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November 15, 2002

The Honorable Bill Ratliff
Lieutenant Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Dear Governor Ratliff,

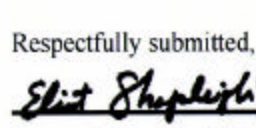


The Texas Senate Committee on Veteran Affairs and Military Installation respectfully submits this Interim Report on the charges relating to:

- Federal Developments on the Base Realignment and Closure (BRAC) actions;
- Effects of the Bonding Authority Increase;
- Veteran Land and Housing Programs to include Nursing Homes;
- Cost Evaluation of State and Federal Veterans' Programs and Benefits;
- Impact Assessment of the Recent Mobilization of National Guard & Reserve Forces; and
- Role of the National Guard Army in Mobilization Process.

We thank you for the opportunity to address these critical issues that affect the lives of not only our active military and veterans, but every Texan on a daily basis. Texas' 18 major military installations contribute some \$49.3 billion annually to our state economy and employ some 230,000 personnel. Veteran benefit programs are vitally important to Texas 1.7 million veterans.

The recommendations in this report are based on extensive testimony, interviews, and feedback provided from government, military, community and corporate leadership. Committee staff have diligently examined all materials and thoroughly researched all recommendations submitted to the Committee. Throughout this process our focus has always been to ensure the quality of life for our veterans and military personnel and to improve the state / community / military base relationship. This emphasis has resulted in recommendations that, when implemented, will ultimately improve the quality of life and safety for all Texans and positively enhance our national security.

Respectfully submitted,

Senator Eliot Shapleigh
Acting Chair

Senator Carlos F. Truan

Senator Troy Fraser

Senator Leticia Van de Putte

Senator Craig Estes



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Dear Governor Ratliff,

We want to take this special opportunity to gratefully acknowledge the significant personal contributions and leadership of Senator Carlos F. Truan. As the former chair and present member of this Committee, Senator Truan's participation has been instrumental to the successful production of this report.

Respectfully submitted,

Handwritten signature of Eliot Shapleigh in black ink, underlined.

Senator Eliot Shapleigh
Acting Chair

Handwritten signature of Troy Fraser in black ink, underlined.

Senator Troy Fraser

Handwritten signature of Leticia Van de Putte in blue ink, underlined.

Senator Leticia Van de Putte

Handwritten signature of Craig Estes in black ink, underlined.

Senator Craig Estes

**TEXAS SENATE COMMITTEE ON
VETERANS AFFAIRS & MILITARY INSTALLATIONS**

INTERIM REPORT

NOVEMBER, 2002

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INTRODUCTION

On September 13, 2001, Lieutenant Governor Bill Ratliff issued the following interim charges to the Texas Senate Committee on Veteran Affairs and Military Installations (see Appendix A):

1. Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC.
2. Evaluate the effects of the increased bonding authority granted to the Veterans Land Board in HB 2453, 77th Legislature.
3. Evaluate veteran land and housing fund programs, including veteran nursing homes. The Committee shall determine if the demand for veterans' nursing home beds is exceeding the available supply.
4. Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs.

On October 24, 2001, Lieutenant Governor Bill Ratliff issued the following additional charges to the Committee.

5. Assess the impact of the current military mobilization on persons called to active duty and their families. The Committee should examine state and federal statutes

concerning active reservists and guardsmen and make recommendations, if necessary.

6. Monitor the current mobilization of Texas military forces and the role of National Guard Armories to determine if increased assistance from the state is necessary for an efficient and timely response.

The Committee held its organizational meeting and briefing on October 30, 2001. On January 7, 2002, Senator Eliot Shapleigh was named Acting Chair. The Committee conducted five public hearings to collect testimony on the interim charges on April 22, 2002, in San Antonio; on May 23, 2002, in Killeen; on June 4, 2002, in Abilene; on June 27, 2002, in El Paso; and on October 3, 2002, in Corpus Christi. The Committee also took the lead in conducting the Joint Public Hearing with the House Committee on State, Federal & International Relations and the Governor's Texas Strategic Military Planning Commission in Austin on August 21, 2002. In addition, the Committee conducted numerous informal meetings and interviews with subject matter experts and constituent leadership and stakeholders between March and October, 2002, to discuss issues relevant to the charges.

This report includes an overview of the background and analysis related to each charge, its findings, and the recommendations adopted by the Committee.

EXECUTIVE SUMMARY

This Interim Committee Report includes an overview of the analysis and background, findings and recommendations related to each charge issued by Lieutenant Governor Bill Ratliff on September 13, 2001 and October 24, 2001. The following summary of findings and recommendations results from the public hearings and other data gathering activities.

CHARGE I – PART I - BASE REALIGNMENT AND CLOSURE (BRAC) 2005

FINDINGS:

The Department of Defense determined the necessity to close approximately 25 percent of its military installations and infrastructure nationwide to release scarce defense funding for critically needed new weapons systems. With its 18 major military installations, Texas is one of the largest states in terms of possible BRAC actions. Representing a \$49.3 billion industry which employs some 230,000 Texans, our military installations represent the fourth largest industry in Texas. They also exhibit a proud military heritage, provide a skilled labor pool, and play a major role in our nation's defense strategy. Texas' installations will be primarily judged according to their military value to national defense by their parent services and the BRAC 2005 Commission. Texas is in strong head-to-head competition with some five other major defense contributor states to demonstrate its level of state commitment to its military through creative economic development investments and strong community relations' activities.

Many factors influence the military value of an installation. One of the most important factors and perhaps the most difficult to control is urban encroachment. Areas of greatest concern regarding encroachment include urban expansion, environmental regulations and commercial competition for air space and communication frequencies. These factors are recognized as primary limitations of time, space and realism of training. The Pentagon defines encroachment as anything that impedes its ability to conduct realistic combat

training.¹ A top Pentagon official warned that communities failing to counter urban sprawl near training installations risk losing them in the 2005 base closure.² The message is clear. Texas must work with its communities surrounding military installations to ensure valuable training space (i.e., air, land and sea) is not lost to urban growth.

Making maximum use of existing federal military facilities is a key issue in the matter of increasing military value. For example, National Guard and Reserve forces may be relocated to active military installations assuming favorable mission considerations, as well as private enterprise which may support the installation.

The Committee heard from the leadership of virtually every defense community throughout the state. Consistent in the testimony provided is the concern that the state provide economic development funding assistance for the communities to make investments which best address their local military installations' concerns.

RECOMMENDATIONS:

1. Recommend that the Legislature consider a requirement for cities and counties adjacent to military installations to work together with the installation to develop strategic plans that ensure increased military value and lower costs for all Texas' military installations and training areas.
2. Recommend that the Legislature review all state agencies and funding related to enhancement of military value and assign priority funding that will improve the position of an installation in the upcoming Base Realignment and Closure round.
3. Recommend that the Legislature enact measures that address encroachment issues relating to Texas Military Installations.
4. Recommend that the Legislature consider the creation and funding of the Texas Military Preparedness Act of 2003 which includes strategic planning investments

that enhance military value of Texas military installations and provide assistance to BRAC affected Texas defense communities.

5. Recommend that the Legislature require state agency regulatory reviews of environmental issues that affect military installations in anticipation of BRAC 2005.
6. Recommend that the Legislature encourage the United States Congressional Delegation to continue supporting the privatization efforts on Texas installations and to continue fighting for funding to improve existing infrastructure.
7. Recommend that the Legislature promote partnerships between installations and surrounding communities to identify opportunities for sharing property and services.
8. Recommend that the Legislature require Texas Building and Procurement Commission to review and consider leases on military installations to meet state space requirements.
9. Recommend that the Legislature realign the missions of the Office of Defense Affairs (ODA), Texas Strategic Military Planning Commission (TSMPC) and Texas Aerospace Commission under a single agency identified as the Texas Military Preparedness Commission to execute the strategic plan for the enhanced military value of Texas' installations.

CHARGE I – PART II – SB1815

FINDINGS:

The 77th Legislature passed SB 1815 to provide financial assistance to Texas communities that may be affected by BRAC actions. The bill establishes a revolving loan fund to be administered by the ODA. Communities must make an application to the

ODA in accordance with criteria to be established by that office. Senate Bill 1815 was not funded.

1. Recommend that the Legislature consider funding SB 1815 in December 2005 as a part of the Military Preparedness Act recommended in Part I of this Charge, Recommendation #4, Page 36 in the body of this report.

CHARGE 2 – MONITOR DEMAND FOR ADDITIONAL INCREASE IN BONDING AUTHORITY

FINDINGS:

Prior to the 77th Legislature, state law provided that the aggregate amount of revenue bonds issued by the Texas Veterans Land Board (TVLB) shall not exceed \$250 million. House Bill 2453 increases the statutory limitation on the amount of revenue bonds the TVLB is authorized to issue. Committee review of the performance and demand for these bonds indicates that future loan expectations forecast by the General Land Office (GLO) will be met by the authorized bonding authority increase.

RECOMMENDATION:

1. Recommend that the Legislature continue to monitor loan demand data and market trends to determine if an additional increase will be required by the 79th legislative session in order to meet the needs of Texas veterans.

CHARGE 3 – PART I – LAND AND HOUSING EVALUATION

FINDINGS:

Veterans' land and housing programs are wide ranging and varied. A comparison of Texas' programs with those offered by Alaska, Wisconsin, California, and Oregon (the only other states who offer housing programs) finds that the Texas programs offer more

benefits in housing loans than the comparison states and is the only state to offer a land program targeted to state veterans.

Loan programs for both housing and land purchases are 100 percent financed from the sale of bond issues and do not cost the taxpayer nor require state revenue. The performances of these bonds and the various historical loan rates paid on the bond and charged to the land and home buyer are found in Exhibit 2-3. The Committee review indicates a significant savings for the veterans in terms of loan rates as well as up front costs such as a down payment which, for VA guaranteed loans, may require no money down. In 2001, the GLO made some \$226 million in home and land loans, up from some \$169.6 million in 1999. All indicators point to a well executed program valued and used by many Texas veterans.

RECOMMENDATION:

1. Recommend that the Legislature create legislation which would provide the TVLB the authority to develop housing on land available as a result of base realignment if requested by the local community.

CHARGE 3 – PART II – TEXAS STATE VETERANS’ HOMES EVALUATION

FINDINGS:

The 75th Legislature authorized the construction of skilled care nursing homes for the 1.7 million Texas veterans, 500,000 of whom are over age 65. With the passage of Senate Bill 1060, the TVLB was authorized to issue bonds for the required 35 percent state matching fund participation. As of this report, there are four completed homes located in Bonham, Big Spring, Floresville and Temple. In addition, there are 40 proposals on file with the GLO for consideration regarding the two additional homes planned for a mid 2005 completion.

Texas Veterans' Homes offer distinct financial cost advantages from private home loans largely due to federal U.S. Department of Veterans Administration (USDVA) subsidies. Cost avoidance can be as high as 20 percent for the veteran and/or family. The quality of care meets Texas nursing home standards.

While the current state occupancy rate stands at approximately 90 percent as of this report writing, demand for space is expected to create a waiting list before the construction is completed on the two additional homes in mid-2005.

RECOMMENDATIONS:

1. Recommend that the Legislature expand the Texas Veterans Home Program. Further recommend that an independent oversight Board be established to review health care and business practices of the veterans' homes to ensure they meet established state standards and customer needs. Recommend a review be made of experience requirements of Veterans' Home Administrators.
2. Recommend that the Legislature consider the establishment of performance measures which reflect the operations of Texas veteran's homes.

CHARGE 4 – PART I – HB310 IMPLEMENTATION RELATED TO TEXAS VETERANS' CEMETERIES

FINDINGS:

House Bill 310 passed by the 77th Legislature, authorized the Texas Veterans Land Board (TVLB) to establish a program for providing financial assistance for the establishment of up to seven veterans' cemeteries in Texas. Federal grants are available from the United States Department of Veterans Affairs (USDVA) to fund 100 percent of the cemetery development cost, provided they are state owned and meet specific criteria. States must compete for the grant money and a state cemetery can not be established within a 75-mile radius of a national cemetery.

By act of the Texas legislature, a selection panel, composed of members of the TVLB, the Chairman of the TVC, and two members of the veterans' community selected by the

TVC Chairman, was established. The TVLB established a selection panel who specified conditions for communities to submit a proposal for a cemetery. Seven proposals were submitted and three were considered for funding in fiscal year 2003. The City of Killeen and Hidalgo County were selected for the first two state cemetery sites. The USDVA will announce its winners of the federal grants in early 2003. If one or more Texas sites are selected, the cemetery could be completed as early as 2004.

RECOMMENDATION:

1. Recommend that the Legislature continue to monitor the implementation of HB 310.

CHARGE 4 – PART II – MONITOR IMPLEMENTATION OF HB2125 RELATING TO PUBLIC SCHOOL ADMISSION OF MILITARY PERSONNEL AND DEPENDENTS

FINDINGS:

The 77th Legislature passed House Bill 2125 which allows the Texas Education Agency (TEA) to pursue reciprocity agreements with other states to facilitate the transfer of military personnel and their dependents to and from public schools. The TEA has only recently taken any positive action to deal with this issue since HB 2125 did not mandate the action and since TEA is reluctant to offer special consideration to military personnel and their dependents. Of Texas' four million students, some 66,000 are military dependents and are often required to relocate every two to three years on average. To date, no reciprocity agreements have been sought by the TEA. However, TEA has agreed to discuss the issue further.

RECOMMENDATIONS:

1. Recommend that the Legislature encourage Independent School Districts, especially those with a high population of military dependent students, review the Secondary Education Transition Study's Memorandum of Agreement and consider becoming a participant, as outlined by the Memorandum.

2. Recommend that the Legislature require the Texas Education Agency to review current policies for the transfer of military dependent students within, into and out of the state and ensure that the current policies adequately meet the needs of all students in all grade levels.

CHARGE 4 – PART III – MONITOR IMPLEMENTATION OF SB 1159 RELATING TO THE ESTABLISHMENT OF MEMORANDUMS OF UNDERSTANDING (MOUs) BETWEEN STATE AGENCIES

FINDINGS:

With the passage of Senate Bill 1159 by the 77th Legislature, the Texas Veterans Commission (TVC) was directed to enter into a Memorandum of Understanding (MOU) with the Texas Workforce Commission (TWC), the Texas Veterans Land Board (TVLB) and any other state agencies that administer a program applicable only to veterans and their families. To date, the TVC reacts aggressively to this directive and has established MOUs with the TWC, the Texas Department of Human Services (TDHS), and the Veterans Employment and Training Service – U. S. Department of Labor (VETS/DOL), as well as the TVLB.

RECOMMENDATION:

1. Recommend that the Legislature continue to monitor the Texas Veterans Commission's implementation of SB 1159.

CHARGE 4 – PART IV – DETERMINE COST EFFECTIVENESS OF STATE VETERANS' PROGRAMS

FINDINGS:

A review of the cost effectiveness of state agencies that provide veterans' programs indicates that only three state agencies target veterans' programs while other agencies only include veterans as customers. These programs are imbedded in others they manage (e.g., TEA). The TVC, Texas Workforce Commission (TWC) and General Land Office

(GLO) represent state agencies that manage programs which are solely applicable to veterans. A cost effectiveness evaluation is applied to these agencies' product or service using the following criteria:

- Need;
- Availability from other source;
- Cost savings; *and*
- Return on taxpayers' investment.

A Committee review of agency program results, state general revenue and federal funding allocations, and degree to which the veterans' needs are being met provided positive results for each of the three state agencies studied. In fact, state tax dollars expended on these programs are providing literally millions of federal dollars "return on investment" annually as indicated in Exhibit 4-11. While meeting veterans' needs, it is noted that information regarding veterans' benefits is not reaching all state veterans, although the specific unmet need is not known.

Accordingly, a low cost computer technology-based information distribution system is being initiated in a cooperative effort by the TVC and Department of Information Resources (DIR) which is expected to significantly expand the distribution of information. The TVC has also instituted a broad based marketing program which included public service announcements for television, town hall meetings, regular radio interviews of Commission personnel and participation in public events. The number of veterans not being reached is not known since surveys have not yet been taken.

RECOMMENDATION:

1. Recommend that the Legislature favorably consider agency requests for increased state appropriations to enhance the level of veterans' awareness regarding services, benefits and entitlements through current information system technology. Current Texas Veterans Commission staffing and veterans' benefit programs are effectively addressing veterans' health care claims, but many veterans are not being reached.

CHARGE 4 – PART V – DETERMINE COST EFFECTIVENESS OF FEDERAL VETERANS’ PROGRAMS**FINDINGS:**

The administration of the national veterans’ programs relating to disability, health care, employment, education, training, rehabilitation, financial, burial and insurance is provided by the U.S. Department of Veterans Administration (USDVA). As the only federal agency charged with these varied programs, its cost effectiveness is difficult at best to measure. It is an agency with an annual federal budget in excess of \$100 billion and serves over 25 million veterans and their dependents nationwide. If the same criteria previously applied to the state agencies are applied to the USDVA, we find that this agency has no federal competitors and it serves a critical purpose in managing national veterans’ benefit programs. When we consider how well it serves our Texas veterans, we find that Texas individual veterans’ claims awards exceed those of California and Florida (Exhibit 4-14). Because USDVA programs are consistent throughout the states, we find that the principal variable among states is the quality of veterans’ service benefit programs administered by the respective state agencies, like the Texas Veterans Commission.

RECOMMENDATIONS:

There are none offered at this time.

CHARGE 5 – MOBILIZATION IMPACT**FINDINGS:**

Global unrest and the War on Terrorism spark a heightened level of activity of our nation’s military forces – active and reserve. Not since the Korean War have we seen such massive mobilizations of our reserve forces. Since the terrorists’ attack on September 11, 2001, over 5,000 Guard and Reserve personnel have been activated for various periods of time – some for up to two years.

The mobilization of our reserve forces serves to gain strong public support for our nation's involvement in a conflict. In a time when our total military forces are reduced by some 40 percent from 1990 levels, we now are calling upon our Guard and Reserves. A major down side of this mobilization is the severe impact upon families and employers who must now get along without the spouse or the valued employee for an extended period.

Of note is the fact that Guard personnel activated in a Title 32 United States Code (USC) state status are not afforded the same protections and entitlements as their active duty counterparts under the Soldiers and Sailors Relief Act of 1940. Deferrals of monthly payments, reduction of interest rates on purchases such as mortgage loans and autos are not afforded to those called up under Title 32 (USC).

RECOMMENDATION:

1. Recommend that the Legislature consider enacting legislation to financially protect their service men and women who are mobilized in Title 32 (USC) state status, as active duty personnel are protected in Title 10 (USC) status. The Maryland National Guard Readiness Act is an example of said legislation. (Appendix I)

CHARGE 6 – MOBILIZATION

FINDINGS:

With some 85,000 Guard and Reserve personnel currently activated for duty to fight the War on Terrorism as well as deal with multiple global “hot spots”, the actual process of mobilization is in the military and public spotlight. Tasked by the Lieutenant Governor to monitor this process for Texas military forces and determine if state assistance is required, the Committee heard testimony from active and reserve force military leaders.

One focus of this testimony was an assessment of whether the condition of National Guard Armories is an obstacle in the mobilization process. The Committee determined that while the administrative process of “mobilizing” – or bringing a guard person on active duty – is not inhibited by the armory facility, the poor condition of some armories causes training problems for our troops. Since a guard member cannot be mobilized unless they are fully trained in their skill area (Military Occupational Specialty, i.e., MOS), they cannot be deployed unless fully trained. Presently, three facilities fall into this category and carry a combined repair price tag of some \$915,000.

Texas National Guard commanders must be cognizant of evolving changes in strategy that will impact military force structure, combat methods, and weapon systems. State Government leaders are well served to work with state National Guard leadership as well as the military commanders of our military installations to determine how the state legislative process assists in this inevitable transformation of our military forces.

RECOMMENDATIONS:

1. Recommend that the Legislature require comprehensive review of Guard missions and installations consistent with new strategies developed by the Department of Defense to meet the needs of a modernized force and fight the War on Terrorism.
2. Recommend that the Legislature consider funding National Guard maintenance and repair programs for armories and training areas consistent with state-federal agreement.

CHARGE 1: BASE REALIGNMENT AND CLOSURE

CHARGE 1: Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC.

KEY FINDING ...

INNOVATIVE COMMUNITY – MILITARY PARTNERSHIPS can strengthen Texas’ military installations competitive position in the BRAC selection, and will constitute a major investment in the state’s economic future.

MONITOR FEDERAL DEVELOPMENTS

OVERVIEW

The most significant federal development relating to the Base Realignment and Closure (BRAC) process was the passage of the National Defense Authorization Act for Fiscal Year 2002, S1438. This legislation authorizes an additional round of Base Realignment and Closure for the year 2005.

BACKGROUND

HISTORY

The Department of Defense (DoD) has conducted four previous rounds of Base Realignment and Closure: 1988, 1991, 1993, and 1995. During those rounds, 97 major military installations were recommended for closure and realignment.

Over the past several years, the DoD has been an advocate for additional rounds of BRAC in order to reduce excess base infrastructure and consolidate or restructure the operation of support activities to secure significant savings that will allow the DoD to fund future readiness and weapons acquisition programs. Aware that DoD was advocating for additional rounds of BRAC, several states that lost installations in previous rounds began securing their remaining installations. However, unlike most states with significant military infrastructure, Texas has not invested in her military installations.

BRAC TO GENERATE SAVINGS NEEDED FOR FUTURE WEAPONS SYSTEMS

The DoD estimates previous rounds of BRAC have already generated substantial savings nationwide: \$16.7 billion in savings through fiscal year 2001, and \$6.6 billion each and every year thereafter.³ Former Secretary of Defense Cohen “reminded Congress [in *The Report of the Department of Defense on Base Realignment and Closure*] that while the defense budget was down 40 percent and force structure [number of active duty employed by DoD] was down by 36 percent, base structure had declined by only 21 percent.”⁴ In other words, more infrastructure exists than necessary to support force structure. In addition, Defense Secretary Donald H. Rumsfeld recently said that he “believes 25 percent of the nation’s military installations are no longer needed, and that a round of closures could save \$3 billion or more annually.”⁵ The savings could then be used to move troops into the 21st century with modern weapons and training.

However, the General Accounting Office (GAO) has concluded that savings estimates by the DoD may not be reliable. Although the net savings from the four previous closure rounds were substantial, the cost and savings estimates used to calculate the net savings were imprecise. The GAO reviewed DoD’s data and “found that cost estimates did not include all costs attributable to the closures [such as environmental cleanup and costs associated with assisting communities affected by closure] and that savings estimates were not routinely updated in the Department’s records.”⁶ Therefore, Congress included provisions in the BRAC 2005 statute that address impacts on existing communities and

costs related to potential environmental clean-up. Congress also instructed the DoD to certify all information submitted as accurate and complete. Furthermore, the DoD must certify that an additional round of BRAC will result in savings for each military service no later than FY 2011 or the BRAC process will be halted.

During previous rounds of BRAC, 14 Texas installations were closed and several others were realigned. These base closings resulted in major consequences for Texas and its economy. For example, Kelly Air Force Base in San Antonio was selected for closure in 1995. Before closure, Kelly AFB employed approximately 19,000 personnel. With the base's closing, the San Antonio Initial Base Adjustment Strategy Committee predicted the number of personnel to decline to approximately 16,000 employees through the year 2001.⁷ However, in a recent report with current statistics, the GAO estimates 10,912 jobs were lost, and that during the redevelopment phase, 4,444 jobs were created.⁸ This example illustrates the economic importance of a military installation on the surrounding community, but closures have had statewide effects as well. "In 1990, the value of military expenditures [in Texas] was equivalent to 4.1 percent of Texas' gross state product (GSP) [but] [b]y 2000, military expenditures were analogous to 2.71 percent of the GSP."⁹

Military and defense contracts in Texas are big business. There are currently 18 military installations in the State of Texas. In the year 2000, the DoD had 228,790 personnel on their payroll in Texas. This included 107,532 active military personnel, 38,455 direct hire civilians and 82,803 Reserve and National Guard members. The Office of Defense Affairs within the Texas Economic Development Department estimates "[t]otal military expenditures (including payroll outlays and contracts) in Texas were \$20.9 billion [in DoD's budget for FY 2000]. Using the State Comptroller's 2.36 percent economic multiplier, the annual economic impact totals approximately \$49.3 billion."¹⁰ See Exhibit 1-1.

TEXAS MILITARY INSTALLATIONS & DEPARTMENT OF DEFENSE STATISTICS (EXHIBIT 1-1)

TEXAS MILITARY INSTALLATIONS 2002 ¹¹		TEXAS DEPARTMENT OF DEFENSE FIGURES FISCAL YEAR 2000 ¹²	
BRANCH	INSTALLATION NAME	PERSONNEL	TOTAL
AIR FORCE FACILITIES (8)	Brooks AFB	PERSONNEL - TOTAL	228,790
	Dyess AFB	Active Duty Military	107,532
	Ellington Air Field (ANG)	Civilian	38,455
	Goodfellow AFB	Reserve & National Guard	82,803
	Lackland AFB		
	Laughlin AFB	Expenditures (Dollars in Thousands)	Total
	Randolph AFB	Expenditures – Total	20,901,103
	Sheppard AFB	Payroll Outlays – Total	8,659,182
ARMY FACILITIES (6)	Camp Mabry (National Guard)	Active Duty Military Pay	3,514,170
	Ft. Hood	Civilian Pay	1,663,280
	Ft. Sam Houston	Reserve & National Guard Pay	297,652
	Ft. Bliss	Retired Military Pay	3,184,080
	Lone Star Ammo Plant	Contracts – Total	12,145,182
	Red River Army Depot	Supply & Equipment	8,550,747
NAVAL FACILITIES (4)	Corpus Christi NAS/CCAD	RDT&E	400,288
	Ft. Worth NAS (Joint)	Service	2,803,818
	Ingleside Naval Station	Construction	232,255
	Kingsville NAS	Civil Function	158,074
		Grants	96,739

Now that a future round of BRAC is authorized by Congress, Texas must be proactive in its response. This will be the largest round of closure/realignment in several years. In fact, the Pentagon has stated that the next round of BRAC could eliminate as many as

100 facilities and “that every base will be evaluated for potential closure.”¹³ Therefore, the Legislature must be proactive during the 2003 Legislative Session to effectively protect its economic interests and avoid closures before the 2005 BRAC round begins.

