. National Guard Military Operations and Maintenance Projects provide funding through cooperative agreements which require state matches that vary from zero to 50 percent. Reductions in state funds could affect federal grant amounts. LBB recommendations reduce General Revenue funding for deferred maintenance. This will likely result in a Federal Funds reduction of \$29.2 million for the 2018-19 biennium, as referenced in Section 3.
2. Agency submitted revised estimates for School Breakfast and Lunch Program for fiscal years 2018-19. LBB recommendations adjusted the requested amounts to reflect the revision.

Programs with Significant Federal Funding Changes from 2016 - 17

Program-by Amount



Program-by Percentage



Military Department
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	660.1	615.0	615.0	565.0	565.0
Actual/Budgeted	546.6	542.3	536.0	NA	NA

Schedule of Exempt Positions (Cap)					
Adjutant General, Group 5	\$143,342	\$172,122	\$172,122	\$172,122	\$172,122

Notes:

- a) State Auditor's Office is the source for the FY 2015 and FY 2016 annual average (actual) FTE levels.
- b) The State Auditor released a report (Report No. 16-706 August, 2016) which indicates a market average salary of \$197,995 for the Adjutant General position at the Texas Military Department. Recommendations maintain the Adjutant General's salary at the 2016-17 level.

**Military Department
Rider Highlights - Senate**

Modification of Existing Riders

11. Cash Flow Contingency: Recommendations include increasing the amount of General Revenue Funds that the Military Department may temporarily utilize, pending receipt of federal reimbursement, from \$10,000,000 to \$15,000,000. The rider requires Legislative Budget Board and Governor's Office approval for the expenditure of General Revenue Funds in lieu of Federal Funds until reimbursement occurs.

New Riders

None.

Deleted Riders

12. Appropriation of Unexpended Balances Bond Proceeds: The Military Department has expended all previously appropriated General Obligation Bond Proceeds for these projects.
15. Bond Indenture Revenues: The Military Department has expended all bond indenture revenues from the provision dated October 1, 1979.
19. Reallocation of Unexpended Bond Proceeds: The Military Department has expended all previously appropriated General Obligation Bond Proceeds.
21. Projects Funded with Bond Proceeds: The Military Department no longer manages projects that are funded 100 percent with bond proceeds.

Military Department
Items Not Included in Recommendations - Senate

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Funding and capital authority for Replacement and Maintenance Projects	\$2,000,000	\$2,000,000	0.0	No	No	\$2,000,000
2)	State of Texas Armory Revitalization (STAR) - Includes the deferred maintenance portion of the 4 percent reduction (\$1.2 million) and increased funding for major repairs, renovations, and upgrades of Army National Guard's Readiness Centers, with matching Federal Funds.	\$22,100,000	\$54,000,000	0.0	No	Yes	\$0
3)	Increase in Daily Maintenance Funding - Maintenance and repair of existing facilities.	\$21,175,000	\$67,175,000	0.0	No	Yes	\$0
4)	Indirect Administration - Funding for 3.0 FTEs (Budget Analyst IV, HR Administrative Assistant, Systems Analyst II) to support administrative operations.	\$372,000	\$372,000	3.0	No	No	\$372,000
5)	Behavioral Health Counselors - Funding for 4.0 FTEs (three mental health counselors and an administrative assistant, and new behavioral health services case management software.	\$635,000	\$635,000	4.0	No	No	\$613,200
6)	State Military Tuition Assistance - Funding to increase State Tuition Assistance for Texas National Guard members.	\$1,100,000	\$1,100,000	0.0	No	No	\$0
7)	Energy Upgrades - Funding for projects that increase energy and water efficiency in existing facilities.	\$3,300,000	\$8,300,000	0.0	No	Yes	\$0
8)	Road Maintenance at existing Texas Army National Guard facilities.	\$2,000,000	\$4,000,000	0.0	No	Yes	\$0
9)	Museum Operations - Funding for 3.0 FTEs at the Texas Military Forces Museum.	\$247,000	\$247,000	3.0	No	No	\$247,000

TOTAL Items Not Included in Recommendations	\$52,929,000	\$137,829,000	10.0			\$3,232,200
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**Military Department
Appendices - Senate**

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** Information is included in the presentation section of the packet

Military Department					
Funding Changes and Recommendations by Strategy -- ALL FUNDS					
Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
STATE ACTIVE DUTY - DISASTER A.1.1	\$8,572,472	\$592,458	(\$7,980,014)	(93.1%)	Recommendations include a \$6.0 million decrease in Interagency Contracts (Other Funds) from DPS as the result of the agency's anticipated end of involvement in the Operation Secure Texas; and a \$2.0 million agency estimated decrease in Federal Funds for Public Assistance Grants.
STATE TRAINING MISSIONS A.1.2	\$32,447,999	\$13,411,638	(\$19,036,361)	(58.7%)	Recommendations include a \$18.2 million decrease in Interagency Contracts (Other Funds) from DPS as the result of the agency's anticipated end of involvement in Operation Secure Texas; a \$0.8 million decrease in General Revenue as the result of the 4 percent reduction (\$0.4 million for state training missions and \$0.4 million for the State Guard); and a \$10,592 agency estimated reduction in Federal Funds.
Total, Goal A, OPERATIONS RESPONSE	\$41,020,471	\$14,004,096	(\$27,016,375)	(65.9%)	