FINDINGS

BRAC CRITERIA & TIMELINES

When Congress authorized an additional round of BRAC with the passage of the National Defense Authorization Act for Fiscal Year 2002, S1438, selection criteria was reviewed and a BRAC timeline was developed. While the legislation is similar to the legislation of past BRAC rounds, there are some new variations. In the upcoming round of BRAC, recommendations will be made by nine Commissioners who will be appointed by the President in March 2005. This is a change. Previous BRAC rounds have had only eight Commissioners. These Commissioners must make recommendations based on a 20-year force structure plan, a comprehensive inventory of infrastructure and selection criteria developed by the Secretary of Defense.

Currently, the selection criteria have not been written. Congress directed the Secretary of Defense to develop and publish the proposed criteria in the Federal Register by December 31, 2003. However, Congress did include specific requirements the Secretary of Defense must incorporate into the creation of the criteria. These requirements include making “military value” the primary factor in developing BRAC recommendations and Congress defined “military value” in great detail to protect valuable assets and future readiness.¹⁴ At a minimum, military value must include the following:

- the preservation of training areas,
- the preservation of installations required for homeland defense,
- the preservation of installations with diversified climate and terrain,
- the impact of joint force fighting and training; *and*
- the ability for an installation to support mobilization.

Other items that must be considered include:

- the extent of savings,
- the environmental clean-up costs; *and*
- the economic impact on existing communities in the vicinity of military installations.

In a recent memo, Defense Secretary Donald Rumsfeld issued a list of department priorities that emphasized transforming the DoD through “organizational, operational, business and process reforms.”¹⁵ This list includes ten priorities. These priorities include:

- Successfully pursuing the global war on terrorism,
- Strengthening the military’s joint fighting capability,
- Optimizing intelligence, *and*
- Improving interagency processes/integration.¹⁶

These priorities could provide DoD’s vision of a transformed military into a lighter, faster, more lethal fighting force.

Another change from past BRAC rounds includes the ability for the Commissioners to place an installation in “inactive status”. This allows the DoD to close or realign an installation but not dispose of the property. The DoD could hold a property in a caretaker status awaiting the possibility of future use. This would be economically catastrophic to the surrounding communities, who would lose the ability to redevelop the area. Additional changes include charging fair market value for economic development conveyances and only allowing privatization if specified in the Commission’s recommendations. Commissioners will also have the ability to remove an installation from the BRAC list by a simple majority vote and the limited ability to add installations to the list.

BRAC TIMELINE (EXHIBIT 1-2)¹⁷

2005 BRAC Timeline	
December 2001	Congress passes the National Defense Authorization Act for Fiscal Year 2002, authorizing an additional round of BRAC in 2005
January 2002	DoD begins the BRAC process by collecting and analyzing data
December 31, 2003	Secretary of Defense sends proposed selection criteria to the Congressional defense committees
February 2004	<ul style="list-style-type: none"> • Secretary of Defense publishes final selection criteria in Federal Register (February 16) • DoD submits to Congress detailed force structure plan and certification that BRAC 2005 will result in savings for each military service by 2011
March 15, 2004	Selection criteria final, unless disapproved by an Act of Congress
March 15, 2005	President appoints nine member BRAC Commission and sends nominees to the Senate for confirmation
May 16, 2005	DoD sends a closure/realignment list to the Commission and to Congress; adding other installations would require support from seven of the nine Commissioners
July 1, 2005	GAO reviews DoD's list and reports findings to the President
September 2005	<ul style="list-style-type: none"> • Commission sends its findings and recommendations to the President (September 8) • President reviews the list of recommendations and submits them to Congress for an up or down vote (September 23)
October 20, 2005	Commission may submit revised list in response to President's report
November 7, 2005	President certifies closure/realignment list and list is final
April 15, 2006	All work by the Commission must be terminated

While S1438 only authorizes one round of closure and realignment in 2005, the process has already begun and data is currently being collected and evaluated, as indicated by the timeline. Therefore, the longer Texas waits to implement an action plan to address the upcoming round of BRAC, the greater the possibility of finding its bases on the closure

list. This reality further emphasizes Texas' need to be proactive during the 2003 Legislative Session to preserve our installations and attract future missions.

ECONOMIC IMPACT

Texas has much at stake during this next round of BRAC. The defense industry is one of the largest economic engines in the state in terms of employment.¹⁸ With some 230,000 Texans on DoD payrolls, the DoD is Texas' largest employer.¹⁹ It is crucial for Texas to be proactive in protecting the \$49 billion the defense industry contributes to our communities or risk sending those dollars to other states. If the Legislature does not assist communities in securing their local bases during this next session, Texas must be prepared to lose installations, infrastructure, and missions to competitor states such as: California, Florida, Georgia and Mississippi. These states have comprehensive action plans in place and are well underway in protecting their military interests.

Currently, "only Virginia and California outrank Texas in terms of military appropriations from the Federal Government."²⁰ However, several states that suffered closures/realignments in past rounds of BRAC are working feverishly to solidify their remaining installations' importance in the DoD's permanent inventory. For example, Florida appropriates \$7 million annually to "The Defense Infrastructure Grant Program" to improve infrastructure at existing active bases.²¹ The Oklahoma Legislature called for a special session to focus on BRAC issues such as, job training at installations.²² Mississippi's Congressional representation "facilitated the expenditure of over \$500 million in federal funding to upgrade" its facilities. Georgia hired a consulting firm in Washington D.C. to keep them abreast of the latest developments relating to the defense industry and leads the development of public/private partnerships with military installations, private sector, state and local governments.²³ California is proactive in developing grants and tax incentives to encourage defense related industry in their state.²⁴

COMPETITOR STATES (*EXHIBIT 1-3*)²⁵

STATE	STATE FUNDED PROGRAMS	TOTAL MILITARY EXPENDITURES BY DOD
California	<p><i>Investment Partnership</i> Provides state matching dollars (up to \$250,000) to project applicants.</p> <p><i>General Appropriation</i> State appropriates \$6 million of general revenue annually to assist communities with closed military installations.</p>	<p>\$29.8 B (FY 2000)</p> <p>Ranked 2nd in military payroll and 1st in military procurement.</p>
Florida	<p><i>Florida Defense Infrastructure Grant</i> Provides funds (\$6.9M) for improvement of local infrastructure to increase likelihood of retaining or expanding military installations</p> <p><i>Community Defense Grant</i> Provides funds (\$700,000) for communities to formulate specific plans for responding to possible closure or realignment</p>	<p>\$13.5 B (FY 2000)</p> <p>Ranked 4th in both military payroll and procurement.</p>
Georgia	<p><i>Military Affairs Coordinating Committee</i> Assesses installation's needs and encourages public/private partnerships with military, private sector and local government (has not had a base closure during the last two rounds of BRAC)</p>	<p>\$8.7 B (FY 2000)</p> <p>Ranked 5th in military payroll and 6th in military procurement.</p>
Mississippi	<p><i>Mississippi Major Economic Impact Act</i> Issues bonds to support projects in areas designated as suffering a major economic impact by actual or threatened base closure</p>	<p>\$3.0 B (FY 2000)</p> <p>Ranked 10th in military payroll and 9th in military procurement.</p>
Oklahoma	<p><i>State Commission</i> Proactive Commission addressing 2005 BRAC</p>	<p>\$3.8 B (FY 2000)</p> <p>Ranked 7th in military payroll and 10th in military procurement.</p>
Virginia	<p><i>Virginia Defense Conversion Revolving Loan Fund</i> Provides loans of up to \$1,000,000 to assist defense dependent companies seeking to expand into commercial markets</p>	<p>\$25.1 B (FY 2000)</p> <p>Ranked 1st in military payroll and 2nd in military procurement</p>

With other states actively competing to ensure the future of their installations, Texas is challenged to find ways to effectively support DoD missions, operations, and installation personnel by providing quality facilities, housing, infrastructure and base support services, at the lowest cost.²⁶ The five main areas that Texas can focus on to assist our military installations are: encroachment, transportation, infrastructure, utilities and quality of life issues.

ENCROACHMENT

Currently, Texas is able to support DoD missions by providing ample training areas in the air, land, and sea. However, urban expansion, environmental regulations and commercial competition for airspace and frequencies jeopardize the future of military

training and readiness. These factors are known as encroachment and the Pentagon defines encroachment as anything that impedes its ability to conduct realistic combat training.²⁷ Several speculated that encroachment could be a major factor in the BRAC 2005 round and that urban development puts the largest limitation on time, space, and realism of training. It is estimated that 80 percent of communities surrounding the nation's military bases are experiencing above average urban growth, potentially impeding the ability of the bases to train troops.²⁸ A top Pentagon official even warned that communities failing to counter urban development near training installations risk losing those in the 2005 base closure round.²⁹ One example of urban growth surrounding a Texas military installation is Fort Hood. Fort Hood has seen its surrounding population increase by more than 480 percent since its establishment in 1942.³⁰

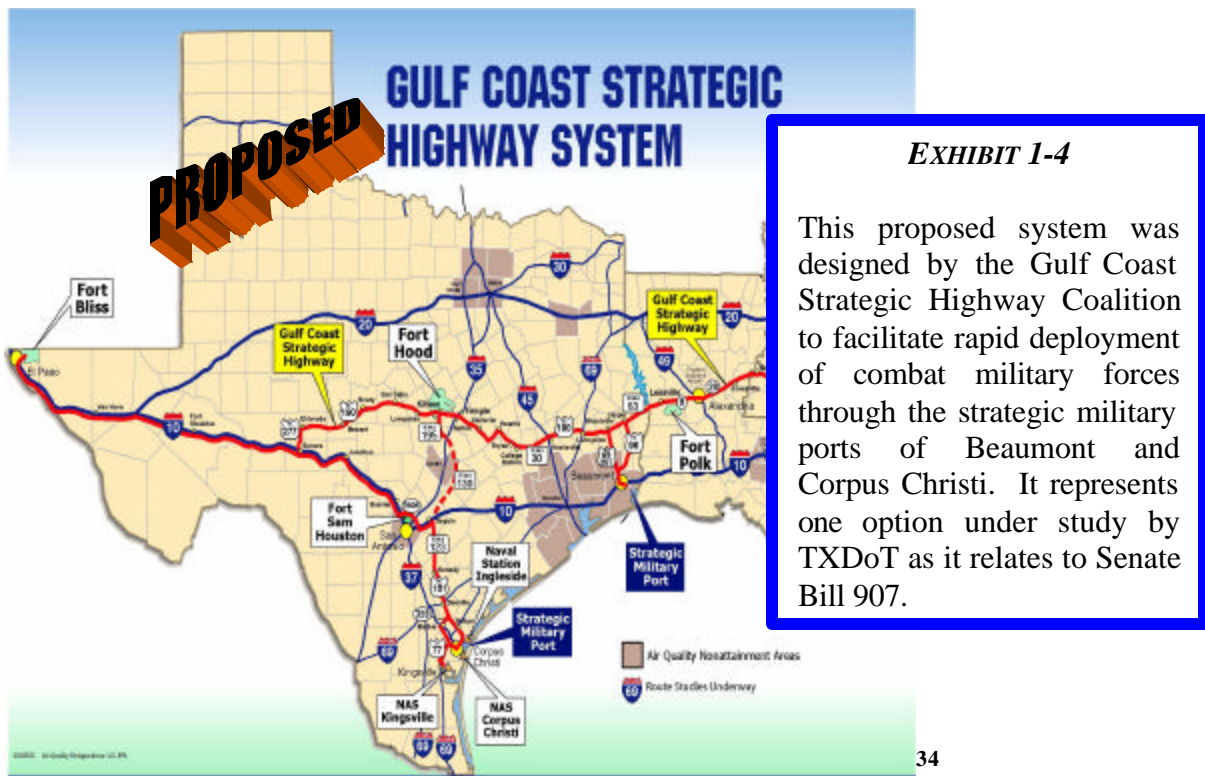
While the military has an excess of infrastructure, there is a shortage of training areas. Today's military is smaller in force structure, but the requirements for training one soldier have changed. Previously, a soldier could be trained in an area 80 meters by 80 meters, but in the last 10 years, changes in weapons systems and war fighting strategies now require a training area of 100 meters by 160 meters.³¹ Therefore, Texas must work with communities surrounding military installations to ensure that valuable training air, land and sea space are not adversely affected by urban growth.

MOBILIZATION

Another factor the DoD will consider in the upcoming BRAC round is an installation's ability to efficiently deploy troops. According to a recent article in the Wall Street Journal, one of the goals of the Bush Administration is to transform the military into a lighter, faster, more lethal force able to strike unilaterally in a matter of days or hours world-wide.³² In addition, a September 2002 memo from Secretary of Defense Donald Rumsfeld outlined the military's top ten priorities for the next six to twelve months and included transforming the Joint Forces into a lighter, more agile easily deployable military unit.³³ Consequently, the DoD will be assessing the types of troops to be deployed from each installation, the mode of transportation to be used and the time it will take to move those troops to their assigned staging areas. This ability relies heavily on the state's road system. However, the state's airports, seaports and rail system will also be reviewed. Effective deployment routes are not only important to current missions, but

also increase an installations capacity to attract future missions. The ability to quickly deploy troops in times of need is vital for strategic success. Therefore, it is important for Texas to evaluate its transportation infrastructure and identify projects that enhance military readiness.

Currently, the Texas Department of Transportation (TxDOT) is in the process of identifying such projects. The 77th Legislature passed Senate Bill 907 directing TxDOT to study the strategic deployment routes, highways and intermodal facilities used by the military. The study looks at the conditions of highways designated for deployments, identifies which facilities need construction, expansion or maintenance and evaluates the costs of such improvements. TxDOT will submit its findings to the Legislature in a written report by January 1, 2003. The Legislature must then review these recommendations and be prepared to assist communities in finding the means to implement the recommendations that will improve the surrounding installation's ability to deploy troops. In addition, Texas must continue to identify possible deployment needs and ways to find funding for the completion of those needs. Thus, ensuring future readiness for our troops and a quick response time when those troops are called upon.



INFRASTRUCTURE & UTILITIES

One of the main goals of the 2005 BRAC is to reduce unnecessary and inefficient base infrastructure to match the needs of a more modern force. An installation's infrastructure includes buildings that support missions and house troops. This infrastructure must be functionally sound and able to sustain its mission requirements to secure the status of current and future missions. These facilities must also operate in a cost efficient manner to ensure military readiness. Presently, the DoD is encumbered with obsolete and excess facilities that cost the DoD money. The current status of these facilities undermine readiness by lowering the quality of life for military and civilian families by reducing the efficiency of uniformed and civilian workers and by detracting from the retention of highly qualified and motivated personnel.³⁵ Deteriorated facilities are more likely to compromise an installation's ability to complete missions because of antiquated utilities and services and jeopardize the safety of the service members who work and live in those facilities. Therefore, high quality facilities are needed to retain current missions, attract future missions and ensure future readiness. These facilities must also be cost effective. There are several ways the state and surrounding communities can assist the DoD in maximizing the use of current facilities in a cost efficient manner.

One area the state and surrounding communities can assist in improving an installation's infrastructure is through the privatization of services. Privatization allows the military to outsource projects to the private sector rather than using traditional military means to complete the projects. In a Report to the President and Congress in 2000, the DoD estimated that approximately two-thirds of its housing needed extensive renovation or replacement and fixing the problem through traditional military construction would take 30 years and \$16 billion.³⁶ Therefore, in an effort to decrease the DoD's construction expenses and provide its troops with adequate housing in a timelier manner, Congress authorized the privatization of housing. This initiative has reduced the DoD's costs associated with the operations, maintenance and management of traditional base housing and it is estimated the work will be completed a decade faster than by relying on military construction alone.³⁷

In addition to privatizing housing, the DoD is privatizing utilities. An installation's utility system includes: electricity, natural gas, water, wastewater and drainage. These systems are critical to the operations of each installation. Many of these systems are old and in need of extensive repair. However, the funds required to complete repairs exceed the DoD's current and anticipated resources, but local utilities do have the resources to invest in these systems.³⁸ Therefore, Congress has approved broad based authority to pursue utility privatization. This action gives the responsibilities of maintaining and upgrading the utilities to the private sector and allows the DoD to more efficiently use their resources. By privatizing housing and utilities, the DoD improves its infrastructure and redirects monies toward modernization and readiness.

Another way the state can assist the DoD in improving infrastructure and reducing costs is to encourage partnerships between the local communities and the military installations. One such example is the Brooks City-Base Project in San Antonio, Texas. This innovative project allowed Brooks Air Force Base to transfer the installation's property to the City of San Antonio and then lease back the property needed to sustain its missions. This initiative saves the DoD money by eliminating excess land, facilities and infrastructure and reducing operating costs. The local community also benefits by reducing the community's dependence on the installation and retaining and creating jobs. The State should encourage local communities to identify projects that will strengthen the position of their installation in future rounds of BRAC, such as distinguishing excess infrastructure on the installation that could be used by the community and then working to occupy and maintain that infrastructure at little or no cost to the DoD.

In addition to communities partnering with surrounding installations to lower costs, the state should also pursue partnerships with military installations. Currently the Texas Building and Procurement Commission (TBPC) is responsible for the oversight, planning, managing, organizing and directing of the state's leasing program.³⁹ The TBPC assists state agencies in obtaining space needed to perform their necessary functions and operations. When a state agency requests space, the TBPC must first look for state owned space to fill the request. However, if state space is unavailable, the TBPC can

look for space from another governmental entity such as the federal government.⁴⁰ Therefore, the TBPC should consider utilizing excess infrastructure on military installations to address the needs of state agencies' requests for additional space. Another example of the state partnering with an active installation is the relocation of National Guard and Reserve forces to military installations that could support the missions of the Guard and Reserve.

The quality of an installation's infrastructure and utilities affect its ability to support current and future military missions and its readiness. Texas must be proactive in pursuing relationships with military installations and encouraging local communities to look for innovative ways to improve an installations' infrastructure and services while reducing costs. This allows the community to develop economic industry that is not directly dependent on the military, and allows the DoD to focus on its military missions.

QUALITY OF LIFE

Quality of life is another crucial issue the DoD will evaluate during the next round of BRAC. In October 2000, then Secretary of Defense, William S. Cohen, stated that

[w]e can no longer treat quality of life as being secondary to our war fighting capability and being the best military in the world. If we don't have the best people, then we won't have the best military. If we don't have the best military, then we won't have the kind of stability and security that we see in the world today.⁴¹

Quality of life issues are fundamental in recruiting and retaining military personnel. While quality of life can be difficult to define because of its elusive concept, it generally encompasses a sense of well being, the ability to perform various tasks, and the overall enjoyment of life. Issues that contribute to the quality of life include: pay, retirement, health care, housing, job training, educational opportunities, and child care. While some of these issues can only be addressed on a Federal level, there are issues, such as education, that the state and local communities can address. When quality of life issues are adequately addressed, the ability for military personnel to carry out the requirements of the installation's missions increases and helps to solidify the productivity of that

installation. Therefore, the Legislature should encourage state agencies and communities to leverage any opportunities to enhance military quality of life and the installation's overall military value.

KEY FINDING...

Military Installations will be evaluated primarily in terms of their military value to the evolving national defense strategy.

ONE VOICE, ONE AGENCY

There are currently 45 defense dependent communities in Texas. These communities are near an active, closed or realigned military facility and must be organized to effectively pursue the issues previously addressed. However, often times in many of these communities “there is no single organization to address the issues of the local Defense Community.”⁴² This causes confusion. To add to the confusion, on the state level, there are several agencies, departments and commissions that address issues relevant to defense communities. With there being little cohesion among local communities and the different state organizations, the state possibly appears disorganized on the national level which jeopardizes the military value of Texas' installations. Therefore, the Legislature should consider aligning several existing state programs into a single agency. That agency would be responsible for addressing military issues in Texas and communicating with communities and the DoD. The ability for one state agency to organize all of the defense related communities and the multiple state agencies that address military issues will allow Texas to pursue a unified strategic plan to secure the state's military installations.

AND SO...

As the DoD begins evaluating its inventory for the next round of BRAC, it will focus on each installation's ability to ensure future readiness, participate in homeland defense missions, provide diversified training opportunities and support for current and future missions, all in the most cost efficient manner. Therefore, Texas must be proactive in finding cost effective ways to ensure each installation's ability to deploy troops, preserve training areas, secure current missions and attract new missions. All of these actions must be pursued from a unified front with one voice.

CONCLUSION:

Now that a future round of BRAC is authorized by Congress, Texas must be proactive in its response. This will be the largest round of closure/realignment in several years and the Legislature will have one chance to be effective in protecting its economic interests and avoiding closure before the 2005 BRAC round begins.

RECOMMENDATIONS

1. Recommend that the Legislature consider a requirement for cities and counties adjacent to military installations to work together with the installation to develop strategic plans that ensure increased military value and lower costs for all Texas' military installations and training areas.
2. Recommend that the Legislature review all state agencies and funding related to enhancement of military value and assign priority funding that will improve the position of an installation in the upcoming Base Realignment and Closure round.
3. Recommend that the Legislature enact measures that address encroachment issues relating to Texas Military Installations.
4. Recommend that the Legislature consider the creation and funding of the Texas Military Preparedness Act of 2003 which includes strategic planning investments that enhance military value of Texas military installations and provide assistance to BRAC affected Texas defense communities.
5. Recommend that the Legislature require state agency regulatory reviews of environmental issues that affect military installations in anticipation of BRAC 2005.

6. Recommend that the Legislature encourage the United States Congressional Delegation to continue supporting the privatization efforts on Texas installations and to continue fighting for funding to improve existing infrastructure.
7. Recommend that the Legislature promote partnerships between installations and surrounding communities to identify opportunities for sharing property and services.
8. Recommend that the Legislature require Texas Building and Procurement Commission to review and consider leases on military installations to meet state space requirements.
9. Recommend that the Legislature realign the missions of the Office of Defense Affairs (ODA), Texas Strategic Military Planning Commission (TSMPC) and Texas Aerospace Commission under a single agency identified as the Texas Military Preparedness Commission to execute the strategic plan for the enhanced military value of Texas' installations.

MONITOR THE IMPLEMENTATION OF SENATE BILL 1815 LOAN ASSISTANCE FOR COMMUNITIES

KEY FINDING...

Although the 77th Legislature provided authority to the Office of Defense Affairs to assist communities adversely affected by base closure and / or realignment, it failed to provide the necessary funding appropriations for that authority.

OVERVIEW

The 77th Legislature passed Senate Bill 1815 related to establishing a loan program to financially assist the communities that may be affected by federal military base closures. In the National Defense Authorization Act for 2002, S1438, an additional round of Base Realignment and Closure (BRAC) was authorized by Congress. Therefore prior to 2005, Texas needs to be prepared to assist communities that could be impacted by a realignment or closure. SB 1815 authorizes the Office of Defense Affairs to administer a revolving loan program to help an eligible community develop infrastructure to minimize the possibility or the negative effects of a base closure on that community. SB 1815 grants any rulemaking authority to the Office of Defense Affairs and the bill took effect September 1, 2001.

BACKGROUND

The Office of Defense Affairs (ODA) was established by the 75th Legislature to develop a pro-active statewide strategy to prevent future defense closures and realignments and assist defense dependent communities prepare for future base realignments or closures. The ODA is located within the Texas Economic Development Department (TxED),

which was also established by the 75th Legislature to market Texas and to assist communities in maximizing economic development opportunities in a global economy. Together the mission of the TxED and the ODA, is to offer assistance to defense dependent communities and businesses. In the past, the ODA assisted these defense dependent communities by administering The Defense Economic Readjustment Zone Program and The Defense Economic Adjustment Assistance Grant Program. These programs provided assistance to communities that were impacted by or vulnerable to the closure or realignment of military installations. However, the scope of the programs was limited by the amount of monies appropriated each session and once the appropriated monies were administered, the programs were dependent on future legislative actions. As a result, the 77th Legislature passed SB 1815, creating a revolving loan program to assist communities potentially affected by BRAC. In a revolving loan program, an initial appropriation funds the loan. The loan is then made available to eligible communities and as the communities pay back the loan, that money is used to fund additional loans. It is assumed that the loan would be financially self-sustaining after the initial appropriation.

FINDINGS

During previous rounds of BRAC, 14 military installations were closed in Texas and several others were realigned. Communities that surround military installations rely heavily on those installations to stimulate their local economies. In a recent report by the University of Texas at El Paso's Institute for Policy and Economic Development, it was estimated that one dollar of every \$6 in sales in El Paso County comes from Fort Bliss and one dollar of every \$9 in El Paso's income comes from the post.⁴³ This example illustrates the impact that an installation has on the surrounding community's economy and employment rate. SB 1815 was passed to help minimize the negative effects of a base closure on a surrounding community and/or to reduce the possibility of a closure.

With the passage of SB 1815, the Office of Defense Affairs (ODA) has the authority to administer a revolving loan program for assistance to communities wanting to improve

and/or develop infrastructure to reduce the possibility or the negative effects of a base closure on that community. The ODA has the task of establishing criteria and procedures for evaluating communities that apply for the loans and establishing criteria to determine eligible infrastructure projects for which a community is authorized to apply for a loan. The monies to finance the revolving loan were to come from the state's general revenue fund. However, no monies were appropriated during the 77th Legislature. In addition, a provision was included in the legislation that stated if the loan account was not sufficiently funded; the ODA was under no obligation to establish the rules and criteria for administering the loan. Therefore, at the writing of this report, no criteria are established.

CONCLUSION:

While the 77th Legislature was able to anticipate a future need for improving infrastructure at our state's military installations by establishing a revolving loan program, there were no appropriations made to fund such a program. Therefore prior to 2005, the Legislature should consider funding the existing piece of legislation, SB 1815, to assist communities.

RECOMMENDATION

1. Recommend that the Legislature consider funding SB 1815 in December 2005 as a part of the Military Preparedness Act recommended in Part I of this Charge, Recommendation #4, Page 36 in the body of this report.

CHARGE 2: INCREASED BONDING AUTHORITY

CHARGE 2: Evaluate the effects of the increased bonding authority granted to the Veterans Land Board in HB 2453, 77th Legislature.

KEY FINDING...

HB 2453, relating to increasing the bonding authority by the Texas Veterans' Land Board (TVLB) effectively laid the foundation for the TVLB to meet the loan demand obligations for our Texas veterans through Fiscal Year 2004.

OVERVIEW

The 77th Legislature passed House Bill 2453 relating to conditions for issuance of certain revenue bonds by the Texas Veterans' Land Board. Prior to the 77th Legislature, state law provided that the aggregate amount of revenue bonds issued by the Texas Veterans' Land Board (TVLB) shall not exceed \$250 million. In connection with the TVLB's Veterans Housing Assistance Program, revenue bonds are typically issued to supplement the amounts available to the TVLB through its general obligation bonding authority. Over the next four years, TVLB may need to issue additional bonds which would exceed the current cap to provide the funding necessary to meet the expected demand for home mortgage loans by Texas veterans. House Bill 2453 increases the statutory limitation on the amount of revenue bonds the TVLB is authorized to issue.⁴⁴ This bill did not "expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution."⁴⁵ This bill became effective immediately.

BACKGROUND

HISTORY

The Texas Bond Review Board was established in 1987 by the 70th Legislature. The Board's expressed purpose and mission is threefold. First, the Board ensures that debt financing is used prudently to meet Texas' infrastructure needs and other public

purposes. Second, the Board is charged with supporting and enhancing the debt issuance and debt management functions of state and local entities. Finally, the Board is responsible for the administration of the state's Private Activity Bond Allocation Program.⁴⁶

BOARD MAKE UP

The Board is comprised of the Governor whose responsibility it is to chair the Board along with the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts.⁴⁷

AUTHORITY

The Texas Bond Review Board is provided Statutory Authority as follows:

- Chapters 1202 and 1231 of the Government Code is the enabling legislation that allows the review, approval and reporting authority of state debt;
- H.B. 1, Article 9, Section 9-6.52 establishes the capital expenditure plan;
- Chapter 1402 of the Government Code allows for the administration of the Public School Facilities Funding Act; *and*
- Chapter 1372 of the Texas Government Code allows for the administration of the private activity bond allocation program.⁴⁸

RESPONSIBILITIES & MANDATES

Bond Review Board approval is required for all Texas state bonds...

- issued after September 1, 1987,
- for any lease purchase that is financed for more than five years, *or*
- for an amount greater than \$250,000.

The meeting of these requirements ensures Texas state bonds the highest possible rating and a cost effective process.

There were forty one (41) state bond issuers when the Texas Bond Review Board was created. These 41 issuers had no coordination of market access, no consistency in official statement reporting and no issuance cost standards. Since creation, the number of bond issuers has been reduced to sixteen (16) through both legislative and administrative action. However, with this reduction, bond issuance growth has not diminished. It has

instead experienced growth resulting in the continued need for bond issuance coordination and oversight. In fact, because various state agencies employ a number of complex financing methods, review and approval by the Board becomes even more relevant and important.

The proceeds of bond sales must be protected. To guarantee this mandate, state issuers are required to submit to the Board a detailed plan for administration and disbursement of bond proceeds, as well as investment provisions, including any specific provisions for safety and security of the proceeds. The Texas Bond Review Board analyzes and reports to the Legislature, the rating agencies, the bond community, and the general public on overall state debt as well as state economic and financial conditions and trends. In addition, the Board stays abreast of the developments in the credit markets which affect Texas bonds and communicates their findings to the same interested parties. The Texas Bond Review Board's established policy goal is one of "uniformity, consistency, and accuracy in official statements." This goal is achieved by their careful review of each official statement and the compilation of debt service schedules from the various state issuers.⁴⁹

FINDINGS

RATINGS

The major credit rating agencies, Moody's, Standard and Poor's, and Fitch, rate Texas general obligation debt AA1/AA/AA+, respectively. Texas' AAA rating was downgraded in 1987 in response to the recession during the 1980's. Texas has rebounded since that time by diversifying the state's economic base. The base has shifted the primary focus away from a gas and oil mining economy to a more balanced economy including more emphasis directed to technology services and manufacturing. These shifts broadened Texas' sources of revenue opportunities.⁵⁰

**TEXAS BONDS OUTSTANDING
AS OF AUGUST 31, 2002 (EXHIBIT 2-1)⁵¹
(IN MILLIONS)**

	Self-Supporting	Not Self-Supporting	Total
General Obligation Bonds	\$3,302	\$2,516	\$5,819
Revenue Bonds	\$8,387	\$ 871	\$9257
Total	\$11,689	\$3,382	\$15,076

**DEBT LIMIT – CURRENT LAW
DEBT OUTSTANDING AS OF AUGUST 31, 2002 (EXHIBIT 2-2)⁵²**

- 5% of the average General Revenue expended in the prior three years.
- Current percentage of 2.03% as of 08/31/02 for debt outstanding is well below debt limit.
- Percentage has decreased over the past five years (through FY 2002), due primarily to the increase in unrestricted General Revenue.
- Propositions 2, 7, 8, and 19 were approved by the voters in November 2001, authorizing an additional \$3.525 billion in new authority. Of this amount, \$1.025 billion (Propositions 2 and 8) are considered not self-supporting and will be counted against the debt limit.

Proposition 7: \$500 million in general obligation bonding authority for the Veterans' Land Board through the General Land Office for veterans' home mortgage loans.

*GENERAL OBLIGATION DEBT (G.O.) IS GUARANTEED BY
THE FULL FAITH AND CREDIT OF THE STATE.*

Propositions for Constitutional amendments for the Texas Veterans Land Board (TVLB) (Proposition 7) and Water Development Board (Proposition 19) were both approved by the voters in November 2001, and will not be counted against the state debt limit because they are considered self-supporting general obligation debts.

The debt service on outstanding and authorized but unissued debt as a percentage of general revenue after constitutional dedication was 1.90% for Fiscal Year 2001 and 2.03% for Fiscal Year 2002, and is estimated at 2.05% for Fiscal Year 2003.⁵³

WAS THE INCREASE IN BONDING AUTHORITY NECESSARY?

It is important to understand the federal framework under which the TVLB's Veterans' Housing Assistance Program operates. There are only four other states administering housing assistance programs similar to Texas. They are California, Alaska, Oregon and Wisconsin. In 1986, the federal government mandated the creation of two classes of borrowers for these veterans' programs for these five states. One class includes veterans that entered military service before January 1, 1977, and apply for a loan within 30 years of their discharge date. This group is classified as the "pre-1977 pool". The second class includes all veterans that entered military service after December 31, 1976 (the "post-1976 pool"). The "pre-1977 pool" of borrowers is allowed to borrow money from the proceeds of a specially created class of tax-exempt private activity bonds called Qualified Veterans Mortgage Bonds (QVMBs). These borrowers usually receive a much lower interest rate than they would if they borrowed conventionally since tax-exempt bonds normally have a much lower cost of debt than taxable bonds.⁵⁴

There are two factors that limit the issuance of these tax-exempt bonds:

1. They must be issued as general obligations of the state, *and*
2. The annual issuance for these bonds in Texas is capped by the federal government at an annual issuance of \$250 million.⁵⁵

The current breakdown of veteran borrowers in Texas is:

- 40 – 50% pre-1977 pool, *and*
- 50 – 60% post-1976 pool.

While the first group is eligible to take advantage of the tax-exempt bonds proceeds, the majority of our veterans must rely on the availability of loans funded from the proceeds of taxable bonds.⁵⁶

The loan demand for TVLB's Veterans' Housing Assistance Program is very much affected by the volatility of the market interest rates. As a result, it is difficult to accurately predict loan demand for that program. To adequately forecast future needs, the TVLB does an excellent job of gathering historical data and capturing present market trends. The TVLB expects to generate \$300 to \$500 million in loans per year for the

program during the years 2003 and 2004. Thus, the increase through HB 2453 was needed because of the program’s high level of audience support.⁵⁷

Interest rates on the TVLB housing bonds over the last ten years have roughly approximated the Treasury 10 year rate. The TVLB borrows at a lower rate (the cost to the state) and then sells the bonds to buyers (primarily institutional buyers) at a higher lending rate. Thus, veteran housing bond program is cash flow positive to the state with a 1.0125 percent spread earned on all veteran securities established through the program.⁵⁸

Veteran Housing Bond Historical Performance (Exhibit 2-3)⁵⁹.

Bond	True Int Cost to State	Approx Ann Debt Service by State	Int Cost to Bondholder
Vets Housing '92	6.3	2,187,592	7.3
Vets Housing '93	6.6	5,931,477	7.6
Vets Housing '94 A-1	VAR	645,000	VAR
Vets Housing '94 B-1-2-3	5.6	2,002,715	6.6
Vets Housing Tax Relief '94 A-2	6.3	3,575,000	7.3
Vets Housing Tax Relief '94 B-4	6.4	2,211,340	7.4
Vets Housing Fund II, Ser. '94A	Na	2,341,885	VAR
Vets Housing Fund II, Ser. '94B	8.6	4,539,240	9.6
Vets Housing Ref, Ser. '94C	6.7	4,346,650	7.7
Vets Housing Ref, Ser. '94C	6.7	Discount Bond, no coupon	7.7
Vets Housing Ref, Ser. '94D	6.7	505,400	7.7
Vets Housing Ref, Ser. '95	5.5	6,632,734	6.5
Vets Housing Ref, Ser. '95A	5.9	771,366	6.9
Vets Housing Ref, Ser. '95B	5.9	684,908	6.9
Vets Housing Fund II, Ser. '95C	6.2	721,250	7.1
Vets Housing Fund II, Ser. '95D	6.4	2,561,377	7.4
Vets Housing Fund II, Ser. '95E	6.2	2,603,180	7.2
Vets Housing Fund II Tax Relief, Ser. '96	7.4	2,084,608	8.4
Vets Housing Fund II Ser. '97A	5.4	6,941,687	6.4
Vets Housing Fund II Tax Ser. '97B-1	6.2	2,117,408	7.3
Vets Housing Fund II Tax Ser. '97B-2	VAR	1,625,000	VAR
Vets Housing Fund II Tax Ser. '97A-1	7.4	4,073,043	8.5
Vets Housing Fund II Tax Ser. '97A-2	Floating	9,750,000	VAR
Vets Housing Fund II Ser. '99B	5.8	6,325,407	6.9
Vets Housing Fund I Ref Ser. '99	4.6	8,113,100	5.6
Vets Housing Fund I Tax Ref Ser. '99C	7.2	1,181,895	8.2
Vets Housing Fund II Tax Relief Ser. '99D	7.2	682,110	8.2
Vets Housing Fund II Ser. '00C	6.0	5,885,607	6.9
Vets Housing Fund I Tax Ref Ser. '00D	7.1	1,090,194	8.1
Vets Housing Fund II Tax Relief Ser. '00E	7.1	760,025	8.1
Vets Housing Fund II Ser. '01A-1	5.3	2,083,477	6.3
Vets Housing Fund II Ser. '01A-2	Floating	851,800	VAR

This projection has not changed and should it prove accurate, the TVLB will need to issue approximately \$150 to 250 million in tax-exempt bonds each year to meet the loan demand of “pre-1977 pool” borrowers. Currently, the TVLB has approximately \$545 million of unused general obligation bonding authority. Approved by Texas voters through House Joint Resolution 82 in November 2001, Proposition 7 granted \$500 million of the \$545 million requested in the proposition. This lays the groundwork for the necessity to set aside virtually all of the general obligation bonding authority on hand for the issuance of tax-exempt bonds in 2003-2004.⁶⁰

CONCLUSION:

Since all of the general obligation bonding authority is reserved for QMVBs for the “pre-1977 pool” of veterans, the raised cap allowed by HB 2453 was necessary and will allow the TVLB to meet the expected loan demand outside the QMVB allotment for years 2003 and 2004.

RECOMMENDATION

1. Recommend that the Legislature continue to monitor loan demand data and market trends to determine if an additional increase will be required by the 79th legislative session in order to meet the needs of our Texas veterans.

CHARGE 3: LAND & HOUSING PROGRAM EVALUATION

CHARGE 3: Evaluate veteran land and housing fund programs, including veteran nursing homes. The Committee shall determine if the demand for veterans' nursing home beds is exceeding the available supply.

KEY FINDINGS...

Texas ranks at the fore front of other states in land and housing fund programs, but opportunities for improvement exist. While Texas Veteran Homes do not exceed capacity at the writing of this report, space is becoming a premium and an applicant pool /waiting list will be lengthy before the two new homes are built.

OVERVIEW

The Texas Legislature has throughout the second half of the twentieth century, in session after session, created and then continued to enhance the veteran land and housing fund programs. Texas can honestly boast the best and most flexible set of state programs available to assist our state veterans with the opportunity to own land and own a home. These programs remain totally self-supporting, costing the Texas taxpayer zero dollars.

**LAND AND HOUSING PROGRAM
EVALUATION**

BACKGROUND

TEXAS VETERANS' LAND PROGRAM

Texas has offered excellent opportunities to her veterans to purchase land since 1946 when the Texas Veterans' Land Board (TVLB) was created to administer a new program with the explicit purpose of providing low-interest, long term loans to Texas veterans for the purchase of land. Since that time, almost 120,000 Texas veterans have taken

advantage of the opportunities afforded them to receive low-interest land loans as a reward for their service to their state and nation.⁶¹ Exhibit 3-2 illustrates the historical growth of this program

The program is funded totally by bonds which are authorized by the Texas voters. These bonds, and the entire cost of the program's administration, are paid for by the veterans who participate in the program.

Applicant eligibility requirements for the program are:

- Currently living in Texas with the intent to remain in Texas;
- Home of record at the time of entering military service was Texas *OR* a Texas resident for one year immediately preceding the filing of application; *and*
- Served at least 90 consecutive days of active duty after September 16, 1940 (unless discharged sooner due to a service-connected disability), with the Army, Navy, Air Force, Marines or Coast Guard or a recognized reserve component of one of these listed services *AND* had eligibility to receive discharge / release under conditions other than dishonorable.

Further, any person who served 20 years of reserve military service creditable for retirement under applicable federal laws, or completed all initial active duty training required as a condition of enlistment or appointment in the Texas National Guard, is eligible to participate. Merchant Marines must have served active duty in World War II and have a DD214 showing Coast Guard as branch of military service. And finally, the unmarried surviving spouse of a Texas veteran whose home of record at the time of service entry was Texas and who died from a service-connected cause may participate.

The maximum land program loan is \$40,000. These are 30-year loans for a minimum of five acres requiring a five percent down payment, a \$325 loan processing fee which covers the cost of the appraisal and contract documents, and minimal closing costs. The current interest rate is 6.40%, and is adjusted with each new bond issue.

Once the veteran selects the tract of land for purchase and is approved, the TVLB purchases the land directly from the seller. The TVLB resells the land to the veteran by a 30-year contract of sale. Loans can be paid off early with no penalty. Normal situations with proper paper work completed and submitted timely require 90 days for the entire transaction to occur. Once a land loan is repaid, the veteran may be eligible for another land loan at the available veteran interest rate.⁶²

FORFEITED LAND SALES

An *additional land benefit* for our Texas veterans is the '*Forfeited Land Sales*' program. This program offers our veterans who have never participated in the Texas Veterans' Land Board land loan program the opportunity to purchase repossessed tracts of land through sealed bid twice a year, in April and October. This is referred to as a "Type I Forfeited Land Sale". Available land not sold during these sales is offered to veterans and the general public, through the "TexTrax (or TypeII) Program".⁶³

VETERANS HOUSING ASSISTANCE PROGRAM (VHAP)

VHAP was created by the Texas Legislature in 1983 to further enhance the existing land program and to assist eligible Texas veterans to purchase a home at a time when home mortgage interest rates were historically high. Texas voters approved the constitutional amendment authorizing the issuance of bonds to fund this program by a very wide margin. There are no discount points charged on these loans and the VHAP interest rate is usually below similar market rates for home mortgages, thus resulting in lower mortgage payments for our Texas veterans.

In 1983, loans for up to \$25,000 were allowed. This amount has increased to a present financing for up to \$200,000 for qualified veterans. This program has also grown in flexibility. There is no longer a maximum sales price. If the purchase price exceeds \$200,000, the VHAP can be used in conjunction with conventional, Veterans Administration (VA) or Federal Housing Administration (FHA) financing. These loans are available in 15-, 20-, 25-, and 30-year terms and can only be used as a first lien on a veteran's primary residence.

Since the first loan in 1984, more than 50,000 veterans have purchased homes using this program. Eligibility requirements for the program are the same as for the TVLB's Land Program.⁶⁴ Exhibit 3-2 illustrates the historical growth of this program.

VETERANS HOME IMPROVEMENT PROGRAM (VHIP)

In 1986, the TVLB expanded the VHAP by adding the Veterans Home Improvement Program (VHIP) which provides low interest loans for up to \$25,000 to qualified Texas veterans for home repairs and improvements to their existing homes. All loans made under VHIP are required to be insured by HUD's Title I insurance program. A VHIP loan can only be used for the veteran's primary residence when the repairs or improvements...

- Protect substantially or improve the basic livability or energy efficiency of the property;
- Correct damage resulting from a natural disaster; *or*
- Correct conditions hazardous to health or safety.

Since 1986, more than 3,000 veterans have taken advantage of this program.⁶⁵ The historical growth of this program is illustrated in Exhibit 3-2.

RAPID RESPONSE PROGRAM

This is an emergency loan program provided to eligible Texas veterans who need immediate home repairs for health or safety reasons. A veteran who meets the requirements receives same day approval and next day final approval for loans up to \$25,000. This program is an extension to the VHIP program and must meet the same qualification requirements.⁶⁶

VHAP & VHIP INCENTIVE DISCOUNT PROGRAMS

TVLB also offers three special interest rate discount programs tailored to meet the needs of specific classes of veterans or to relieve a recognized need, or promote environmentally beneficial actions in the housing market. These three programs offer special interest rate discounts on both VHAP and VHIP loans to veterans who qualify, and are described on the following page.

1. VETERANS WITH DISABILITIES PROGRAM

This program was implemented in June, 2000. Since that time, more than 1,300 veterans have participated in the opportunity afforded by the program. This program offers an additional 50 basis point (0.50 percent) interest rate reduction to qualifying veterans with disabilities. Qualifying veterans must have a service related disability of ten percent or greater that is verified by an Award Letter from the U.S. Department of Veterans Affairs. In addition, the veteran must also meet all other requirements for the Veterans Housing Assistance Program or Veterans Home Improvement Program.⁶⁷ The historical growth of this program is illustrated in Exhibit 3-3.

2. TEACHER INCENTIVE PROGRAM

This program was implemented in August, 1999 to encourage veterans to assist in alleviating the dramatic classroom teacher shortage in Texas. Since that time, more than 800 veterans have participated in the opportunity afforded by the program.

This program offers an additional 50 basis point (0.50 percent) reduction to qualifying veterans or their spouses who meet the following eligibility requirements:

- Currently certified by the Texas State Board for Educator Certification (SBEC) to teach primary or secondary education and are currently employed as a full-time teacher by a school and / or independent school district certified by the Texas Education Agency; *or*
- The veteran is currently studying for and agrees to become a certified teacher in Texas.

In addition, the veteran must also meet all other requirements for the Veterans Housing Assistance Program or Veterans Home Improvement Program.

The veteran is also required to sign a sworn affidavit ...

- of intent to enter the teaching profession and obtain certification; *or*
- that the veteran is currently a certified teacher; *or*
- that the veteran's spouse is a certified teacher.

To assist veterans seeking accreditation, the TVLB works through the federal program 'Troops to Teachers' which is an alternative teacher accreditation program and the TVLB

coordinates with the Texas Veterans Commission to obtain all GI benefits to offset the cost of accreditation.⁶⁸ The historical growth of this program is illustrated in Exhibit 3-3.

3. THE GREENBUILDING PROGRAM

This program was implemented in December, 1996. Since that time, more than 6,000 veterans have participated in the opportunity afforded by the program. This program is an initiative by the TVLB that promotes the usage of features that save water, energy and building materials and reduce waste, and was modeled after the Austin, Texas internationally acclaimed program. This program makes loans at reduced interest rates for home construction and remodeling. Veterans can lower their interest rate by as much as 30 basis points (0.30 percent). Qualified veterans are provided a checklist that identifies all approved features which can be used to select the appropriate features that fit with their location, climate and budget. Each feature has a corresponding value used to determine eligibility for the interest rate reduction. Features already required by pre-existing city or county code do not qualify. Additional features, not on the checklist, may be submitted for consideration and approval by the TVLB. To qualify, the veteran must score a minimum of 100 points on the Greenbuilding Checklist. Any Texas veteran who qualifies under the normal housing or home improvement loan requirements may participate in this program.⁶⁹ The historical growth of this program is illustrated in Exhibit 3-3.

Note: The maximum combined interest rate reduction for all combined rate discount incentive programs cannot exceed 75 basis points (0.75 per cent).

AND THERE IS MORE...

Additional programs provided by the TVLB to assist Texas veterans with land and housing purchases and transactions include:

- **REAL ESTATE BROKER REGISTRY** – Veterans are able to search for brokers in their areas who have expressed an interest in assisting veterans with land transactions through the Texas Veterans Land Board Real Estate Broker Registry Database.

- **APPROVED LENDING INSTITUTIONS** – Identifies financial institutions approved as “participating lenders” by the TVLB online in alphabetical order by city. This database is updated monthly to ensure timely data for the veterans.
- **FREE PROGRAM UPDATES** – The TVLB allows veterans to register and receive, free, by mail or e-mail updates to all programs administered by the TVLB.⁷⁰

FINDINGS

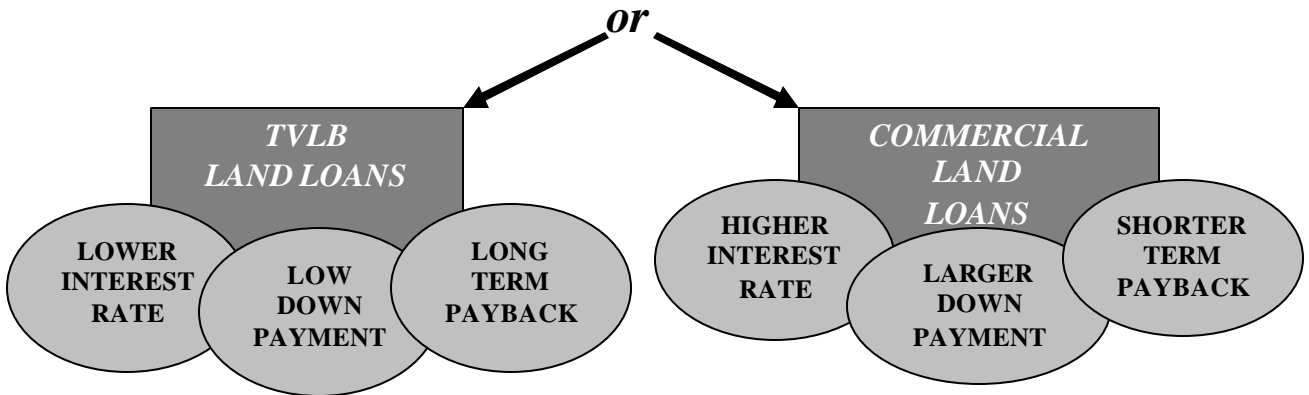
Texas stands alone among the 50 states in offering a comprehensive self supporting land program to her veterans AND her Housing Assistance Programs offer more opportunities to our Texas veterans than any other state.

As the chart below indicates, Texas is the only state offering a land program and one of only five states offering housing assistance programs.