Military Department					
Funding Changes and Recommendations by Strategy -- ALL FUNDS					
Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
FACILITIES MAINTENANCE B.1.1	\$155,533,549	\$96,765,222	(\$58,768,327)	(37.8%)	Recommendations include a \$0.4 million reduction in General Revenue for the one-time purchase of property in the 2016-17 biennium; a \$2.0 million reduction in General Revenue for Replacement and Maintenance Projects; a \$19.6 million reduction in General Revenue-Dedicated Fund 5166 (\$1.2 million as the result of the 4 percent reduction and \$18.4 million for one-time deferred maintenance funding in the 2016-17 biennium); a decrease of \$36.5 million in Federal Funds (\$29.2 million for one-time matching deferred maintenance funding and a \$7.3 million decrease in agency estimated Federal Funds); a \$33,352 agency estimated decrease in Appropriated Receipts for billet rentals; a \$4.7 million increase in Fund Balance authority as compared to the 2016-17 Fund Balance; a \$2.3 million decrease in General Obligation Bond Proceeds as the fund appropriated in previous biennia have been exhausted; and a \$2.6 million decrease in Revenue Bonds as the funds appropriated in previous biennia have been exhausted.
DEBT SERVICE B.1.2	\$2,480,514	\$2,494,300	\$13,786	0.6%	Recommendations include a \$13,786 increase in General Revenue for TPFA estimated debt service on Revenue Bonds.
FIREFIGHTERS - ELLINGTON AFB B.2.1	\$3,432,168	\$3,432,168	\$0	0.0%	
Total, Goal B, OPERATIONS SUPPORT	\$161,446,231	\$102,691,690	(\$58,754,541)	(36.4%)	
YOUTH EDUCATION PROGRAMS C.1.1	\$14,059,873	\$12,933,140	(\$1,126,733)	(8.0%)	Recommendations include an agency estimated decrease in Federal Funds for National School Lunch (\$14,674), National Guard Civilian Youth Opportunities (0.9 million), and Asset Forfeiture and Money Laundering Task Force (\$0.2 million).
STATE MILITARY TUITION ASSISTANCE C.1.2	\$3,002,928	\$3,002,928	\$0	0.0%	
MENTAL HEALTH INITIATIVE C.1.3	\$1,276,600	\$1,276,600	\$0	0.0%	
Total, Goal C, COMMUNITY SUPPORT	\$18,339,401	\$17,212,668	(\$1,126,733)	(6.1%)	

Military Department					
Funding Changes and Recommendations by Strategy -- ALL FUNDS					
Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
INDIRECT ADMINISTRATION D.1.1	\$6,518,172	\$5,967,501	(\$550,671)	(8.4%)	Recommendations include a decrease of \$0.6 million in General Revenue as the result of a \$0.7 million reduction for one-time CAPPS funding and an increase of \$0.1 million for increased Data Center Services estimates.
Total, Goal D, INDIRECT ADMINISTRATION	\$6,518,172	\$5,967,501	(\$550,671)	(8.4%)	
Grand Total, All Strategies	\$227,324,275	\$139,875,955	(\$87,448,320)	(38.5%)	

Military Department
Summary of Federal Funds - Senate
(Dollar amounts in Millions)

Appendix B

Program	Est 2016	Bud 2017	Rec 2018	Rec 2019	2016-17 Base	2018-19 Rec	2018-19 Rec % Total	Recommended Over/(Under) Base	% Change from Base
National Guard Military Operations and Maintenance	\$36.5	\$81.9	\$40.9	\$40.9	\$118.4	\$81.9	90.1%	(\$36.5)	(30.8%)
National Guard ChalleNGe Program	\$4.3	\$3.6	\$3.5	\$3.5	\$8.0	\$7.0	7.7%	(\$0.9)	(11.5%)
Asset Forfeiture & Money Laundering	\$0.9	\$0.9	\$0.8	\$0.8	\$1.8	\$1.6	1.8%	(\$0.2)	(10.8%)
School Breakfast Program	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3	\$0.3	0.3%	\$0.0	0.0%
National School Lunch Program	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.1	0.2%	(\$0.0)	(9.5%)
Public Assistance Grants	\$2.0	\$0.0	\$0.0	\$0.0	\$2.0	\$0.0	0.0%	(\$2.0)	(100.0%)
TOTAL:	\$43.9	\$86.6	\$45.5	\$45.5	\$130.5	\$90.9	100.0%	(\$39.6)	(30.3%)

Military Department
Performance Measure Highlights - Senate

	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Number of Texas State Guard Members <i>Measure Explanation: The number of Texas State Guard Members.</i>	2,160	1,851	2,300	2,300	2,300
Number of Texas National Guard Members <i>Measure Explanation: The number of Texas National Guard Members.</i>	22,523	21,803	23,000	23,000	23,000
Number of Students Who Completed the STARBASE Special Youth Education Program <i>Measure Explanation: STARBASE is an academic outreach program focused on science, math, and technology for fourth to seventh grade youths. Higher performance targets reflect TMD's anticipated program growth at Ellington facility.</i>	2,010	1,906	2,000	2,000	2,000
Number of Students Completing ChalleNGe Education Program <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 Eagle Lake facility opened in fiscal year 2016 and is projected to become fully operational in fiscal year 2017.</i>	200	231	230	230	230

Military Department
Summary of Ten Percent Biennial Base Reduction Options - Senate

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in LBB Recs?
			GR & GR-D	All Funds	FTEs			
1)	10% Reduction of Facilities Maintenance	TMD would take the full 10 percent reduction, each 5% increment, from the Facilities Maintenance funds used for major renovations in the State of Texas Armory Revitalization (STAR) program. This reduction would result in a corresponding loss in federal matching funds.	\$4,829,462	\$12,035,081	0.0	\$0	100%	Yes
TOTAL, 10% Reduction Options			\$4,829,462	\$12,035,081	0.0	\$0		