COMPARISON OF STATE LAND AND HOUSING PROGRAMS (EXHIBIT 3-1)⁷¹

VETERAN PROGRAM	TEXAS	ALASKA	WISCONSIN	CALIFORNIA	OREGON
LAND PROGRAM	YES	NO	NO	NO	NO
FORFEITED LAND SALES	YES	NO	NO	NO	NO
LOW INTEREST HOME LOANS	YES	YES	YES	YES	YES
HOME IMPROVEMENT PROGRAM	YES	NO	NO	NO	NO
RAPID RESPONSE PROGRAM	YES	NO	NO	NO	NO
TEACHER INCENTIVE PROGRAM	YES	NO	NO	NO	NO
GREENBUILDING PROGRAM	YES	NO	NO	NO	NO
VETERANS WITH DISABILITIES PROGRAM	YES	NO	NO	NO	NO

THE LAND PROGRAM



Since the Land Program lending rates are not greatly influenced by market interest rates, the loan demand is normally predictable. Historically, the TVLB issued bonds sufficient to meet the demand for a 12 to 18 month time period. In addition, the TVLB offers loan rates substantially below the rates available by the Federal Land Bank or other commercial lenders because the TVLB is allowed to combine tax-exempt and taxable bond proceeds. For example in August 2002, the lending rate was 6.4% for a 30-year loan with five percent down. This rate was about 200 basis points lower than what was available through other lenders. Even better for our veterans, other lenders normally require a larger down payment and a shorter payback period.⁷²

**THE TVLB HAS A TRIPLE A BOND RATING
...BETTER THAN THE STATE'S OWN RATING!**

Potential Growth Opportunities

1. When a base is closed or realigned, the community faces many challenges. One of the greatest challenges is appropriate reuse of the land. If the community determines single family housing is a desired outcome, the TVLB could potentially assist the community. Though it has been rarely used, the TVLB has the authority under present Texas law to purchase the land, redevelop it into lots and sell it. First priority is to sell to veterans, then to the general public. However, the TVLB does not have the authority to develop housing on this same land. If the IRS concurred with this enhancement, a change in state law requiring no

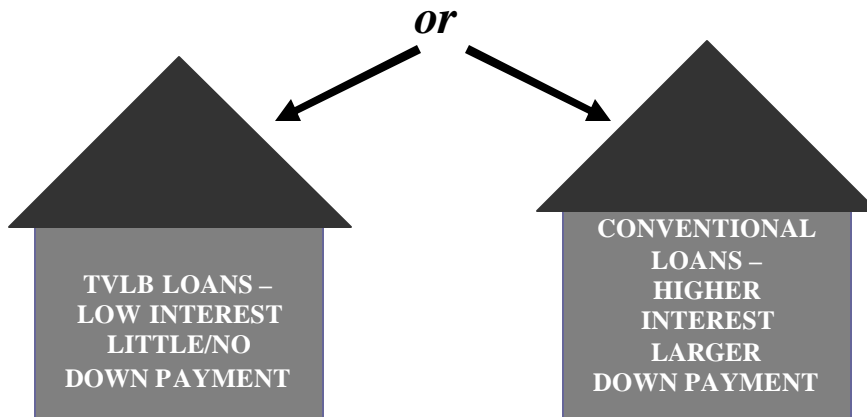
appropriation could provide the TVLB this authority which could further benefit both communities and veterans.

2. Further, TVLB has the authority to finance lots of 5+ acres developed by others for sale to veterans under the Land Program financing. The Board could provide additional assistance by financing smaller lots if this enhancement was authorized by the Legislature through a change in statute.
3. And finally, The TVLB has the authority to finance the construction of single family homes on any lot for an eligible veteran through its VHAP program.⁷³

Effective use of this TVLB authority could further assist our Texas veterans and the communities they live in.

NO STATE TAX REVENUE IS USED TO FUND THE GENERAL LAND OFFICE'S VETERANS LAND AND HOUSING PROGRAMS.

THE HOUSING ASSISTANCE PROGRAMS



Unlike the Land Program, the Housing Assistance Program is greatly affected by market interest rates. Compared to a 12 to 18 month period for estimating land bond demand, this time period shrinks to three to six months for the housing program bonds. Thus, the TVLB must be more conservative with the issuance of these bonds.⁷⁴

The base rate for current VHAP and VHIP lending is 5.60% (as of September 15, 2002) for 30 year loans. This does not include the discounts previously detailed in the

background portion of this chapter. The down payment ranges from 0% to 20% depending on loan type or insurance. At present, close to 80% of the loans made by these programs are VA-guaranteed, requiring little to no down payment. FHA insured loans account for an additional five percent, requiring only a three percent down payment and the remaining 15% are conventional. Conventional loans require either a 20% down payment or five percent down with private mortgage insurance (PMI).⁷⁵

The TVLB works hard to ensure the base rate is lower than what conventional lenders offer for a similar type loan. The TVLB resets its base mortgage rate weekly and is presently 40 basis points below a national VA/FHA comparable market rate. Couple this with all the available discounts previously outlined and veterans can further lower their rate from 30 to 75 additional basis points.⁷⁶

At present, 65% of the housing assistance loans have additional discounts.

Veterans are saving money on home loans...

With all discounts, the average borrower in the program currently receives a 57 basis points discount already below the base mortgage rate in the program. So if the current VA/FHA mortgage rate is 6% then this average program borrower receives a rate of 5.43% which saves our Texas veteran \$1,000 in loan payments each year, assuming a \$130,000 mortgage loan which is the average VHAP loan amount.⁷⁷

And it gets better for some...

For a veteran who entered the service before January 1, 1977 and applies for a loan within 30 years of discharge, the veteran may borrow from the proceeds for 'Qualified Veterans Mortgage Bonds' (QVMBs), and an even lower interest rate results. If veterans can afford a 15-year loan, they can trim an additional 25 basis points (0.25%) off their rate.⁷⁸

Land and Housing Assistance Loan Activity since Program Inception (Exhibit 3-2)⁷⁹

<i>DURATION / TIME PERIOD</i>	<i>LAND LOANS/ DOLLAR VALUE</i>	<i>HOUSING LOANS/ DOLLAR VALUE</i>	<i>HOME IMPROVEMENT LOANS/ DOLLAR VALUE</i>	<i>TOTALS</i>
<i>THROUGH 1998 (FIRST 50 YEARS)</i>	115,452/ \$1.5 BILLION	39,883 \$1.136 BILLION	3,089 \$44.5 MILLION	158,424 \$2.7 BILLION
<i>1999</i>	1,002 29.9 MILLION	1,632 \$138 MILLION	82 \$1.7 MILLION	2,716 \$169.6 MILLION
<i>2000</i>	1,109 \$35 MILLION	5,757 \$658.7 MILLION	37 \$682.6 THOUSAND	6,903 \$694.4 MILLION
<i>2001</i>	749 \$23.5 MILLION	1,697 \$202.1 MILLION	41 \$704.5 THOUSAND	2,487 \$226.3 MILLION
<i>2002 (THROUGH AUGUST)</i>	330 \$10.3 MILLION	1,639 \$205.2 MILLION	27 \$448.5 THOUSAND	1,996 \$216 MILLION
<i>TOTALS</i>	118,642 \$1.7 BILLION	50,648 \$2.3 BILLION	3,267 \$48 MILLION	172,526 \$4.045 BILLION

Incentive Program Activity since Program Inception (Exhibit 3-3)⁸⁰

<i>DURATION / TIME PERIOD</i>	<i>GREENBUILDING PROGRAM LOANS / \$ VALUE</i>	<i>VETERANS WITH DISABILITIES PROGRAM LOANS / \$ VALUE</i>	<i>TEACHER INCENTIVE PROGRAM LOANS / \$ VALUE</i>
<i>THROUGH 1998 (SINCE 12/96)</i>	393 \$15.1 MILLION	N/A	N/A
<i>1999</i>	472 \$38.5 MILLION	N/A	7 \$875.5 THOUSAND
<i>2000</i>	3799 \$453.2 MILLION	158 \$16.6 MILLION	348 \$40.7 MILLION
<i>2001</i>	1,016 \$129.5 MILLION	597 \$68.6 MILLION	266 \$33.7 MILLION
<i>2002 THROUGH AUGUST</i>	478 \$64.4 MILLION	576 \$69.7 MILLION	218 \$28.2 MILLION
<i>TOTALS</i>	6,158 \$700.7 MILLION	1,331 \$154.9 MILLION	839 \$103.5 MILLION

RECOMMENDATION

1. Recommend that the Legislature create legislation which would provide the TVLB the authority to develop housing on land available as a result of base realignment if requested by the local community.

TEXAS STATE VETERANS' HOME EVALUATION

BACKGROUND

The history of veterans' homes dates back to the nineteenth century in Texas. The first home was established in 1887 for her Civil War veterans in Austin. This home, however, was closed and the land was sold in the 1960's. Since that time, Texas has lagged behind many states who participate in the United States Department of Veterans Affairs State Veterans Home Program. This program grants up to 65 percent of the construction costs to states that choose to build and operate skilled care homes for veterans.⁸¹

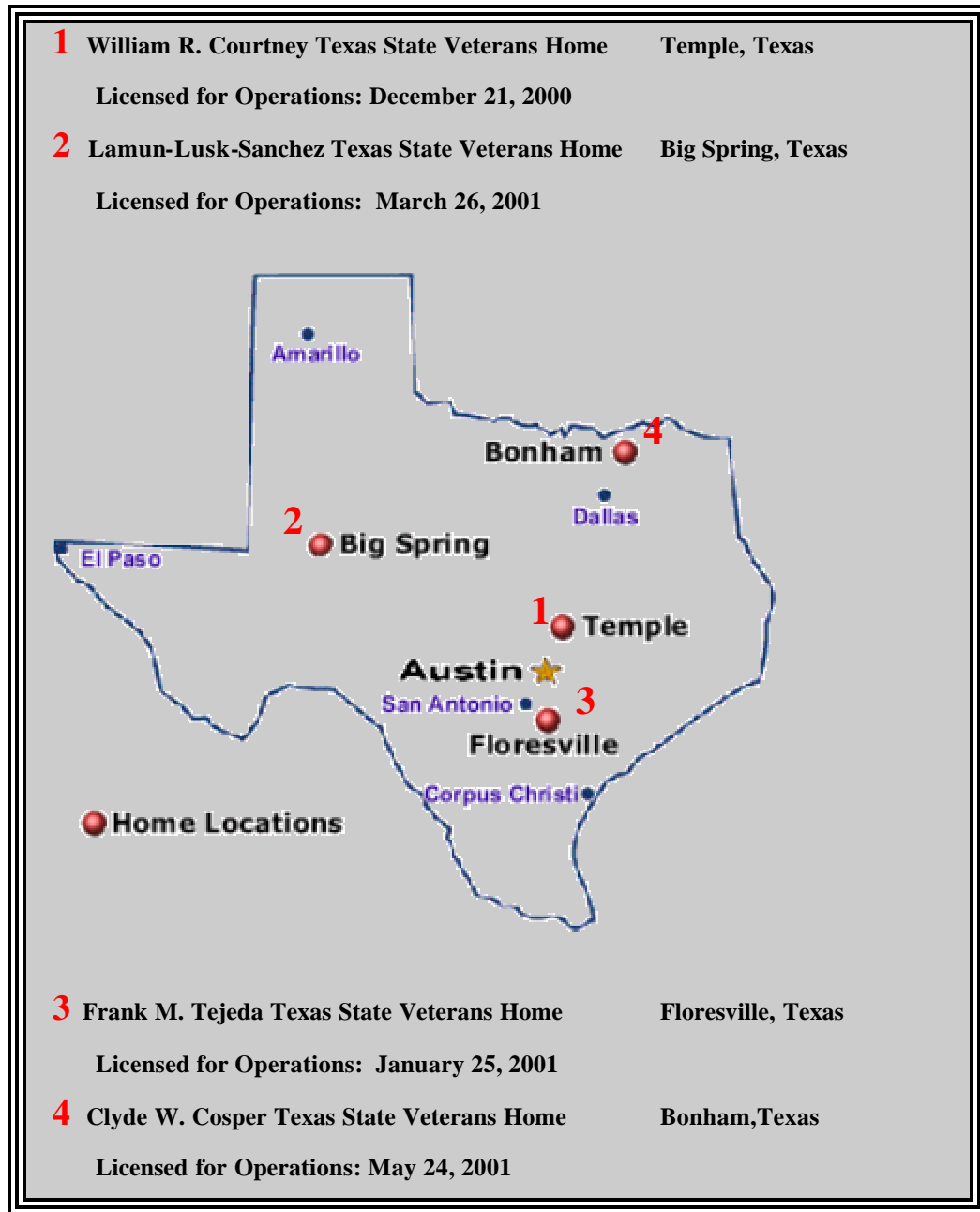
In 1997, the 75th Legislature authorized the construction of skilled nursing care homes for veterans in Texas. Senate Bill 1060 was passed authorizing the TVLB to issue revenue bonds for the required 35 percent state matching funds required to participate in the federal program. Sites were selected according to the following minimum criteria:

- Sufficient veteran population for financial sustainability of the home;
- At least 20 net acres donated;
- Proximity to a veterans hospital; *and*
- Other factors including but not limited to work force availability, public road access and community support.

Construction was completed on the first two homes in Temple and Floresville and admissions began in December, 2000. Two additional homes in Bonham and Big Spring were completed and began admissions in the spring of 2001.⁸²

In addition to partnering with the federal program, the Texas program also partners with private sector professional health care providers, the Texas Veterans Commission, County Veterans Service Officers, and different veterans' organizations in the communities where the homes are located.⁸³

Geographic locations of Texas' four existing Veterans Homes. (Exhibit 3-4)⁸⁴



Requests for proposals for two additional homes are in process at the writing of this report and construction commencement is anticipated for late in 2003.

By the deadline of the proposal requests, 40 proposals were received from the following applicants: *(Exhibit 3-5)*⁸⁵

Lead Applicant	Proposed Site
Graham Economic Development Corporation	Graham
Bandera County	Bandera County
City of Taft	Taft
City of Smithville	Smithville
Smith County	Tyler
City of Angleton Economic Development Department	Angleton
City of Kilgore	Kilgore
Victoria County	Victoria
City of Childress	Childress
City of Lubbock	Lubbock
City of Amarillo	Amarillo
County of El Paso	El Paso
Orange County	Orange County
Gray County	Pampa
City of Huntsville	Huntsville
City of Wichita Falls and Wichita County	Wichita Falls
City of Glen Rose and Somervell County	Glen Rose
City of Navasota	Navasota
City of Tulia	Tulia
Medical Third Party Resources, Inc.	Mercedes
City of Nash	Nash
Hidalgo County Advisory Committee on Veterans' Affairs	Edinburg
City of Donna	Donna
City of Port Lavaca	Port Lavaca
Wharton Economic Development Corporation	Wharton
Luling Economic Development Corporation	Luling
Marshall Economic Development Corporation	Marshall
Kerr Economic Development Corporation	Kerrville
Cameron County	Brownsville
City of McAllen	McAllen
Cameron County	Harlingen
City of West Columbia	West Columbia
City of Bay City	Bay City
City of Palestine Economic Development Corporation	Palestine
City of Longview	Longview
City of La Grange and Fayette County	La Grange
City of Burnet	Burnet
City of Weimar	Weimar
Lavaca County	Hallettsville
Fort Bend County	Richmond

The goal of the Texas State Veterans Homes Program is to “provide excellent care to enhance the quality of life for each resident.”

Each home offers:

- Round-the-clock skilled nursing care and access to primary medical care by a physician of the resident's choice, *and*
- Specialized care, including but not limited to speech, physical and occupational therapy to qualified veterans, their spouses and certain "Gold Star" parents of deceased veterans. "Gold Star" parents are defined for this purpose as those parents, all of whose children died while serving in the U.S. Armed Forces.⁸⁶

The following eligibility criteria for admission to a Texas State Veteran Home admission are applied to each applicant :

- Recognized as an "eligible veteran" by the United States Department of Veteran Affairs;
- Require long-term nursing care as determined by a physician and concurred by the United States Department of Veteran Affairs;
- Be at least 18 years of age;
- Be a bona fide resident of Texas at the time of application for admission;
- Have been a bona fide resident of Texas at the time of entry into military service, or have resided in Texas continuously for at least one year immediately prior to application for admission (residence based solely on military assignment is excluded), *and*
- Not have been dishonorably discharged.

Additional eligibility for admission can be extended to persons older than 18 who have been bona fide Texas residents for at least one year immediately prior to application for admission, and who are *one of the following*:

- The spouse or unmarried surviving spouse of a veteran, *or*
- Gold Star parents, all of whose children died while serving in the United States Armed Forces.⁸⁷

FINDINGS

Texas is called home by 1.7 million veterans of whom some 500,000 are over the age of 65.

SERVICES

As previously stated in the background portion of this chapter, the Texas State Veterans Home Program offers four homes across the state of Texas at present with two additional homes scheduled for completion in 2004 - 2005. Texas has lagged behind other states in meeting the needs of her elderly veterans, but is making great strides to catch up to the need. All four homes are Medicare and Medicaid certified. Each home offers rooms for 160 residents. These homes are fitted with the most advanced equipment available to provide care to their residents. In addition, each home offers a secure 32-bed Alzheimer's unit that provides:

- Visiting areas;
- Private activity and dining areas; *and*
- A private and secure courtyard.

Additional amenities promoting a comfortable, at-home atmosphere include:

- Courtyards and gardens;
- Special diets and central dining;
- Social Service and Community volunteer programs;
- Libraries, lounge areas with televisions, and game rooms;
- Beauty and barber shops;
- Gift shops; *and*
- Meditation / Prayer rooms.

Professional long term, professional care service providers are under contract to the TVLB to operate the Texas State Veterans Homes. There is a medical doctor, directing the care at each home and a qualified nursing staff on site to provide daily nursing care. Each resident may choose a primary care physician. In addition, the TVLB has two on site employees at each home. These TVLB positions are at the B9 and B13 levels and require no special certifications or licenses other than a driver's license; however,

experience in complaint resolution, customer service, and outreach are required. Their responsibilities include the oversight of operations and quality of care, and outreach to veterans and local community involvement.⁸⁸

Texas State Veteran Homes offer the most affordable option available to veterans needing long-term skilled nursing care.

FINANCIAL ADVANTAGES

The main reason for the substantially lower out-of-pocket expense to the veteran as compared to similar commercial nursing homes is that the Veterans Administration (USDVA) provides a subsidy to the Home for each veteran resident. This subsidy for veterans is currently \$53.17 per day for FY 2002 (and \$56.24 for FY 2003) and is paid directly to the TVLB, and is then credited to each veteran's account. Another advantage offered by the Texas homes is that our Texas veterans are billed in arrears for services provided in the home. The industry standard is to bill in advance.

In addition, room rates are even lower for those veterans qualifying for "Aid & Attendance" (A&A) benefits from the Veterans Administration. These veterans have limited income and assets and wartime service. Their semi-private room rate can currently be as low as \$52 per day, while other veterans pay \$62 per day. Additional charges are incurred when additional services are required, e.g., Alzheimer's care or private room accommodations. Residents who qualify as spouses or 'Gold Star' parents are not entitled to the subsidy and pay the full daily rate. Rates are typically reset once per year to adjust for the USDVA subsidy and to ensure operating costs are covered.

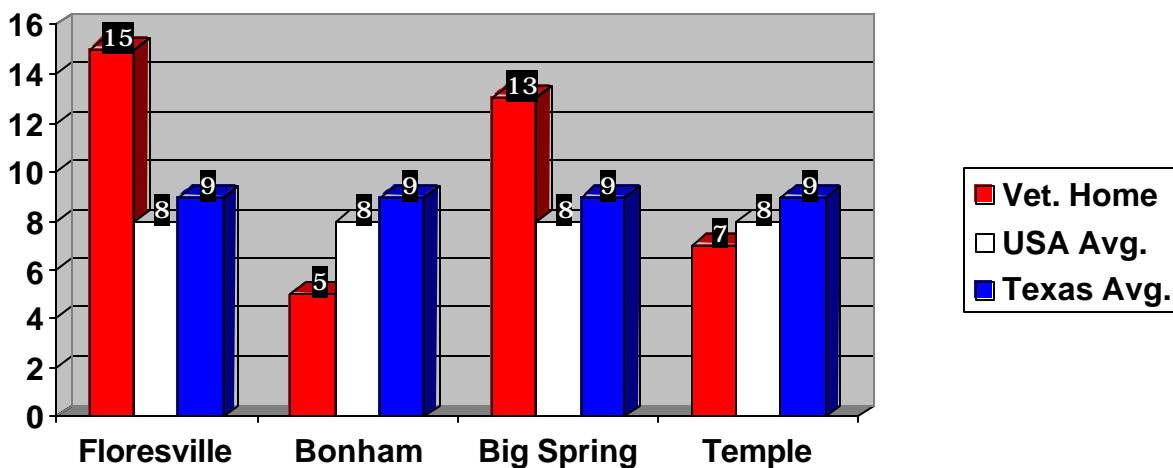
Medicare certification allows the Homes to admit veterans immediately after a qualifying hospital stay, when rehabilitation is most needed, at little or no expense to the veterans. The Homes' Medicaid certification allows them to admit even the neediest of veterans with little or no assets or income. Because of the USDVA subsidy, the Medicaid reimbursement rate at a TSVH is lower than it would be in a typical community nursing home, thus saving the state valuable Medicaid funds.⁸⁹

QUALITY OF CARE

Inspections of Texas Veteran Homes indicate the quality of care varies. For example, the homes in Floresville and Big Spring had significantly more cited deficiencies than the national and state average while the homes in Bonham and Temple had fewer deficiencies than both the national and state average. Other information that is pertinent to this analysis:⁹⁰

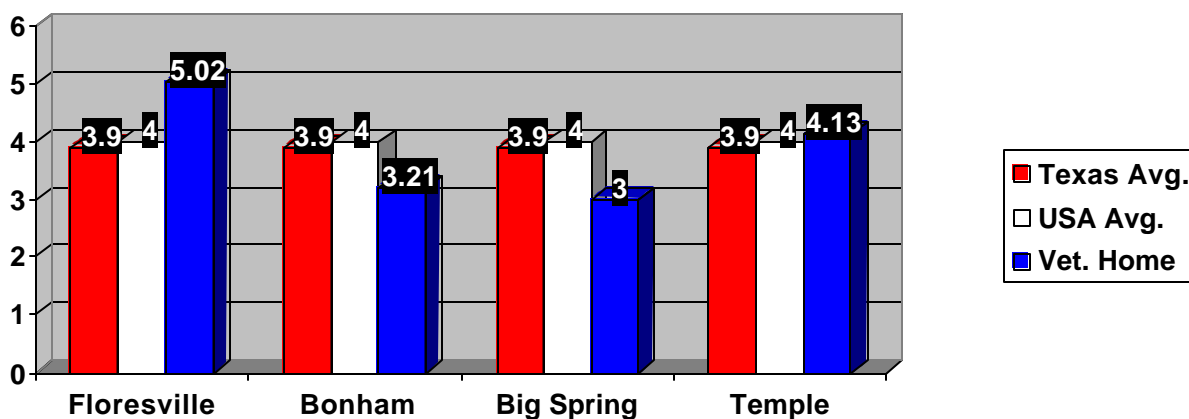
- Seven deficiencies were level ‘1’; 31 were level ‘2’; two were level ‘3’ and zero were level ‘4’ (with ‘1’ being the least amount of potential harm and ‘4’ being the greatest amount of actual harm).
- 22 deficiencies affected ‘few’ residents; 10 deficiencies affected ‘some’ residents; and eight affected ‘many’ residents.
- It is important to note that all deficiencies were corrected by the Homes within acceptable time frames after notification.
- In addition, since the time these reviews were done (in early 2002), TVLB hired additional TSVH program area staff to ensure performance improvement in quality healthcare delivery services, including evaluators experienced in both multi-facility administration and direct nursing services reviews.

COMPARISON OF HEALTH DEFICIENCIES FOR STATE VETERAN HOMES AND THE NATIONAL AND STATE AVERAGES⁹¹ (Exhibit 3-6)



Data gathered finds that the homes in Floresville and Temple show more nursing staff hours per resident than both the national and state average while the homes in Bonham and Big Spring find slightly fewer nursing staff hours per resident than both the national and state average.

TOTAL NUMBER OF NURSING STAFF HOURS PER RESIDENT PER DAY COMPARISON FOR VETERAN HOME COMPARED TO USA AND STATE AVERAGES. ⁹² (Exhibit 3-7)

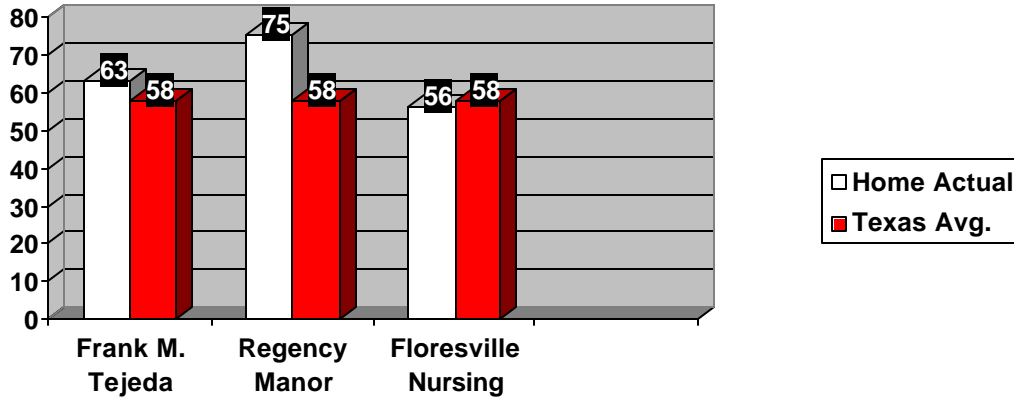


Three of the four Texas Veteran Homes rate above the state's average according to the Texas Department of Human Services, with one of four rating the highest in the local area.

The Texas Department of Human Services (TDHS), using a score of 1 – 100 with 100 being the highest, rates all nursing home facilities in the State of Texas. The state average is 58.⁹³ This score is based on several factors including but not limited to:

- Facility Logistics,
- Special Services offered,
- Quality Indicators,
- Investigations, *and*
- Surveys.

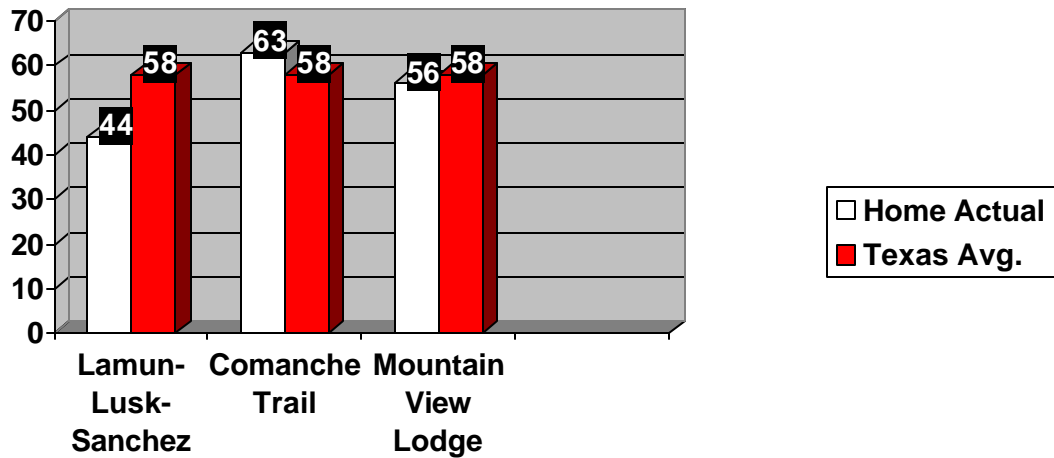
TDHS RATING OF FLORESVILLE-FRANK M. TEJEDA VETERAN HOME & LOCAL AREA HOMES COMPARED TO STATE AVERAGE⁹⁴ (Exhibit 3-8)



Scores:

State of Texas Average	58
Frank M. Tejada Veteran Home	63
Regency Manor	75
Floresville Nursing	56

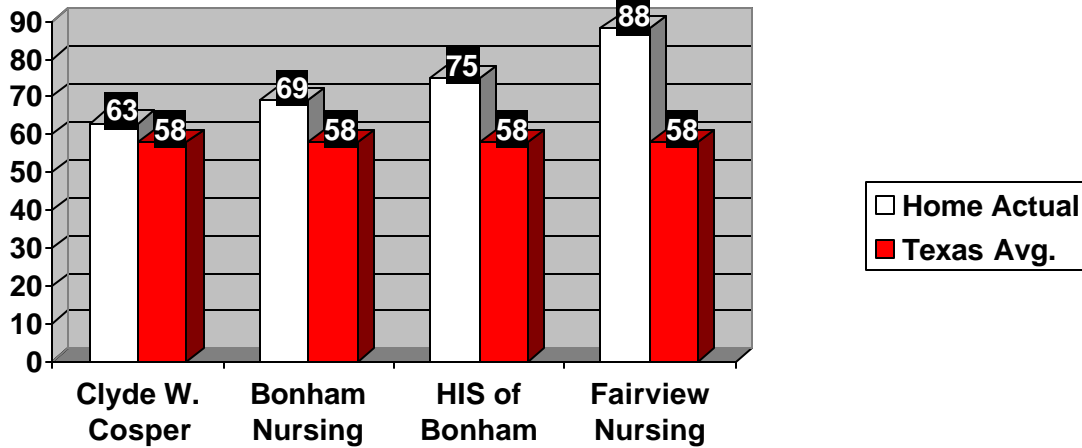
TDHS RATING OF BIG SPRING-LAMUN-LUSK-SANCHEZ VETERAN HOME & LOCAL AREA HOMES COMPARED TO STATE AVERAGE⁹⁵ (Exhibit 3-9)



Scores:

State of Texas Average	58
Lamun-Lusk-Sanchez Veteran Home	44
Comanche Trail	63
Mountain View Lodge	56

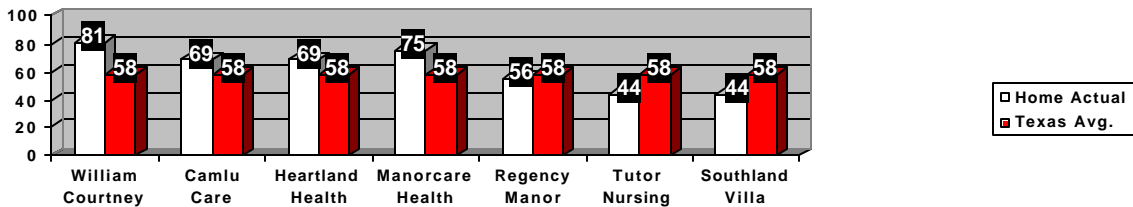
*TDHS RATING OF BONHAM-CLYDE W. COSPER VETERAN HOME & LOCAL AREA HOMES
COMPARED TO STATE AVERAGE ⁹⁶ (Exhibit 3-10)*



Scores:

State of Texas Average	58
Clyde W. Cosper Veteran Home	63
Bonham Nursing	69
HIS of Bonham	75
Fairview Nursing	88

*TDHS RATING OF TEMPLE-WILLIAM R. COURTNEY VETERAN HOME & LOCAL AREA
HOMES COMPARED TO STATE AVERAGE ⁹⁷ (Exhibit 3-11)*



Scores:

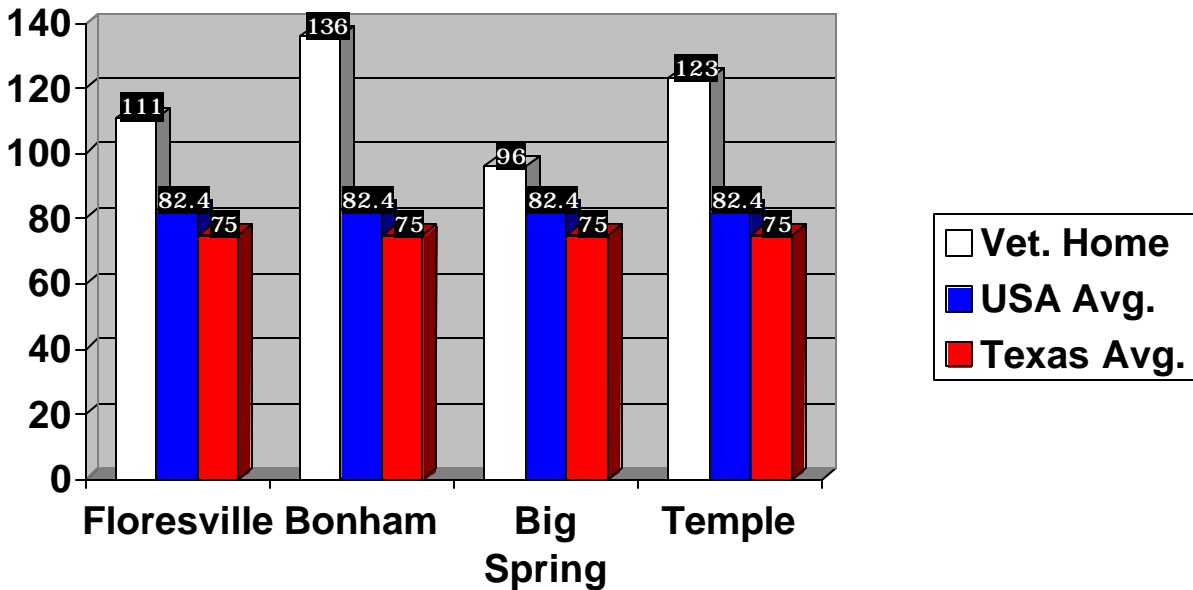
State of Texas Average	58
William R. Courtney State Veteran Home	81
Camlu Care	69
Heartland Health	69
Manorcare Health	75
Regency Manor	56
Tutor Nursing	44
Southland Villa	44

OCCUPANCY

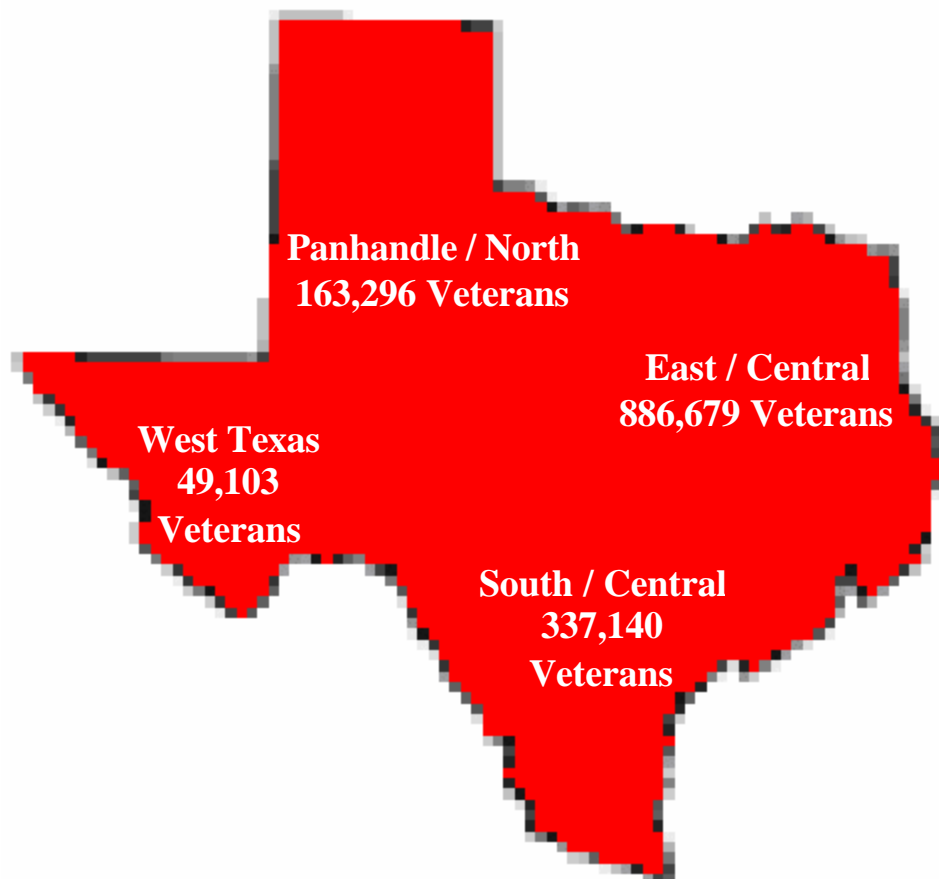
Texas Veteran Homes have significantly more residents to care for than both the national and state averages.

The number of residents in all four Texas Veteran homes total significantly more than both the national and state averages as the graph below shows. At the writing of this report, the Texas **state average is 75** residents and the **national average is 82.4**. The Texas Veterans' homes--as of August 31, 2002--care for **111** residents in Floresville, **96** residents in Big Spring, **136** in Bonham and **123** in Temple.⁹⁸ These homes are not yet at 100 per cent capacity so this number is increasing even as this report is written.

TEXAS VETERANS HOME RESIDENCY COMPARED TO U.S. AND STATE AVERAGES ⁹⁹
(Exhibit 3-12)



Veterans Across the State of Texas – Demographics for 2001 (*Exhibit 3-12*)¹⁰⁰



*An Effective TVLB
Marketing Plan Attracting
Eligible Veterans*

TVLB has four basic strategies that are effective in attracting eligible veterans to the State Veterans Homes.

1. Increase awareness by leveraging all available resources, Texas Veterans Commission, Texas Workforce Commission, County Veteran Service Officers, USDVA medical facilities, and other USDVA avenues.

2. Leverage Veteran Service Organizations to spread the word via presentations and other available marketing tools.
3. Establish community relationships through visits, presentations and other contact means in locations including but not limited to hospitals, assisted care facilities, and senior citizen activity centers.
4. Participate actively in industry organizations (e.g., Nursing Home Associations) thus building respect for State Veteran Homes.

These strategies are focusing on the following goals:

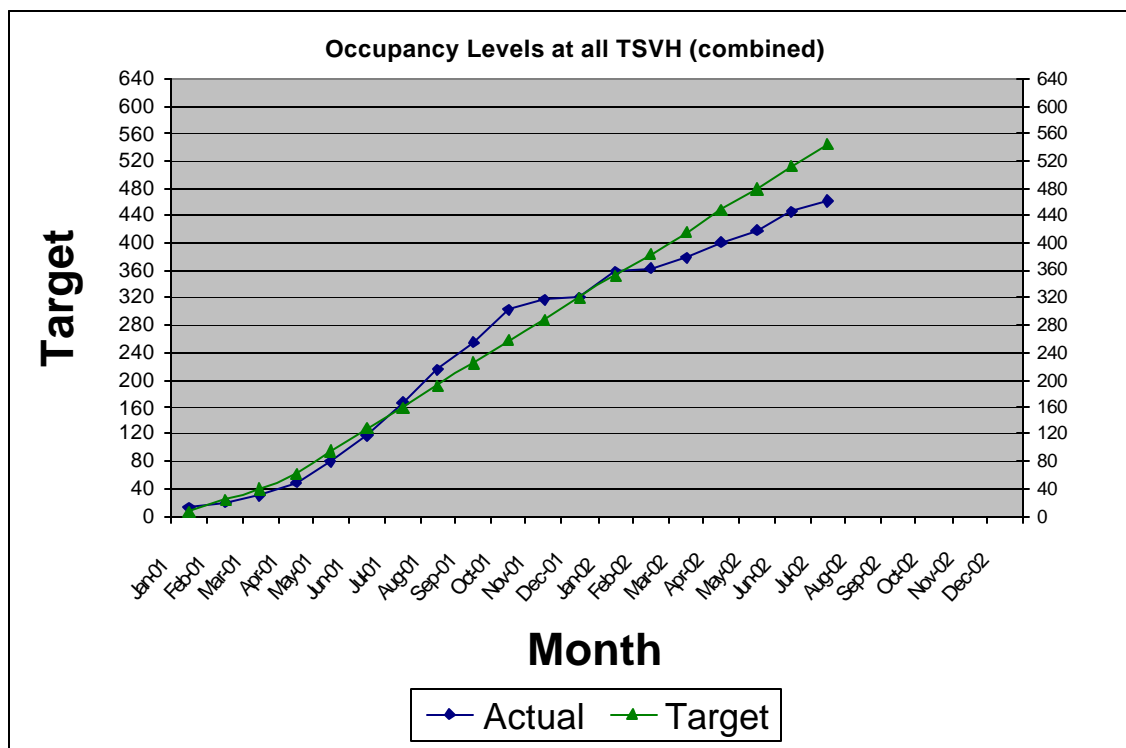
10. Maintain TDHS certification
11. Maintain USDVA recognition as a State Veterans Home
12. Reach 500,000 veterans in Texas with information about the Homes
13. Maintain a pool of not less than 50 names of interested applicants per home
14. Average two to three admissions a week
15. Increase occupancy to 95%
16. Demonstrate active support in the communities

Items 1, 2, 3, and 7 have been met. Items 4, 5, and 6 are still yet to be achieved, but steady progress is being made.¹⁰¹ The marketing plan was implemented and continues through various media including publicity (e.g., advertising and direct mail), materials (e.g., posters and brochures), and presentations (e.g., seminars, training conferences, senior citizen groups and medical providers). Because the audience groups vary from professional medical providers to potential residents, materials are geared to meet the needs of the given audience. The TVLB works hard to keep information updated and current. This is a major task since there are so many variables that change regularly. In addition, an extensive training plan is in place to ensure staff is properly prepared to handle all work facets, from formal presentations to informal phone inquiries.¹⁰²

***ANTICIPATED DEMAND WILL EXCEED AVAILABLE
OCCUPANCY LEVELS BY EARLY 2003.***

The chart ¹⁰³ that follows on the next page depicts a steady resident growth. Even with the statewide nursing staff shortage, 100 percent occupancy is probable and a waiting list

in place before the next two homes are constructed and available for admissions by mid - 2005. (Exhibit 3-13)¹⁰⁴



Based on the recommendations of a feasibility study completed in 1996, the TVLB requested long-term funding for a total of eleven homes in 1998, but limited the initial funding request to four Homes, which were awarded and constructed. USDVA grants for two new homes are in process and the TVLB continues to work diligently with the Texas Congressional Delegation to obtain funding to match the need in Texas.

OVERALL PERFORMANCE MEASURE FINDINGS FOR THE TVLB PROGRAMS...

Analysis of the ten performance measures reported in fiscal years 2000 and 2001 related to land and housing programs administered by the TVLB indicates the following:

- For FY 00 and 01, 5 of 10 (50%) met or exceeded the performance measure.
- For FY02, an additional measure was added making the number of measures reported 11. Of the 11, 55% met or exceeded the performance measure.

However, not meeting some of these performance measures is a good thing, e.g., TVLB contacted thousands more veterans than originally projected; Housing loans were closed

quicker than projected; *and* there were fewer delinquent accounts and forfeited tracts to work than originally projected. All of these are positive indicators for the loan programs, with the exception that loan origination volume in the smaller loan programs is down. Planned program improvements should reverse this trend in the future.

(Exhibit 3-14)¹⁰⁵

<i>Performance Measure</i>	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY2002</i>	<i>Target</i>	<i>Variance Explanations</i>
<i>State Veteran Home Occupancy Rate</i>	n/a	22.56%	87%	90% 90%	The number of qualified applicants is less than originally projected.
<i>Average number of days to close land loans</i>	46.52	50.04	44.8	45 45 45	Measure not met in fy00 Changed procedures. Measure met in fy02
<i>Average number of days to close on housing assistance and home improvement loans</i>	37.55	35.93	32.5	45 45 45	Measure met in fy00,01, and 02
<i>Number of tracts offered for sale</i>	282	252	166	400 400 290	Aggressive loss mitigation contact with account holders has reduced forfeited tracts.
<i>Number of delinquent accounts serviced</i>	3,524	3,182	2,962	3,925 3,925 3,450	Projection not met due to loans paid off early.
<i>Number of active accounts maintained</i>	39,813	37,840	35,741	41,800 41,800 38,500	Measure met in fy00 Projection not met due to loans paid off early.
<i>Number of veterans reached</i>	363,620	607,302	641,165	230,638 227,661 273,000	New marketing efforts reached more veterans than originally projected.
<i>Percentage of loans closed within timeline</i>	42.69%	41.05%	76.8%	90% 90% 90%	Reduced number of applications than originally projected.
<i>Percentage of Texas Veterans reached</i>	23.65%	40.01%	37.9%	16% 17% 19%	New marketing efforts reached more veterans than originally projected.
<i>Number of land loans closed</i>	1,483	1,195	599	1,680 1,680 1,400	Reduced number of applications than originally projected.
<i>Number of closed housing assistance & improvement loans</i>	77	40	44	332 332 90	Reduced number of applications than originally projected.

RECOMMENDATIONS

1. Recommend that the Legislature expand the Texas Veterans Home Program. Further recommend that an independent oversight Board be established to review health care and business practices of the veterans' homes to ensure they meet established state standards and customer needs. Recommend a review be made of experience requirements of Veterans' Home Administrators.
2. Recommend that the Legislature consider the establishment of performance measures which reflect the operations of Texas veteran's homes.

CHARGE 4: VETERANS' BENEFITS ANALYSIS

CHARGE 4: Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs.

KEY FINDINGS...

Programs administered by the state and federal governments are cost effective overall as they relate to need met and return on taxpayer investment. In some cases, the state dollars are returned many times over in terms of federal claims awards to veterans. Enacted legislation continues to enhance already available benefits.

**MONITOR THE IMPLEMENTATION OF
HOUSE BILL 310**

OVERVIEW

The 77th Legislature passed House Bill 310, relating to the establishment and operation of veterans' cemeteries. As of 2001, grants from the U.S. Department of Veterans Affairs (USDVA) are available to cover 100 percent of the development costs of veterans cemeteries that are state owned and operated. However, the grant program requires that the state acquire the land and fund the operations and maintenance of the cemeteries once they are established.¹⁰⁶ "House Bill 310 authorizes the Texas Veterans Land Board to establish a program for providing financial assistance for the establishment of veterans' cemeteries."¹⁰⁷ This bill assigns rulemaking authority to the Texas Veterans Land Board and it took effect after the passage of a constitutional Amendment (Proposition 7), on

November 6, 2001. Proposition 7 was placed on the November ballot with the passage of House Joint Resolution 82 during the 77th Legislature and allows for certain earnings from the bond funds to be used to operate and maintain veterans' cemeteries.

BACKGROUND

The United States Department of Veterans Affairs (USDVA) State Cemetery Grants Program was established in 1978 to assist states in providing veterans with proper burial needs. The Program provides grants to states for the purpose of establishing, expanding or improving veterans' cemeteries that are owned and operated by a state. Currently, the National Cemetery Administration (NCA) maintains 120 national cemeteries in 39 states and has obligated approximately \$119 million to the State Cemetery Grants Program for the establishment of 51 State Veterans' Cemeteries.¹⁰⁸ While Texas has national cemeteries in areas around Houston, Dallas/Ft. Worth, San Antonio and El Paso, Texas does not currently have any State Veterans' Cemeteries. State veteran cemeteries in Texas will provide a wider geographic reach for veteran burial to areas presently not served by national cemeteries. The lack of state veteran cemeteries is significant in that some 500,000 of Texas' 1.7 million veterans are 65 or older.¹⁰⁹ HB 310 was established to meet the approaching needs of our aging veteran population by allowing the state to create up to seven State Veterans' Cemeteries in Texas.

FINDINGS

GRANT PROCESS **Federal Guidelines**

The State Cemetery Grants Program provides up to 100 percent of the development costs for a veterans' cemetery, including the design, construction and equipping of the cemetery, through a competitive grant process. Each year monies are appropriated by Congress to fund the program and states compete for these dollars. However, no more than 20 percent of the USDVA's available funding can go to a single state in any one year. Competing states are evaluated based on certain requirements, including:

- Demonstrated need;
- Available land;
- Support from the surrounding communities;

- Number of veterans that reside in the potential service area; *and*
- Proposed cost of the facility.

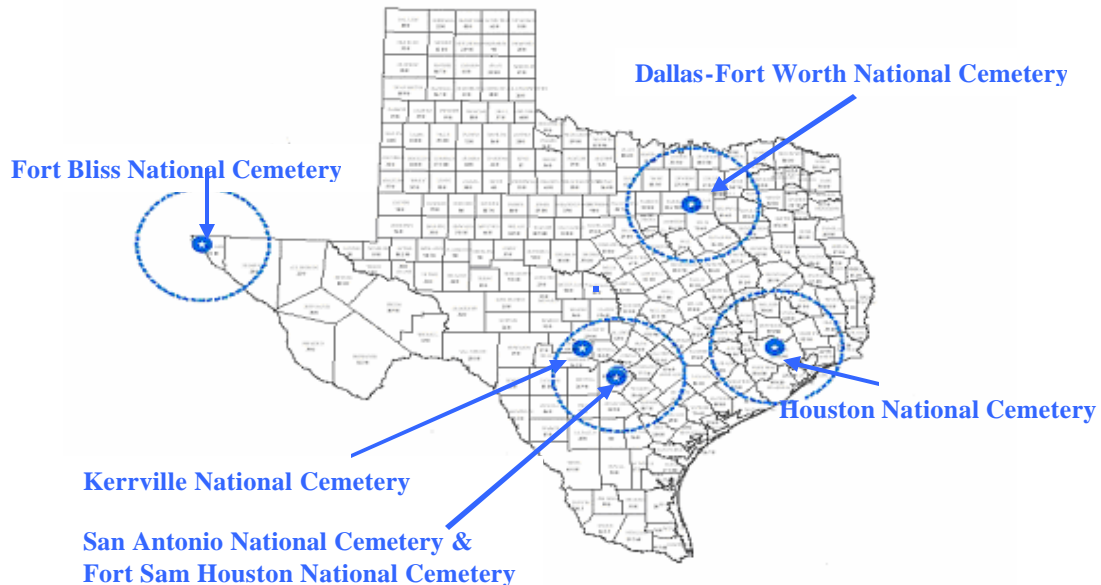
A state's request must also meet the following federal provisions:

- The grant requests can only be made by a state official;
- The title to the cemetery land must be vested in the state;
- The administration, operation and maintenance of the cemetery is the sole responsibility of the state;
- The cemetery must have a 20 year life span at a minimum; *and*
- The cemetery cannot be in an area currently served by a USDVA National Veterans Cemetery.

*Map below*¹¹⁰

NATIONAL CEMETERIES IN TEXAS

(EXHIBIT 4-1)



LEGEND

- National Cemetery Locations
- ◻ Cemetery 75 mile radius

State Guidelines

With the passage of HB 310 and Proposition 7, the Texas Veterans Land Board (TVLB) received the authority to oversee the Texas Veterans Cemetery System. The TVLB, in conjunction with the Chairman of the Texas Veterans Commission (TVC) and two representatives of the veterans' community selected by the TVC Chairman were given the task of establishing the guidelines for determining possible locations, the sizes of the cemeteries and the eligibility for burial in the veterans' cemeteries. However, some restrictions are included in the legislation. The bill provides that the above representatives can only select up to seven locations for the cemeteries and prohibits the TVLB from spending more than \$7 million each fiscal year to design, operate, maintain, enlarge or improve veterans' cemeteries. The bill also stipulates that no monies may be appropriated from the state's general revenue fund. Hence, the need for HJR 82 that placed Proposition 7 on the November 2001 Constitutional Amendment Election ballot. With the passage of Proposition 7, the TVLB is able to use assets not required for use by the veterans' land fund, the veterans' housing assistance fund or the veterans' housing assistance fund II for the design, maintenance, or operation of the cemeteries. But, the TVLB is prohibited from using these funds to acquire land for veterans' cemeteries. Therefore, communities interested in obtaining a cemetery, must donate the land. In addition to land, the TVLB can accept gifts, grants, money, securities and services to aid in the financing of the cemeteries.

Hidalgo County and City of Killeen selected as first two cemetery sites in timely selection process.

STATE PROPOSAL & SELECTION PROCESS

The Committee tasked with establishing the criteria for future cemeteries includes the following representatives:

- Texas Land Commissioner David Dewhurst, VLB Chairman
- Col. Ladd Pattillo, USAR (Ret.), VLB Member
- Mr. Mike Ussery, VLB Member
- Mr. James S. Duncan, TVC Chairman
- Brig. Gen. Sue Turner, USAF (Ret.), TVC appointee
- Mr. Glen M. Gardner, Jr., TVC appointee

The Committee began meeting in early 2002 to begin the Request for Proposals (RFP) process. They notified every County Judge in Texas, as well as, city mayors and other community leaders of the RFP process, and, on February 1, 2002 the RFP was issued. The Committee worked with communities to answer any questions and on March 6, 2002 the Committee held an RFP Response Conference for communities to discuss and ask questions concerning the RFP process. The Committee also held a Legislative briefing for members of the Legislature and their staff on February 6, 2002 to inform them of the RFP process. The RFP response deadline was May 1, 2002 and seven communities submitted proposals. The seven communities that submitted proposals included:

- The City of Killeen,
- The Hidalgo County Advisory Committee on Veteran Affairs,
- The Lamesa Economic Development Corporation,
- Tyler County,
- Duval County,
- The Winters Area Business and Industrial Corporation, *and*
- The Remembrance Foundation Charitable Trust.¹¹¹

Once submitted, the Committee began the task of evaluating each proposal. An in-depth analysis was conducted on the sites that requested funding for Fiscal Year 2003. Those sites included the City of Killeen, the Hidalgo County Advisory Committee on Veteran Affairs and the Lamesa Economic Development Corporation. Each of these sites was evaluated by technical consultants from architectural and engineering firms. These consultants evaluated the location of the possible cemetery, access to the cemetery and topographical features. Soil samples and environmental factors were also assessed. The results of the analysis were announced at the May 30, 2002 Committee meeting, as were the selection results for the first Texas State Veterans' Cemetery sites. The Committee chose two proposals from the seven submitted and the TVLB will nominate each of the sites to the USDVA for federal funding in FY 2003. The two winning proposals are:

- The Hidalgo County Advisory Committee on Veteran Affairs, *and*
- The City of Killeen.

The Hidalgo County Advisory Committee on Veteran Affairs committed to donating a 75 acre site near the City of Mission in South Texas and the City of Killeen requested a 174 acre site located in Central Texas near Fort Hood from the U.S. Army for donation to the state.¹¹² A federal bill authorizing this donation is pending in Congress.

Once the state sites were chosen, the TVLB began preparing the federal grant applications and filed them with the USDVA on July 1, 2002. The USDVA began its evaluation process and should announce the grant awards by October 2002. However, at the writing of this report, the results are not known. Should one of the Texas sites be chosen by the USDVA, the design process for the first cemetery could begin in late 2002 and could anticipate opening in 2004.¹¹³

ELIGIBILITY

The Committee also established the eligibility criteria for burial or interment in future Texas State Veterans' Cemeteries, adopting the same criteria as used by the USDVA for national cemeteries to apply in Texas. The criteria for the different persons eligible for burial in a USDVA cemetery is extensive, but includes any member of the Armed Forces of the United States who dies on active duty and any veteran who was discharged under conditions other than dishonorable.¹¹⁴

CONCLUSION:

The TVLB in conjunction with the Texas Veterans Cemetery Committee has been successful in implementing HB 310. Over the next several months the Texas Veterans Cemetery Committee will continue to meet as needed to issue future RFPs and to consider proposals for future sites. HB 310, regarding the establishment of state veterans' cemeteries meets a critical future need of the state's veteran population and sends a positive message that the state is keeping the faith with her veterans.

RECOMMENDATIONS

1. Recommend that the Legislature continue to monitor the implementation of HB 310.

MONITOR THE IMPLEMENTATION OF HOUSE BILL 2125

KEY FINDING...

Variations in testing admittance, records transferred, credits and graduation requirements cause problems for military personnel and their dependents transferring into Texas schools.

OVERVIEW

The 77th Legislature passed House Bill 2125, relating to the public school admission of military personnel and dependents under reciprocity agreements between states. House Bill 2125 gives the Texas Education Agency (TEA) the authority to pursue reciprocity agreements with other states to facilitate the transfer of military personnel and their dependents to and from the public schools of Texas to other school systems. This bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency or institution and the bill took effect September 1, 2001.¹¹⁵

BACKGROUND

The Texas Education Agency (TEA) is the agency responsible for overseeing the public education system in Texas. That system includes approximately four million students and 1,040 school districts statewide.¹¹⁶ Of those four million students, over 66,000 are dependents of military service members.¹¹⁷ These students move every two to three years and many military students attend at least two different high schools during their public school career. While school districts in Texas must adhere to the Texas Education Code, each school district maintains local control of many issues that affect students, such as school calendars. In addition to variations within the State, Texas has different graduation requirements, grading standards, and testing procedures than that of many other states. These variations in requirements cause problems for military dependents. Possible problems and consequences include:

- Curriculum differences, resulting in students having to repeat classes;
- Grading system differences and differences related to class rank, causing the student to give up hard-earned academic standing;
- Credit variances, resulting in students awarded a different number of credits because of combined classes or block schedules; *and*
- Graduation requirement differences, thus impeding school completion because the number of credits needed for graduation and the specific classes required are not standard from school to school.¹¹⁸

Recognizing such challenges, the 77th Legislature passed HB 2125.

FINDINGS

House Bill 2125

HB 2125 gives the TEA authority to pursue reciprocity agreements with other states to facilitate the transfer of military personnel and their dependents to and from the public schools of this and other states, but does not require them to establish any new policies. Therefore, at the writing of this report, the TEA has not implemented any new procedures for handling the transfer of military dependents. According to the TEA, schools in the State of Texas are already required to transfer student records in a timely manner and on October 1, 2002 sent school administrators a letter reminding them of those procedures. The letter reminded all appropriate school personnel of the following issues identified in the Texas Administrative Code (TAC), Chapter 74, Subchapter C, Section 74.26 (Award of Credit):

- A district may not prohibit a new student from attending school pending receipt of transcripts or records from the school district the student previously attended (TAC § 74.26 (a)(1)), *and*
- A school district must ensure that records or transcripts of an out-of-state or out-of-country transfer student are evaluated and that the student is placed in appropriate classes promptly (TAC § 74.26 (a) (2)).¹¹⁹

In addition to following the TAC, Texas schools are also required by TEA to keep an Academic Achievement Record (AAR) on each student entering the ninth grade and thereafter. An AAR is an official and permanent record of a student's academic performance during their high school career and includes courses taken, grades earned and credits awarded. Under the requirements for access to the AAR, it states that districts must ensure that copies of transcripts are made available to schools where students transfer and that the transfer of the AAR may not be withheld for any reason. The requirements also state that the transcript must be forwarded to the receiving district within 30 days of a student's enrollment in the new district. The requirements and standards concerning the AAR are sent to secondary school principals, counselors, registrars and district-level personnel who work with student records.¹²⁰ However, the requirements of an AAR are only applied to students taking high school courses or in grades nine and above and do not address the time line when out of state schools must send student records to districts within Texas. Therefore, the TEA may choose to pursue reciprocity agreements with other states in the future and should they decide to pursue any agreements, HB 2125 does include criteria to be incorporated. The agreements must:

- Address procedures for transferring student records;
- Address procedures for awarding credit for completed course work; *and*
- Include appropriate criteria developed by the agency.

National Study

In 1999, the Department of the Army and the Military Child Education Coalition (MCEC) partnered to study the main challenges military service members and their high school aged dependents face when transferring from one school system to another. Over a two year period, the Army and the MCEC collected information from nine participating school districts, including the El Paso and Killeen Independent School Districts, and in July 2001, released their findings in a study entitled, *Secondary Education Transition Study (SETS)*. The findings included:

- Military-connected students move from school system to school system about three times as often as other students;

- Records transfer and interpretation systems are neither consistently efficient nor effective;
- Variations in school calendars and class schedules add to the challenges of transition; *and*
- Problems of courses and credits, redundancy and the lack of formalized reciprocity have compounded to produce frustrations for parents, schools and youth.¹²¹

From the SETS findings, a Memorandum of Agreement (MOA) was developed among the nine participating school districts. The school districts agreed to:

- Improve the timely transfer of record;
- Ease transition during the first two weeks of enrollment;
- Foster access to extracurricular programs;
- Lessen impact of moves—end of Junior Year; before, during Senior Year;
- Communicate variations in school calendars and schedules;
- Create and implement professional development systems;
- Continue child-centered partnerships between installation and supporting school;
- Provide information concerning graduation requirements; *and*
- Provide services for post secondary study.¹²²

Since the original nine participants signed the MOA, an additional 94 districts have agreed to participate and the MOA has now been extended to include grades K-12, rather than just high schools.¹²³ In addition to the El Paso and Killeen Independent School Districts, other Texas participants include the Copperas Cove Independent School District. The current 103 participants of the MOA agree to assist in the transfer of military dependents between school districts and to continue developing programs to make the transfer best for everyone involved.

CONCLUSION:

When a school chooses to assist military dependents in transitioning from one school to another, they not only help that military family, but any family that may be in a state of transition. These problems were not resolved with the passage of HB2125.

RECOMMENDATIONS

1. Recommend that the Legislature encourage Independent School Districts, especially those with a high population of military dependent students, review the Secondary Education Transition Study's Memorandum of Agreement and consider becoming a participant, as outlined by the Memorandum.
2. Recommend that the Legislature require the Texas Education Agency to review current policies for the transfer of military dependent students within, into and out of the state and ensure that the current policies adequately meet the needs of all students in all grade levels.

MONITOR THE IMPLEMENTATION OF SENATE BILL 1159

KEY FINDING...

The Texas Veterans Commission has reacted aggressively to establish Memos of Understanding with other agencies dealing with Veterans' issues to better define cross agency relationships.

OVERVIEW

Senate Bill 1159 passed by the 77th Texas Legislature directs the Texas Veterans Commission¹²⁴ (TVC) to:

“adopt a joint memorandum of understanding with the following governmental entities to coordinate the provision of services to state military veterans: (1) the Texas Workforce Commission; (2) the Texas Veterans Land Board; and (3) any other agency of the state that administers a program applicable only to veterans or the family members of veterans.”¹²⁵

The crux of SB 1159 is to ensure the TVC is able to deliver Texas Veterans their deserved benefits via the “adopt [ion]” of “memorandum[s] of understanding,” (MOU) with applicable state and federal administrative agencies.

FINDINGS

In accordance with SB 1159, the TVC has established MOUs with the Texas Veterans Land Board (TVLB), the Texas Workforce Commission (TWC), the Texas Department of Human Services (TDHS) and the Veterans Employment & Training Service – U.S.

Department of Labor (VETS/DOL).¹²⁶ Provisions of the MOUs facilitate inter-agency communication culminating in better services for Texas Veterans.¹²⁷

SB 1159's promotion of intra agency cooperation has a positive effect on the delivery of services to Texas Veterans. Early indicators reflect improvement in the level of cooperation among agencies, e.g., the Texas Veterans Online project, as a result of the clarification of various agency responsibilities provided by the MOUs.¹²⁸

CONCLUSION:

The amount of cooperation between agencies will dictate the ultimate success of the MOUs.

RECOMMENDATION

2. Recommend that the Legislature continue to monitor the Texas Veterans Commission's implementation of SB 1159.

STATE VETERANS' PROGRAMS COST EFFECTIVENESS ANALYSIS

KEY FINDINGS...

Based on the dollars generated versus the dollars expended *AND* based on the service provided versus the service needed, the programs and services of Texas provided to our veterans receive a high mark for excellence.

OVERVIEW

The administration of programs and benefit entitlements for Texas veterans is widely distributed over a myriad of Texas Agencies. A state with proud military heritage, Texas' decentralized process of management of these programs is grounded in Public Law and in the state culture. This Interim Report charge tasks the Committee with accomplishment of "a cost effectiveness evaluation of veterans programs and benefits." Accordingly, the Committee compares a program's outputs or outcomes with the cost of resources expended to produce them and / or their value to the veteran.

BACKGROUND

Veteran services and benefit programs are varied but fall into major categories including:

- Claims representation and counseling for disabled veterans and their families;
- Healthcare;
- Housing/ Land;
- Employment/ Reemployment;
- Education;
- Finance; *and*
- Death benefits.

Two state agencies, the Texas Veterans Commission and the Texas Workforce Commission, receive state General Revenue (GR) dollars and do a preponderance of the State's business with veterans. Cost effectiveness evaluations are applied to these agencies, as well as the General Land Office which receives no state funds for its operation but does provide significant veterans' services as a part of its overall business operation.¹²⁹

Some agencies use general revenue dollars to leverage other non-state general revenue income from which the state benefits. For example, the Texas Veterans Commission uses a significant part of its budget allocation for staff services which actually generate federal revenues in the form of disability payments. None of these funds go to increase agency operating capital, because payments are made directly to veterans or family members in the form of tax free income. This has a significant effect on the Texas economy because of the multiplier effect of 2.34 percent to seven percent on spending.

FINDINGS

The "cost effective analysis" assesses the cost of meeting a single goal or objective, and can be used to identify the least costly alternative to meet that goal. In order for the Committee to respond to this charge, the following state agencies were requested to provide information concerning their budget, and/or service outcome and performance measures: The Texas Department of Economic Development, the General Land Office, the Texas Bond Review Board, the Adjutant General's Office, the Texas Education Agency, the Texas Military Facilities Commission, the Texas Veterans Commissions, and the Texas Workforce Commission. Selection of these agencies was based upon the fact that these organizations have programs which directly target veterans.

Responses were received from each of the agencies contacted. Three of these agencies; the Texas Military Facilities Commission, the Adjutant General's Office, and the Texas Education Agency responded with statements indicating their agencies receive no state funds that provide direct benefit to veterans or their families. As a result, no cost effective analysis is performed on these agencies although comments may be made

regarding any services they do provide to veterans as incidental to their routine customer services.

Since no formula for this analysis was provided, the Committee evaluates the cost effectiveness of Agency programs in terms of the following:

- 1. Does the product or service provided meet a real need?**
- 2. Is the product or service reasonably available from other sources?**
- 3. Does the product/service represent a cost savings or other benefit to the veteran?**
- 4. Does the expenditure of taxpayer's funds provide a reasonable return on investment in terms of dollars and/or humanitarian considerations?**

TEXAS VETERANS COMMISSION (TVC)

The Texas Veterans Commission (TVC) provides four specific programs that target services to veterans. These are:

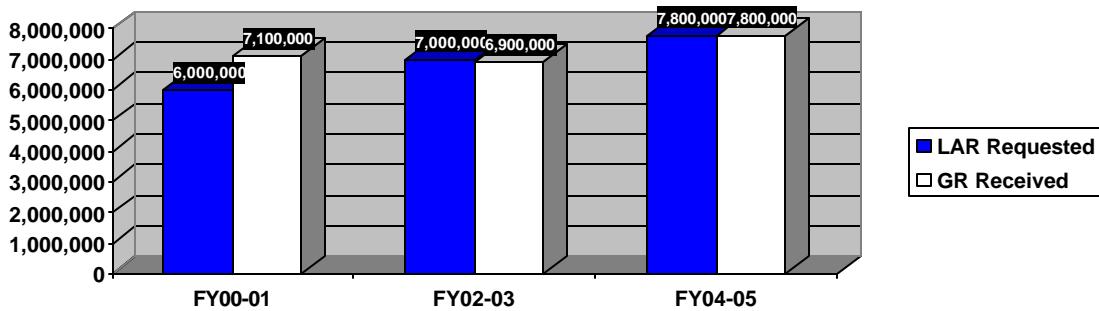
- (1) Claims Assistance and Counseling;
- (2) Claims Representation;
- (3) Training of VCSO, *and the*
- (4) Marketing Veterans' Programs.

The TVC is a relatively small agency with only 93 full time equivalent (FTE) employees and an operating budget of some \$7 million per biennium. In addition to the regular salaried state workers, the agency coordinates a force of some 238 Veterans' County Service Officers and Assistants (VCSO) who provide claims assistance and counseling at the local level for veterans and their family members. These personnel are hired and paid by the local counties they serve. Pay scales vary widely and are set according to several indicators including but not limited to county population, number of veterans served, and specific job responsibilities. State Government Code 434 states that counties with more than 200,000 population must have a VCSO assigned and that only a Texas Veteran may be selected for the position. Additionally, it charges the TVC with the training of the VCSO, to include partial funding for their associated travel. Presently 39 counties have no VCSO. (See Appendix J). Funding for administrative assistance is also currently provided by the local county governments for whom they work. One significant problem noted in the VCSO program is the lack of computers available to many of the workforce.

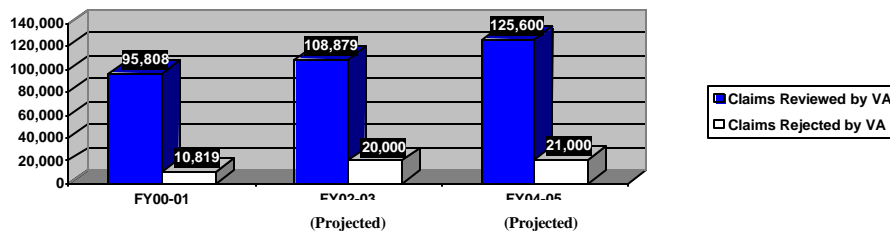
Of the 238 total VCSOs, some 80 employees (34 percent) lack office computers. This issue becomes critical as more and more information is distributed to the VCSOs via the internet. In fact, online processing of information requests and disability claims may well become the standard for the future. While electronic processing can certainly represent a major enhancement to the process, the complexity of current USDAV disability claim forms makes it impractical to do at this time. It is also an accepted fact by the TVC leadership that an unknown number of Texas veterans are unaware of their benefits. Because the statewide network of VCSOs provide approximately 23 percent of the claims filed by the TVC, they are a significant factor in generating the \$4 billion in awards revenue receipts that TVC is forecasting through 2006. There is a need to ensure the training of these VCSOs who provide the claims assistance which generates federal award dollars.

Review of the TVC forecasts for “budget allocation received” during each of the three biennium periods indicates a relatively stable program with some reduction in revenues in the current budget cycle and only minimal growth in the 2004-2005 biennium. The Texas Veterans Commission’s use and forecast of State General Revenue funds is indicated for the six year period (2000 to 2005) in the following exhibits.

*TVC REQUESTS VS. GR ALLOCATION BUDGET (EXHIBIT 4-2)*¹³⁰



*NUMBER OF VETERAN HEALTH CARE CLAIMS REVIEWED/REJECTED BY VA (EXHIBIT 4-3)*¹³¹



CHARGE 4: VETERANS' BENEFITS ANALYSES & EVALUATION

The veteran's need for professional assistance in submitting claims is reflected by the statistics shown in Exhibit 4-3 illustrating that both the number of claims filed and also the percentage of claims being appealed by the TVC are rising. To illustrate the agency's "return on taxpayer's investment" Exhibit 4-4 depicts the number of veterans' claims (by category) and federal dollars recovered as a direct result of the agency's effectiveness in processing claims.

TEXAS VETERANS CLAIMS VS. FEDERAL AWARD DOLLARS RECEIVED (EXHIBIT 4-4)¹³²

GOAL / OBJECTIVE / STRATEGY / MEASURE	2000-2001 CLIENTS SERVED OUTCOME ¹ / OUTPUT ² NOTE ON MEASURE ³	2002-2003 CLIENTS SERVED OUTCOME / OUTPUT NOTE ON MEASURE	2004-2005 CLIENTS SERVED OUTCOME / OUTPUT NOTE ON MEASURE
<i>1/1 VA MONETARY AWARDS (MILLION \$) TO VETS W/SERVICE CONNECTED DISABILITIES</i>	66,892 OUTCOME \$991,000,000	72,000 OUTCOME \$1,055,000,000	75,000 OUTCOME \$1,239,000,000
<i>1/1 VA MONETARY AWARDS (MILLION \$) TO TOTALLY DISABLED WARTIME VETERANS</i>	17,215 OUTCOME \$204,000,000	16,000 OUTCOME \$204,000,000	15,500 OUTCOME \$213,000,000
<i>1/1 VA MONETARY AWARDS (MILLION \$) TO WIDOWS OR ORPHANS OF VETERANS</i>	23,695 OUTCOME \$354,000,000	22,000 OUTCOME \$376,000,000	21,750 OUTCOME \$382,000,000
<i>1/1/1 NUMBER OF CLAIMS FILED AND DEVELOPED ON BEHALF OF DISABLED VETERANS</i>	64,621 OUTPUT	80,461 OUTPUT	92,000 OUTPUT
<i>1/1/1 CLAIMS FILED TO RAISE ABOVE POVERTY THE INCOME OF TOTALLY DISABLED VETERANS</i>	18,401 OUTPUT	18,386 OUTPUT	21,600 OUTPUT
<i>1/1/1 CLAIMS FILED AND DEVELOPED ON BEHALF OF WIDOWS AND ORPHANS OF VETERANS</i>	11,406 OUTPUT	10,032 OUTPUT	12,000 OUTPUT
<i>1/1/1 ACTIVE VETERANS BENEFITS CASES FOR VETERANS REPRESENTED BY THE TVC</i>	107,802 OUTPUT	110,000 OUTPUT	112,250 OUTPUT
<i>1/1/1 NUMBER OF VA DECISIONS REVIEWED</i>	93,583 OUTPUT	95,728 OUTPUT	100,000 OUTPUT
<i>1/1/1 APPEALS OF UNFAVORABLE VA DECISIONS FILED ON BEHALF OF VETERANS</i>	10,819 OUTPUT	14,103 OUTPUT	17,000 OUTPUT

¹ Outcome indicates the number of clients of the Texas Veterans Commission. "Clients" = veterans & dependents.

² Output indicates the number of actions taken on behalf of the clients served by the Texas Veterans Commission

³ These amounts indicate the monetary recovery for TVC clients – Biennial Monetary Recovery

NOTE: To meet continuing needs for claims assistance, the Commission will need to file more than 110,000 claims in the next biennium. In a sense, this is an unmet need to which TVC is responding through its Legislative Appropriation Request (LAR).

Agency forecasts predict an increase in veterans served in coming years. Previous exhibits (4-3 and 4-4) reflect forecasts of the agency and assuming these claims versus revenue estimates are reasonably accurate, the number of veterans' claims with service connected disabilities will rise by about ten percent while the claims filed by totally disabled vets, as well as their widows and orphans, will fall by some ten percent. Agency appropriations for the three bienniums are expected to total some \$21.8 million. This figure has a direct impact on the anticipated total federal claim revenue of \$4.7 billion which is \$215 or 21,500 percent return for every tax dollar expended by the State over six years. It is not clear how many awards and how much federal revenue would actually be received without TVC assistance in the claims process. A review of the relative complexity of the VA claim forms indicates a high percentage of the claims' payouts are the result of trained TVC counselors.¹³³

TVC meeting some but not all veterans' needs...

It is highly significant to note that during the 2000-2001 biennium, TVC represented some 108,000 veterans and orphans/widows of veterans with either service connected disabilities, or nonservice connected disabilities.¹³⁴ During surveys conducted by the TVC in March and April 2002, over 95 percent of the respondents "expressed overall satisfaction with the service that was provided to them by the TVC." Claim awards for these groups totaled \$1.55 billion.¹³⁵ From a purely humanitarian stand point, it is clear TVC serves a need no other state agency serves. While the "return" on the state GR allocated to the TVC clearly indicates the agency is performing its mission in a cost effective manner, the agency director is quick to point out that many Texas veterans are not aware of the programs and benefits they are entitled.¹³⁶ He states that "existing funding shortfalls have prevented TVC from initiating a comprehensive study to determine the extent of the problem and its impact upon the veteran's population."¹³⁷ It has been recommended that funding and development of a technology based information distribution program be designed to increase veterans' benefits awareness. Because of the resultant loss of awards revenue to the veterans, Senator Eliot Shapleigh initiated a pilot program in El Paso, Texas to utilize computer and information systems technology to expand the information flow regarding benefits to veterans. In response to this

problem, the Texas Veterans Commission is working closely with the Department of Information Resources (DIR) to develop and establish a technology answer termed "E-VETS". The TexasOnline portal provides the TVC a vehicle for posting sources of information (e.g., newsletter and VCSO training) and possibly as a statewide means through which some forms may be downloaded or completed online by veterans. This project is in the "advanced" development stage.

Planners anticipate completion of the web based system by December 1, 2002. Although the "E-VETS" program has great potential, its use will be prohibited to the 34 percent of VCSOs who are without computers. Since it is clear that such a computerized training system can be of significant benefit to not only the VCSOs, their TVC trainers, but also, and ultimately, the veterans who stand to benefit from such a program, the Committee recommends that, since the computers will be used largely for VCSO information and to facilitate their training, state resources be provided for this purpose. Whether new or rehabilitated "prison system" computers are utilized, it appears reasonable to expect that an increase to this commission's budget invested in technology resources will expand veterans' awareness of program benefits to the veteran populations of Texas and also produce a favorable return on the GR investment. Allocation of \$21.8 million state GR funds is expected to produce \$4.7 billion in Federal claims revenue during fiscal years 2000 to 2005.¹³⁸

To meet the continuing need for claims assistance, the Commission needs to file more than 110,000 claims in the next biennium. In a sense, this is an unmet need the TVC is responding to through its budget request for that biennium. The Commission is aware there are a significant number of veterans who are not knowledgeable of their eligibility for benefits. However, the agency does not have the resources to survey populations to determine those numbers.¹³⁹ Also, the need changes with the aging of the population and the changes in individual circumstances of veterans. The fact that the TVC continues to file increasing numbers of claims each year is direct evidence of a growing financial need among Texas Veterans.

CONCLUSION:

TVC performance measures reflect that \$1.8B in VA claims awards flowed to Texas as compared to the \$7.0M in state funds required to support the agency program during the present biennium.

TEXAS WORKFORCE COMMISSION (TWC)

The Texas Workforce Commission (TWC) has four primary programs although “only the ‘Veterans Education Program’ has Legislative Budget Board (LBB) performance measures.”¹⁴⁰ The TWC is proposing “additional performance measure[s] for years 2003, 2004 and 2005 which will measure the percent of veterans” entering employment after legislation passage regarding the public labor exchange, also known as the “employment service.”¹⁴¹

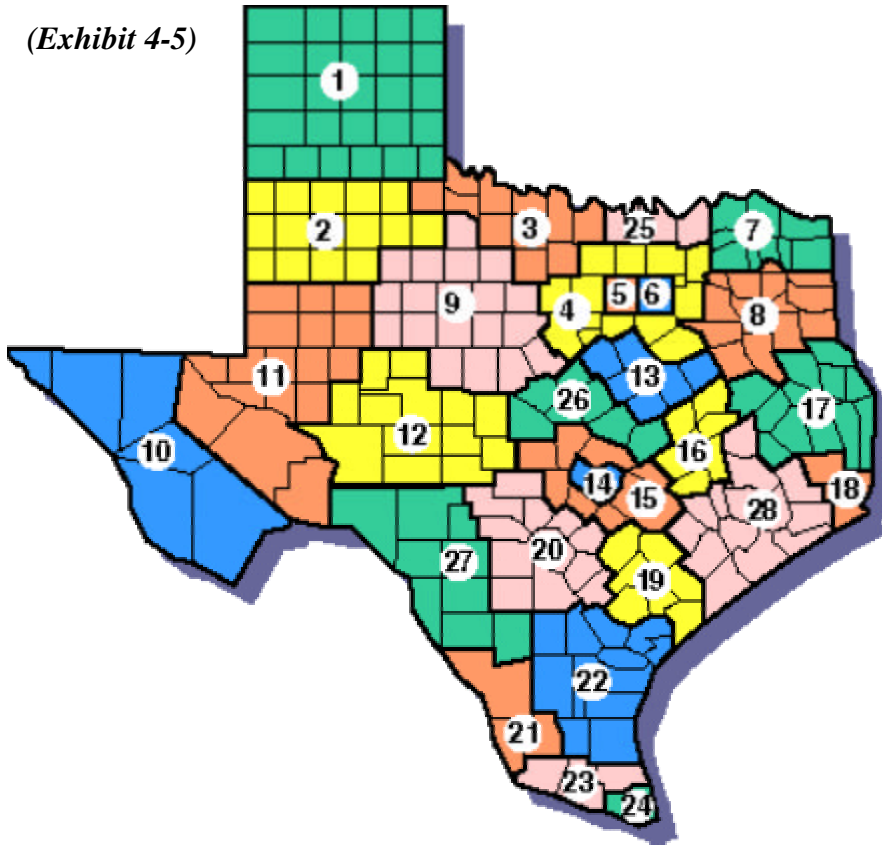
TWC MISSION STATEMENT: To promote and support a workforce system that other individuals, employees and communities have the opportunity to achieve and sustain economic prosperity.¹⁴²

AGENCY MAKE-UP

The Texas Workforce Commission (TWC) is composed of three Commissioners, each representing a different segment of its customer force and an Executive Director:

- *Diane D Rath Chair, Commissioner Representing the Public
- *T.P. O’Mahoney, Commissioner Representing Labor
- *Ron Lehman, Commissioner Representing Employers
- *Executive Director of the TWC, Ms. Cassie Carlson Reed, supervises and directs the full-time workforce.

(Exhibit 4-5)



Directory of Texas Workforce Offices by Local Workforce Development Areas

1. [Panhandle](#)
2. [South Plains](#)
3. [North Texas](#)
4. [North Central](#)
5. [Tarrant County](#)
6. [Dallas](#)
7. [North East](#)
8. [East Texas](#)
9. [West Central](#)
10. [Upper Rio Grande](#)
11. [Permian Basin](#)
12. [Concho Valley](#)
13. [Heart of Texas](#)
14. [Capital Area](#)
15. [Rural Capital](#)
16. [Brazos Valley](#)
17. [Deep East Texas](#)
18. [South East Texas](#)
19. [Golden Crescent](#)
20. [Alamo](#)
21. [South Texas](#)
- 143 22. [Coastal Bend](#)
23. [Lower Rio Grande Valley](#)
24. [Cameron County](#)
25. [Texoma](#)
26. [Central Texas](#)
27. [Middle Rio Grande](#)
28. [Gulf Coast](#)

PROGRAMS & SERVICES

The TWC administers other services to veterans as a part of the total population served. These include the Unemployment Insurance Benefits program, Labor Law Program, Workforce Investment Act programs and the Employment Service Program.¹⁴⁴ No state funds are allocated for these programs to directly target veterans who receive no special consideration or services from the TWC programs. While this study focuses on the TWC programs which target veterans and for which state funds are provided, other “inclusive programs” are addressed for information purposes only.

VETERANS TRAINING AND EDUCATION PROGRAM

TWC is the Department of Veteran Administration Approving Agency for schools, institutions and facilities for utilization of Veterans Administration (VA) educational

benefits in Texas. Additionally, the VA established a contract with TWC to review state veterans' education and training programs to submit for VA approval. In its administration of the programs, TWC staff performs annual supervising and compliance visits inspections and technical assistance to ensure training facilities and programs prescribe to VA guide lines. Currently, 675 approved schools and training programs serve over 23,000 eligible veterans. In 2001, Texas veterans received approximately \$130.4M in VA educational benefits including vocational rehabilitation.¹⁴⁵

Education Program Budget

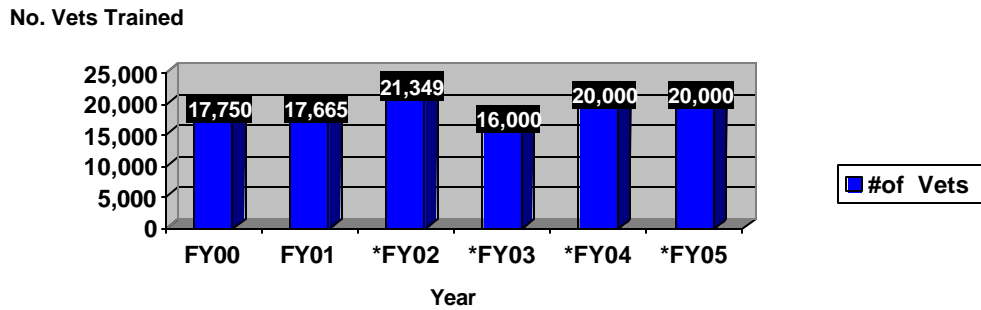
A total of \$180,000 is received from state general revenue funds annually for the administration of this program. These funds are primarily used to ensure that the 675 approved school training programs are inspected for the basic administration costs of monitoring programs at least annually. Based upon the following inspection statistics, it is evident that the approved programs are serious about maintaining accreditation.

Results of TWC Inspections of Veterans Training & Education Programs (*Exhibit 4-6*)¹⁴⁶

Year	# suspensions	# withdrawals
9/1/99-8/31/00	3	30
9/1/00-8/31/01	11	22
9/1/101-8/31/02	9	39

Extensive criteria are used by TWC inspectors to evaluate the quality of training programs. Programs not meeting standard are suspended for 60 days and reevaluated at that time. Those that still do not meet standards are removed by TWC from the approved list of veterans' training program/facilities.¹⁴⁷ An analysis of the real value of the education program to the state in general indicates a direct and sustained return on state general revenue investment. The 180,000 "investment" in year 2001 produced not only a direct \$130.4M cash flow into the hands of Texans but also responds to a significant need for training which serves as a future economic multiplier. The following exhibit (4-7) depicts the number of veterans trained and projected to be trained for the period 2000-2005.

Number of Veterans Trained in TWC Approved Programs (Exhibit 4-7)



148* Target

Note: The Agency provided no statistics on the “unmet need” with regard to this training program which does utilize state tax dollars.

OTHER VETERANS EMPLOYMENT SERVICES...

The Disabled Veterans Outreach Program (DVOP) and Local Veterans’ Employment Representative (LVER) are related, federally funded specialized employment programs with dedicated staff to provide employment services to veterans. Presently the two agencies have 90 DVOP and 80 LVER staff providing support at 88 Texas Workforce Centers, 11 VA facilities and 13 military installations statewide. Exhibit 4-8 reflects DVOP and LVER staff services provided for 07/01/01-06/30/02.¹⁴⁹

DISABLED VETERANS OUTREACH PROGRAM (DVOP) & LOCAL VETERANS EMPLOYMENT REPRESENTATIVE (LVER) SERVICES PROVIDED FOR PERIOD 07-01-01 THRU 06-30-02 (EXHIBIT 4-8)¹⁵⁰

CATEGORY	DVOP	LVER
Provided Services to Veterans	78,760	84,401
Provided Case Management Services	3,613	2,530
Provided Counseling Services	8,454	5,797
Referred Veterans to Jobs	34,154	30,677
Veterans Entering Jobs	25,842	23,738
Annual Rate of Vets Entering Jobs per staff position	287	297
Allocated Staff FTE for the year	90	80

As statistically evidenced above, TWC staff is providing critically needed services to thousands of Texas veterans. Again the unmet need is not known.

EMPLOYMENT SERVICES

This program is representative of one which does not target veterans but does provide some special preferences to veterans who register for the employment service. No state funds are utilized for this program. Exhibit 4-9 provides a breakdown by years 2000-2005 for federal dollars expended on this and special veteran's employment programs.

VETERANS VS. NON-VETERANS SERVED BY TWC FOR PERIOD 2000 – 2005 (EXHIBIT 4-9)¹⁵¹

	Registered	Served	Entering Jobs
All Veterans	153,174	152,033 (99%)	65,696 (42%)
*Vietnam Vets	48,725	48,452 (99%)	20,784 (43%)
*Disabled Vets	9,543	9,521 (99%)	4,737 (50%)
Non-Veterans	1,676,326	1,459,673 (87%)	466,362 (28%)

Note: Veterans received a higher level of services in all categories than non-veterans. Disabled veterans received the highest rate.

DEPARTMENT OF DEFENSE SUPPORT

For the period July 1, 2001 through June 30, 2002, LVER and DVOP staff provided 269 Transition Assistance Program (TAP) seminars to 7,214 military members and their spouses at 13 military installations in Texas. The seminars, lasting one to three days, provide information on VA benefits, job search techniques, interviewing skills, translation of military duties into civilian job skills, resume preparation, and labor market information. Of the total number of military members, 2,463 (34%) were retirees.

The following military bases have TAP seminars:

- | | |
|---|---------------------------------------|
| Dyess AFB (Abilene, TX) | Joint Reserve Center (Fort Worth, TX) |
| Corpus Christi NAS (Corpus Christi, TX) | Fort Hood (Killeen, TX) |
| Fort Bliss (El Paso, TX) | Goodfellow AFB (San Angelo, TX) |
| Ingleside NAS (Ingleside, TX) | Lackland AFB (San Antonio, TX) |
| Sheppard AFB (Wichita Falls, TX) | Fort Sam Houston (San Antonio, TX) |
| Brooks AFB (San Antonio, TX) | Laughlin AFB (Del Rio, TX) |
| Randolph AFB (San Antonio, TX) | |

VETERAN ADMINISTRATION VOCATIONAL REHABILITATION & EMPLOYMENT

As a full partner with the VA Vocational Rehabilitation and Employment (VR&E) program, TWC assigns DVOP staff to 11 VA facilities to assist Chapter 31, disabled veterans with intensive employment assistance. This past year, 501 veterans were referred from VA to TWC for VR&E support and 350 veterans entered jobs at a starting wage of \$13.92 per hour.

Vocational Rehabilitation and Employment Locations in Texas:

Austin	Corpus Christi	McAllen
Dallas	El Paso	San Antonio
Fort Worth	Houston	Waco
Killeen	Lubbock	

VETERANS TRAINING GRANT (VTG)

This competitive grant provides veterans with training and placement services and includes classroom training, on-the-job training, and remedial education with focus on veterans that have barriers to obtaining employment. For the period July 1, 2001 through June 30, 2002, 370 veterans were trained and placed at an average starting wage of \$12 an hour.

VTG locations:

Austin	Corpus Christi	Longview
Dallas	El Paso	San Antonio
Fort Worth	Houston	

CONCLUSION:

The \$130,000 appropriated to these agencies biannually generates a return of some \$130.4M in federal dollars for the same period. This “return on investment is multiplied many times over when the long term value of the training provided to Texas veterans is considered.

GENERAL LAND OFFICE (GLO)

The Republic of Texas Congress established the General Land Office (GLO) in 1836 shortly after Texas won its independence from Mexico. The original mission of the GLO was to manage the public domain by collecting and keeping records, providing maps and surveys and issuing land titles. Since that time the GLO's duties have expanded, but her core responsibility is still the management of state lands and mineral-right properties totaling some 20.3 million acres.

Following World War II in 1946, the GLO expanded once again with the creation of the Texas Veterans Land Board (TVLB) to administer a new program providing low-interest, long-term loans to Texas veterans for the purchase of land. Another expansion occurred in 1983, when the Legislature created the Veterans Housing Assistance Program to assist Texas veterans in purchasing a home.¹⁵²

KEY FINDING...

The land and housing programs administered by the GLO's Texas Veterans Land Board are cost effective and, in fact, the model for the nation.

The General Land Office administers veterans' land and housing without any allocation programs of state General Revenue funds. Its nursing home and veterans' cemetery programs are funded largely through the sale of bonds and revenues received from their operations. This agency has been reviewed in considerable detail in Charges 2 and 3. Despite the repetition from Charge 3 discussion, the following points lead to the obvious conclusion that these programs are cost effective:

1. The land and housing programs are totally self supported by the sale of bonds and the veterans participating in the programs, thus costing Texas taxpayers \$0 tax dollars;

2. The GLO's TVLB has done an excellent job of projecting loan demands, never having to go elsewhere for financing; *and*
3. Since these programs were created, more than 120,000 of our Texas veterans have participated in one or more of the programs.

BENEFITS PROVIDED MATRIX (EXHIBIT 4-10)¹⁵³

	NEED PROVIDED	ALTERNATE SOURCE(S)?	VETERAN SAVINGS ?	TAXPAYER RETURN?
TVC	CLAIMS PROCESSING, VETERAN REPRESENTATION	NO	MENTAL ANGUISH OF CLAIM PROCESSING	HUMANITARIAN AID
TWC	VETERAN WORKFORCE DEVELOPMENT, VETERAN EDUCATIONAL FINANCING, UNEMPLOYMENT INSURANCE	NO	ASSIST WITH TRANSITION LOSSES B/W CIVILIAN AND MILITARY EMPLOYMENT	AIDING CIVILIAN TRANSITION, HUMANITARIAN AID, TRAINING AND EMPLOYMENT
GLO	FINANCIAL ASSISTANCE WITH LAND AND HOME PURCHASE	NO	REDUCED MORTGAGE AND DEBT PAYMENTS	AIDING CIVILIAN TRANSITION, HUMANITARIAN AID

A review of Exhibit 4-10 immediately shows these agencies as the sole providers of these services and/or the agency provides them at a great savings with minimal general revenue investment.

A purely statistical cost effectiveness analysis for each agency taken from Exhibit 4-11 that follows indicates a return on state taxpayers' investment in general revenue of some \$23 million producing an estimated return of some \$6.6 billion during the period 2001 through 2005. This comparison is not appropriate for the GLO since it provides a service which neither draws from state general revenue nor produces federal monies.

**COMPARISON OF STATE GR ALLOCATIONS
VS
FEDERAL DOLLARS RETURNED TO TEXAS (EXHIBIT 4-11)¹⁵⁴**

AGENCY	STATE GR INVESTMENT BIENNIUM PERIOD			FEDERAL \$ RETURNED AS AWARDS, TRAINING, BIENNIUM PERIOD		
	01-02	02-03	04-05	01-02	02-03	04-05
TEXAS VETERANS COMMISSION	7.1M	6.9M*	7.8M*	1.5B	1.6B*	1.8B*
TEXAS WORKFORCE COMMISSION	.4M	.4M*	.3M*	.9M	1.4B*	.9M*
TOTALS	7.5M	7.3M*	8.1M*	2.4B	3.0B*	2.7B*

**PROJECTED*

RECOMMENDATION

1. Recommend that the Legislature favorably consider agency requests for increased state appropriations to enhance the level of veterans' awareness regarding benefit and entitlements through current information system technology. Current Texas Veterans Commission staffing and veterans' benefit programs are effectively addressing veterans' disability claims, but many veterans are not being reached.

FEDERAL VETERANS' PROGRAMS COST EFFECTIVENESS ANALYSIS

KEY FINDING...

The U.S. Department of Veteran Affairs manages more than \$100 billion in awards to serve more than 25 million US veterans.

OVERVIEW

“The central mission of the U.S. Department of Veteran Affairs (VA) is to award the VA benefits and services that have been earned by our nation’s veterans and their family members.”¹⁵⁵

BACKGROUND

Veteran services and benefit programs are provided in the following categories:

- Disability;
- Education and Training;
- Vocational Rehabilitation and Employment;
- Home Loans;
- Burial;
- Dependents and Survivors;
- Healthcare; *and*
- Life Insurance.

The administration of these various programs is accomplished through two regional offices in Texas located in Houston and Waco. The various services themselves are provided through appropriate service outlet centers (e.g., cemeteries, nursing homes,

medical centers, and outpatient clinics). A complete listing of all state VA service facilities in each state can be found in the Federal Benefits for Veterans and Dependents publication which is available in hard copy or through the VA's website at <http://www.va.gov>.¹⁵⁶ In addition, representatives of the VA provide such critical services to veterans as the assistant to community home owners negatively affected in an area affected by base closure or assisting a home owner to find a lender in order to meet the terms of a VA generated home loan.¹⁵⁷

FINDINGS

Awards paid out to Texas veterans and medical facilities in Texas for fiscal year 2001 totaled \$3,699,626,689. Total compensation and pension awards paid to Texas veterans exceed those paid to veterans in California and Florida.¹⁵⁸ (See Exhibits 4-12 and 4-13.)

GEOGRAPHIC DISTRIBUTION OF FEDERAL VA EXPENDITURES FOR FISCAL YEAR 2001 (EXHIBIT 4-12)¹⁵⁹

STATE & VETERAN POPULATION	TOTAL EXPENDITURES	COMPENSATION & PENSION	READJUSTMENT & VOCATIONAL REHABILITATION	INSURANCE & INDEMNITIES	CONSTRUCTION & RELATED COSTS	MEDICAL SERVICES & ADMINISTRATION
California 2,317,560	\$4,399,913,934	\$1,865,172,858	\$147,430,465	\$206,386,029	\$44,503,549	\$2,136,421,033
Florida 1,783,553	\$3,434,603,687	\$1,736,952,642	\$104,263,537	\$179,130,615	\$31,931,432	\$1,382,325,461
Texas 1,720,667	\$3,699,627,689	\$1,915,641,110	\$135,333,545	\$110,363,759	\$23,691,192	\$1,514,598,083

FEDERAL VA EXPENDITURE PER VETERAN BASED ON TOTAL VETERAN POPULATION (EXHIBIT 4-13)¹⁶⁰

STATE	EXPENDITURE
CALIFORNIA	\$1,898.51
FLORIDA	\$1,925.71
TEXAS	\$2,150.11

Because USDVA programs are consistent throughout the states, we find that the principal variable among states is the quality and effectiveness of veterans' service programs administered by the respective state agencies, like the Texas Veterans Commission.

Cost Effectiveness Evaluation

Given the Committee's charge to evaluate the cost effectiveness of state as well as federal veterans' services agencies, it does not significantly contribute to the Committee's response by summarizing the statistics relating to each of the benefits or services' areas. For the purposes of this report, we apply the same basic criteria as applied to the state agencies that provide targeted veterans' services. In the previous section of this charge, those criteria are as follows:

- Does the product or service provided meet a real need?
- Is the product or service reasonably available from other sources?
- Does the product/service represent a cost savings or other benefit to the veteran?
- Does the expenditure of taxpayer's funds provide a reasonable return on investment in terms of dollars and/or humanitarian considerations?

RECOMMENDATIONS

Note: There are no recommendations offered at this time.

CHARGE 5: MOBILIZATION IMPACT

CHARGE 5: Assess the impact of the current military mobilization on persons called to active duty and their families. The Committee shall examine state and federal statutes concerning active reservists and guardsmen. The Committee shall also develop recommendations to ensure resolution of mobilization related problems.

KEY FINDING...

Since September 11, 2001, more than 5,000 Texans have been activated to fight the *War on Terror*, as well as other overseas contingency actions. All of our military members – active, guard and reserve deserve equal legal entitlements under the law – entitlements now lacking for the guard.

OVERVIEW

Global unrest and the *War on Terror* required a mobilization of reserve forces in record numbers to meet the national goals and objectives set out by the President of the United States and acted upon by the Department of Defense. Many of the National Guard activations — some up to two years — cause unique financial and family hardships that must be considered and dealt with, particularly since National Guard personnel do not receive the same entitlements as active duty troops when in state active duty.

BACKGROUND

The Soldiers' and Sailors' Civil Relief Act of 1918 (SSCRA), passed following World War I, protect service members from such actions as repossession of property, bankruptcy and foreclosure while serving our country. The act originated when Congress passed a total moratorium on civil actions brought against Union soldiers and sailors beginning with the Civil War. The present act (of 1940) was passed for all service

members activated for World War II. The major difference between the 1918 and 1940 versions is the later act has no expiration provision. This act has been amended a dozen times since World War II to keep pace with the changing military and world issues. The last amendment was added in 1991 to cover issues related to the Gulf War.¹⁶¹

The act intends to provide protection for individuals (and their families) that have entered or have been called to active duty in the military service. The act postpones or suspends certain civil obligations to enable service members to devote full attention to duty. Protections included in the Act are credit card and mortgage rates lowered to a fixed rate of six percent; civil suit delays; reinstatement of health insurance; and property tax exemptions.¹⁶²

FINDINGS

SCOPE AND IMPACT OF NATIONAL GUARD AND RESERVE MOBILIZATIONS

Since the tragedy of September 11th, over 5,000 National Guard and Reserve members (G/R) have been called upon to fulfill many homeland security and overseas contingency missions. The 147th Fighter Wing of the Texas Air National Guard provided air cover for Air Force One after the terrorist attacks on September 11, 2001.¹⁶³ By April 17, 2002, some 82,507 Reserve Force members had been activated, 4,600 of these were Texans.¹⁶⁴ This is the largest mobilization of the Guarded Reserves (Reserve Forces) since the Korean Conflict of the 1950's.

The impact of these activations upon the reserve force members, their families, and their employers is traumatic, and often catastrophic in terms of incomes and relationships. Many of these military members experience significant pay reductions when they are activated and deployed. Spouses and family members are often severely stressed if the absences are for long periods of time. Current activations are for one to two year periods. The matter of National Guard activations can be further complicated by the various types of legal designations members may be placed by their commanders. National Guard members ordered to military duty (state) do not receive the same entitlements as their full time active duty counterparts. G/R members currently serving on the homeland security mission feel passionately about their military service. In response to the terrorist acts, One

Navy reservist stated he would volunteer to serve even if not asked.¹⁶⁵ The G/R members' passion indicates the dedication of their service.

Of significant concern is the fact that National Guard members are not covered under the Soldiers' Sailor Relief Act of 1940, when in Title 32 United States Code (USC) (state) active duty status.

MILITARY DUTY STATUS DETERMINES ENTITLEMENTS...

The various types of duty status a Guard member may be placed introduce key areas of concern, including benefits provided under the SSCRA. Members of the National Guard can be activated in three different ways: State Active Duty, Title 10 of the US Code, and Title 32 of the US code. It is noted that Guard members placed in Title 32 USC (state) status have different entitlements than those in Title 10 status.

State Active Duty and Title 32 USC are problematic because National Guard members activated under this code are not protected under the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA).¹⁶⁶ Only military members who are activated under Title 10 USC are eligible for assistance under the act, due to the Possee Comitatus Act (PCA). The PCA act is a federal statute from Reconstruction era which requires that law enforcement duty be of state or Title 32 USC status to permit the state Governor to retain control of the troops and to prevent them from being sued in court.^{167 168}

The SSCRA provides a reduced interest rate on mortgage payments, reduced interest rate on credit card debt, limited protection from eviction, and delay of all civil court actions, such as bankruptcy, foreclosure, and divorce proceedings for all state or Title 10 USC National Guard members.¹⁶⁹ Title 10 USC soldiers cannot be placed in law enforcement duties, as were the soldiers activated in the airports in response to the terrorist attacks.

The Title 32 USC Guard members deployed following September 11 were activated at the request of the federal government, as were active personnel activated under Title 10 USC. Both Title 32 USC and Title 10 USC military members may be called to duty in

the continental United States (CONUS). Military members being mobilized for deployment out of CONUS must be placed in Title 10 USC active duty status.

OTHER FEDERAL LEGISLATION AFFECTING MILITARY MEMBERS

Although certain inequities continue to exist under the SSCRA, re-employment equity does exist for all reserve force members and full time military. The Uniformed Services Employment & Reemployment Act (USERA) of 1994, prohibits an employer from discriminating against all military members--full time active, guard or reserves--and offers them employment protection in case of a call to duty. Legal equity is also established among Guard members regardless of duty status. Legal immunity is granted to Guard members while serving under Title 10 USC or Title 32 USC but not under State Active Duty status. The Federal Torts and Claims Act (FTCA) absolves Guard members from individual personal liability when acting within the "scope of the employment" during military service.

DRAFTED FEDERAL LEGISLATION TO FIX PROBLEMS

Three pieces of legislation have been presented to the U. S. House of Representatives concerning the Soldiers' and Sailors' Civil Relief Act of 1940. Each of these bills provides valuable changes, but each is still lacking.

1. Bill **S. 1680**, introduced November 13, 2001, is a federal amendment to the SSCRA requesting that *"duty of the National Guard mobilized by a State in support of Operation Enduring Freedom or otherwise at the request of the President shall qualify as military service under the Act."* This amendment also **neglects to mention coverage under the SSCRA for soldiers activated for other missions under Title 32 USC.**
2. Bill **H.R. 4017**, introduced March 20, 2002 proposes the following addition to the SSCRA bill in the second sentence:
and, in the case of a member of the National Guard, shall include service under a call to active service for a period of more than 30 consecutive days if such service is prescribed by the Secretary of the

Army or Secretary of the Air Force under section 502(f) of title 32, United States Code, and is supported by Federal funds for a contingency operation authorized by the President or Secretary of Defense.

This wording **excludes mention of personnel who are activated under Title 32 USC for periods less than 30 consecutive days.**

3. Bill **H.R. 5111**, introduced July 12, 2002, states that the purposes of the act are
- (1) to provide for, strengthen, and expedite the national defense through protection extended by this Act to service members of the United States to enable such persons to devote their entire energy to the defense needs of the nation; and (2) to provide for the temporary suspension of judicial and administrative proceedings and transactions that may adversely affect the civil rights of service members during their military service.*

The Act defines a service member as “a member of the uniformed services” and is further -defined in section 101(a) (5) of title 10, United States Code. The Act **does not serve to protect soldiers activated under Title 32 or the State Active Duty.**

CONCLUSION:

Texas’ military leaders should ensure that military personnel called to duty are placed in the appropriate status to protect their rights under the law and to provide maximum entitlements for their service.

RECOMMENDATION

1. Recommend that the Legislature consider enacting legislation to financially protect their service men and women who are mobilized in Title 32 (USC) state status, as active duty personnel are protected in Title 10 (USC) status. The Maryland National Guard Readiness Act is an example of said legislation. (Appendix I)

CHARGE 6: MOBILIZATION

CHARGE 6: Monitor the current mobilization of Texas Military forces and the role of National Guard Armories to determine if increased assistance from the state is necessary for an efficient and timely response.

KEY FINDING...

Mobilization in record numbers of Texas National Guard troops highlights the importance of the training facilities to ensure they receive the best possible training as they prepare to protect our freedoms.

OVERVIEW

Members of the Texas Reserve military forces are being mobilized to fulfill homeland security requirements as well as world wide contingency commitments at levels not seen since the Korean Conflict. “Most of the nation’s 1.3 million part time troops won’t be called up, instead saving one weekend a month and two weeks every summer. Still, reservists and guardsmen are a key part of today’s much smaller force of three million.”¹⁷⁰ The major reductions in the nation’s active military forces – estimated to be about 50 percent since the 1991 Desert Storm period, have drastically contributed to reserve forces contingency taskings. Recent increases in global tensions and the War on Terrorism compound these problems.

BACKGROUND

“Since 9/11, more than 85,000 guardsmen and reservists have been ordered to full time status leaving jobs, families and communities to Uncle Sam.”¹⁷¹ Approximately 5,000 of these are Texans. Thousands of these National Guard and Reserve troops on active duty will see their tours extended for a period of two years as America expands the War on

Terrorism and considers invading Iraq.¹⁷² The demand continues to grow for America's military presence at home providing security to our areas of vital interests, as well as overseas from Afghanistan to the Balkans to Somalia.

FINDINGS

The process of mobilizing reservists for deployment varies somewhat depending on the tasking, deployment location, and the type of status identified in the activation order. The term "mobilization" as commonly used for the military refers to the activation of one person or a group of personnel ordered to federal active duty by legal authority for a specified period of time. The order permits extension of the period cited, requiring only notification of the member.

PERSONNEL MOBILIZATION PROCESS

The process itself normally requires the assembly of the personnel to be brought on to active duty at a military facility identified for this purpose at a clearly defined date and time. The individuals to be activated/mobilized go through an administrative process of records reviews, completing payroll forms, and getting all immunizations required for the specific area of responsibility (AOR) to which he/she is ordered. Additionally, standard logistics' requirements of issuance of required contingency equipment (e.g., weapons, uniforms, and protective masks) to the personnel are performed. Depending upon the military service process used, this process takes anywhere from one hour to one day per individual. Once this process is completed, the individual is transported to a site where he/she boards the appropriate mode of transportation to the deployment site.

ROLE OF THE ARMORY IN THE MOBILIZATION PROCESS

The role of the armory in this process is to provide a facility sufficient to carry out the mobilization requirements and possibly to include the secure storage of equipment with which the military member will deploy.¹⁷³

In the event an armory is in such bad repair as to make it unsuitable to house this process, including storage, the mobilization actions are relocated to a suitable military site. Currently, no Texas National Guard Armory facility is in such a poor state of repair that it cannot be utilized for this process.

TRAINING AS A FUNCTION OF MOBILIZATION

Although Texas National Guard Armory facilities are currently adequate to support troop mobilization processing actions, if the scope of this charge is expanded to include the role of the armories as training sites for National Guard military personnel to prepare them for potential mobilization, then the picture changes. Indeed, the conditions of several of the Texas Guard Armories are identified as “failing to meet standards”. Presently, three facilities fall into this category with an associated repair price tag of \$915,000. Under existing state – federal agreements, some 75 percent of these costs should be federally funded. Many armory facilities are aging and require substantial repair. The estimated statewide repair cost is some \$10,000,000.¹⁷⁴ The impact on personnel training in these substandard facilities ranges from prevention of utilization (e.g., HVAC, plumbing, and asbestos problems) to constant inconvenience and morale issues generated by very old, deteriorated run-down buildings. We lose soldiers and airmen who are required to train in such environments, and choose not to re-enlist.

Recent guidance by the Secretary of Defense, issued in a memorandum on September 17, 2002, establishes the requirement for all the nation’s military services to develop new proposals for the fiscal year 2004 Legislative Program. These proposals should identify existing legislation that inhibits new war fighting concepts and methods. Homeland Security will clearly be considered as an integral element of the national legislative agenda. The Secretary of Defense proposed ten priorities to be considered in the process of development of the new military concepts. At the top of his list is the War on Terrorism. In declining order, he identified the need for transformation and streamlining of our military forces to make them lighter, leaner, more lethal, and lastly to improve inter agency process and integration.¹⁷⁵

CONCLUSION:

The condition of several armory facilities is not inhibiting or delaying mobilization response. However, the poor condition of many Texas National Guard armories does create training problems and obstacles for soldiers which can impact their ability to be prepared to mobilize.

RECOMMENDATIONS

1. Recommend that the Legislature require comprehensive review of Guard missions and installations consistent with new strategies developed by the Department of Defense to meet the needs of a modernized force and fight the War on Terrorism.
2. Recommend that the Legislature consider funding National Guard maintenance and repair programs for armories and training areas consistent with state-federal agreement.

ACKNOWLEDGEMENTS

The Texas Senate Committee on Veteran Affairs and Military Installations appreciates the opportunity and responsibility afforded to it by Lieutenant Governor Bill Ratliff to study and make recommendations on charges regarding issues that affect not only our military but every Texan.

Following are the people who gave of their time and their knowledge to ensure this Committee was provided with the information needed to make recommendations based upon fact and a more thorough knowledge of the subject matter. For your contributions, the members and staff of the Senate Committee on Veteran Affairs and Military Installations are very appreciative.

Mr. Manny Aguilera, Texas Department of Transportation

The Honorable Jose L. Aliseda, Texas Strategic Military Planning Commission

The Honorable Dora Alcala, Mayor of Del Rio & Texas Strategic Military Planning
Commission

Dr. David D. Anderson, Texas Education Agency

Mr. Rosco A. Anderson, Retired E-7

Staff Sergeant Asidro Aresmindez, Adjutant General's Department

The Honorable Grady Barr, Mayor of Abilene

Captain Gary Belcher, USN, Naval Station Ingleside

Lieutenant General B.B. Bell, USA, HQ III Corps and Fort Hood

Mr. David Blackburn, City of Killeen

Mr. Ramon Bracamontes, Texas Senate

Mr. Terry Brechtel, City of San Antonio

Mr. Jim Buie, Texas Bond Review Board

Mr. Gary Bushell, South Texas Military Facilities Task Force

Ms. Valerie Carvajal, Governor's Center for Management and Development

Mr. Al Casals, Office of Defense Affairs

Mr. Tim Chase, Wichita Falls Board of Commerce and Industry
Ms. Carmen Cernosek, Texas General Land Office
Mr. Kevin Christian, Texas House of Representatives
Mr. James Christoferson, Office of State Federal Relations
Captain Tonya J. Concannon, USN, Naval Station Ingleside
Ms. Chris Cook, Texas Senate
Ms. Celia Davis, Abilene Chamber of Commerce
Mr. David Davis, Senator Kay Bailey Hutchison
Mr. Jimmy D. Defoor, Taylor County Veterans Service Office
The Honorable Diane Delisi, Texas House of Representatives
Commissioner David Dewhurst, General Land Office
Brigadier General Lloyd Dodd, Brooks Air Force Base
Mr. Jeff Dodson, Boeing
Mr. David Duncan, Texas Workforce Commission Intergovernmental Relations
Chairman James S. Duncan, Texas Veterans Commission
Colonel, (Ret) William J. Ehrie, Texas Strategic Military Planning Commission
Mr. Wayne Dennis, Texas Department of Transportation
Mr. Darrell Farr, Legislative Council
Ms. Joyce Feinberg, City of El Paso
Mr. Johnny Fender, Texas Strategic Military Planning Commission
Mr. Mark Frye, United States Air Force Economic Consultant
Mr. Larry D. Furrow, White Sands Missile Range
Mr. Glen Gardner, Texas Coalition of Veteran Organizations
Mr. Charles Gates, Austin Bergstrom International Airport
Mr. Ralph Gauer, Texas Strategic Military Planning Commission
Dr. Brendon Godfrey, Brooks Air Force Base
Brigadier General William Goodwin, Texas National Guard
Mr. Billy Green, Texas Veterans Commission
Major General Stanley Green, HQ USAADACEWFB
Lieutenant Colonel Patrick Hamilton, Adjutant General's Department
Representative Judy Hawley, District 31

Mr. Hugh Hayes, Texas Education Agency
Major General George Higgins, III Corps & Fort Hood Army Base
Mr. Ron Henson, Texas Strategic Military Planning Commission
Mr. Paul Hudson, Office of the Governor
Representative Bob Hunter, Texas House of Representatives
Colonel Wallace (Ben) Hobson, U.S. Army Air Defense Artillery Center and Fort
Bliss
Major General Daniel James III, The Adjutant General's Department
Mr. Fred Johnson, Texas Aerospace Commission
Mr. Theron L. Johnson, W.R. Hold chapter 147, DAV
Ms. Susan Jones, Heights Mortgage Connection, Inc.
The Honorable Maureen Jouett, Mayor of the City of Killeen
Mr. John Keel, Legislative Budget Board
Dr. Mary M. Keller, Military Child Education Coalition
Ms. Patricia Kelly, Brooks City Base
Mr. Lewis O. King, Defense Industry Consultant
Ms. Marilyn Kinsey, Texas Senate
Mr. Patrick Krishock, Texas Bond Review Board
Mr. Fred Latham, Killeen Economic Development Corporation
Mr. Dennis L Lewis, Red River Army Depot
Mr. Bill Looke, Texas Aerospace Commission
Mr. Carl E. Lowe III, Department of Veteran Affairs
Maj. Gen. (Ret) James. P. Maloney, Texas Strategic Planning Commission
Mr. Rusty Martin, Texas Veterans Land Board
Major General Wayne Marty, Adjutant General's Department
Mr. Richard Messbarger, Greater Kingsville Economic Development Corporation
Mr. Skip Mills, Texas Center for Applied Technology
Captain John Morrow, USN, Naval Station Kingsville
Mr. Jeff Moseley, Texas Department for Economic Development
Mr. Phillip T. Nash, Texas Tech University
Mr. Manuel O. Navarrete, Veterans of Foreign Wars-District #10

The Honorable Loyd S. Neal, Mayor of Corpus Christi
Mr. James Nier, Texas Veterans Commission
Lieutenant Colonel (Ret) George O’Kelley, Texas Economic Development
Department
Mr. Douglas Oldmixon, Veterans Land Board
Mr. Mike Olen, Texas Workforce Commission
Mr. Terry O’Mahoney, Texas Workforce Commission
Colonel Bill Parry, III Corps & Fort Hood Army Base
Colonel Garry D. Patterson, Texas Army National Guard
Mr. Ed Perez, Office of State-Federal Relations
Ms. Carolyn Purcell, Department of Information Resources
Colonel (Ret). Dale Pyeatt, Committee on Employer Support of the Guard and
Reserve for Texas
Mr. Robert Ramussen, Greater Kelly Development Authority
Brigadier General (Ret) Karen Rankin, City of San Antonio Veterans Affair
Commission
Ms. Cassie Carlson Reed, Texas Workforce Commission
Ms. Andrea Richardson, Department of Information Resources
Brigadier General (Ret) Paul Roberson, Greater Kelly Redevelopment Authority
Major General (Ret) Josue Robles, Texas Strategic Military Planning Commission
Mr. Tom Rumora, Brooks City Base
Major General (Ret) Elvin Schofield, Committee on Employer Support of the Guard
and Reserve for Texas
Mr. Hubert E. Smith, Disabled American Veterans
Ms. Joyce Sparks, Governor’s Center for Management and Development
Logan Spence, Office of the Governor
Mr. John Stanford, Department of the Adjutant General
Mr. Dave Stockwell, Senator Kay Bailey Hutchison
LTG (Ret.) Pete Taylor, Military Child Education Coalition
Mr. Carleton Turner, Texas Senate
Ms. Brenda Vaughan, Texas Senate

Colonel (Ret) John Wells, Texas Military Facilities Commission

Mr. Gene Went worth, Central Texas Chapter of the Retired Officers Association

The Texas Senate Committee on Veteran Affairs and Military Installations would also like to thank the countless others who contributed to the production of this report.

INTERIM CHARGES

1. Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB1815, 77th Legislature, relating to loan assistance for communities affected by BRAC.
2. Evaluate the effects of the increased bonding authority granted to the Veterans Land Board in HB 2453, 77th Legislature.
3. Evaluate veteran land and housing fund programs, including veteran nursing homes. The Committee shall determine if the demand for veteran's nursing home beds is exceeding the available supply.
4. Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs.
5. Assess the impact of the current military mobilization on persons called to active duty and their families. The Committee should examine state and federal statutes concerning active reservists and guardsmen and make recommendations, if necessary.
6. Monitor the current mobilization of Texas military forces and the role of National Guard Armories to determine if increased assistance from the state is necessary for an efficient and timely response.

COMMITTEE RECOMMENDATIONS

Charge #1 - Part I - BRAC

1. Recommend that the Legislature consider a requirement for cities and counties adjacent to military installations to work together with the installation to develop strategic plans that ensure increased military value and lower costs for all Texas' military installations and training areas.
2. Recommend that the Legislature review all state agencies and funding related to enhancement of military value and assign priority funding that will improve the position of an installation in the upcoming Base Realignment and Closure round.
3. Recommend that the Legislature enact measures that address encroachment issues relating to Texas Military Installations.
4. Recommend that the Legislature consider the creation and funding of the Texas Military Preparedness Act of 2003 which includes strategic planning investments that enhance military value of Texas military installations and provide assistance to BRAC affected Texas defense communities.
5. Recommend that the Legislature require state agency regulatory reviews of environmental issues that affect military installations in anticipation of BRAC 2005.
6. Recommend that the Legislature encourage the United States Congressional Delegation to continue supporting the privatization efforts on Texas installations and to continue fighting for funding to improve existing infrastructure.

7. Recommend that the Legislature promote partnerships between installations and surrounding communities to identify opportunities for sharing property and services.
8. Recommend that the Legislature require Texas Building and Procurement Commission to review and consider leases on military installations to meet state space requirements
9. Recommend that the Legislature realign the missions of the Office of Defense Affairs (ODA), Texas Strategic Military Planning Commission (TSMPC) and Texas Aerospace Commission under a single agency identified as the Texas Military Preparedness Commission to execute the strategic plan for the enhanced military value of Texas' installations.

Charge #1 – Part II – SB1815

1. Recommend that the Legislature consider funding SB 1815 in December 2005 as a part of the Military Preparedness Act recommended in Part I of this Charge, Recommendation #4, Page 36 in the body of this report.

Charge #2 – Bond Authority Increase

1. Recommend that the Legislature continue to monitor loan demand data and market trends to determine if an additional increase will be required by the 79th legislative session in order to meet the needs of Texas veterans.

Charge #3—Land & Housing

1. Recommend that the Legislature create legislation which would provide the TVLB the authority to develop housing on land available as a result of base realignment if requested by the local community.

Charge #3—Veterans’ Homes

1. Recommend that the Legislature expand the Texas Veterans Home Program. Further recommend that an independent oversight Board be established to review health care and business practices of the veterans’ homes to ensure they meet established state standards and customer needs. Recommend a review be made of experience requirements of Veterans’ Home Administrators.
2. Recommend that the Legislature consider the establishment of performance measures which reflect the operations of Texas veteran’s homes.

Charge #4—HB 310

1. Recommend that the Legislature continue to monitor the implementation of HB 310.

Charge #4—HB 2125

1. Recommend that the Legislature encourage Independent School Districts, especially those with a high population of military dependent students, review the Secondary Education Transition Study’s Memorandum of Agreement and consider becoming a participant, as outlined by the Memorandum.
2. Recommend that the Legislature require the Texas Education Agency to review current policies for the transfer of military dependent students within, into and out of the state and ensure that the current policies adequately meet the needs of all students in all grade levels.

Charge #4—SB 1159

1. Recommend that the Legislature continue to monitor the Texas Veterans Commission's implementation of SB 1159.

Charge #4—Cost Effectiveness

1. Recommend that the Legislature favorably consider agency requests for increased state appropriations to enhance the level of veterans' awareness regarding benefit and entitlements through current information system technology. Current Texas Veterans Commission staffing and veterans' benefit programs are effectively addressing veterans' health care claims, but many veterans are not being reached.

Charge #5—Mobilizations

1. Recommend that the Legislature consider enacting legislation to financially protect their service men and women who are mobilized in Title 32 (USC) state status, as active duty personnel are protected in Title 10 (USC) status. The Maryland National Guard Readiness Act is an example of said legislation. (Appendix I)

Charge #6

1. Recommend that the Legislature require comprehensive review of Guard missions and installations consistent with new strategies developed by the Department of Defense to meet the needs of a modernized force and fight the War on Terrorism.
2. Recommend that the Legislature consider funding National Guard maintenance and repair programs for armories and training areas consistent with state-federal agreement.

HEARINGS' AGENDAS & MINUTES

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
ORGANIZATIONAL HEARING AGENDA
THE BETTY KING COMMITTEE ROOM
TUESDAY, OCTOBER 30, 2001
1:30 P.M.

- I. Roll Call
- II. Committee Business
 - A. Introduction of Committee Staff
 - B. Adoption of Interim Committee Rules
- III. Discussion of Interim Charge No. 2: Evaluate the effects of the increased bonding authority granted to the Veterans Land Board in HB 2453, 77th Legislature.
 - A. Douglas Oldmixon, Deputy Commissioner, Texas Veterans Land Board
- IV. Discussion of Interim Charge No. 3: Evaluate veteran land and housing fund programs, including veteran nursing homes. The Committee shall determine if the demand for veterans' nursing home beds is exceeding the available supply.
 - A. Douglas Oldmixon, Deputy Commissioner, Texas Veterans Land Board
 - B. James Nier, Executive Director, Texas Veterans Commission
 - C. Glen Gardner, Chairman, Texas Coalition of Veteran Organizations
- V. Discussion of Interim Charge No. 4: Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Administration.
 - A. Douglas Oldmixon, Deputy Commissioner, Texas Veterans Land Board
 - B. James Nier, Executive Director, Texas Veterans Commission
 - C. Glen Gardner, Chairman, Texas Coalition of Veteran Organizations
 - D. Cassie Carlson Reed, Executive Director, Texas Workforce Commission
 - E. David D. Anderson, Director of Curriculum and Professional Development, Texas Education Agency
- VI. Discussion of Interim Charge No. 5: Assess the impact of the current military mobilization of persons called to active duty and their families. The Committee should examine state and federal statutes concerning active reservists and guardsmen and make recommendations, if necessary.
 - A. Major General Wayne Marty, Adjutant General's Department
 - B. Brigadier General Michael Smith, Adjutant General's Department

VII. Discussion of Interim Charge No. 6: Monitor the current mobilization of Texas military forces and the role of National Guard Armories to determine if increased assistance from the state if necessary for an efficient and timely response.

A. Major General Wayne Marty, Adjutant General's Department

B. Brigadier General Michael Smith, Adjutant General's Department

VIII. Recess

MINUTES

TUESDAY, OCTOBER 30, 2001

1:30 P.M.

BETTY KING COMMITTEE HEARING ROOM, 2E.20

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Tuesday, October 30, 2001, in the Betty King Committee Hearing Room, 2E.20, at Austin, Texas.

MEMBERS PRESENT:

Senator Carlos F. Truan

Senator Eliot Shapleigh

Senator Troy Fraser

Senator Leticia Van de Putte

MEMBERS ABSENT:

None

Chairman Truan called the meeting to order at 1:40 p.m. The Committee Clerk called the roll, and there being a quorum present, the following business was transacted.

Chairman Truan requested everyone stand and observe a moment of silence in remembrance of Senator Tom Haywood.

Chairman Truan welcomed everyone to the organizational hearing, and made opening remarks on the interim charges issued by Lieutenant Governor Bill Ratliff. Senators Shapleigh, Fraser and Van de Putte also made opening remarks. Chairman Truan laid out the interim Committee rules. Senator Fraser moved to adopt the rules. With a call of the roll, the Committee Rules were adopted with 4 ayes, 0 nays. Chairman Truan introduced Committee staff.

After completing the Committee's organization business, Chairman Truan called Ms. Cassie Carlson-Reed, Executive Director of the Texas Workforce Commission, for

testimony regarding the Veteran Services Program and SB 1159, relating to providing state veteran services.

Chairman Truan called the following persons to provide a briefing on the Texas National Guard and United States Reserves:

Major General Wayne Marty, Assistant Adjutant General Texas Army National Guard;
Brigadier General Michael Smith, Assistant Adjutant General Texas Air National Guard;
Colonel Jill Collins, Executive Officer, Texas Air National Guard;
Lieutenant Colonel Patrick Hamilton, Mobilization Readiness Officer, Texas Army National Guard;
Lieutenant John Stanford, State Liaison Officer, Adjutant General's Department;
and
Mr. Gary Walston, Ombudsman, Texas Committee for Employee Support for Guard and Reserves.

Chairman Truan then called on Mr. Mike Olen, Veteran Services Program Manager of the Texas Workforce Commission, to brief the Commission's and the United States Department of Labor's role in protecting guardsmen with employment issues and SB 1159.

Chairman Truan called Mr. Douglas Oldmixon, Executive Secretary, and Mr. Rusty Martin, Director of Funds Management, of the Texas Veterans Land Board to give testimony on HB 2453, relating to conditions for issuance of certain revenue bonds by the Veterans' Land Board, land and housing programs, state veteran homes, and HB 310, relating to veterans' cemeteries.

Chairman Truan then called Mr. James Nier, Executive Director of the Texas Veterans Commission to brief the Committee on state veteran homes, HB 310 and SB 1159.

Chairman Truan called on Mr. David Anderson, Managing Director of Curriculum and Professional Development at the Texas Education Agency, to brief the Committee on HB 2125, relating to public school admission for military personnel and dependents.

Chairman Truan invited Mr. Patrick Reilly to testify on creating a disabled Purple Heart license plate for veterans.

There being no further business, at 4:26 p.m. Senator Truan moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Carlos F. Truan, Chair

Rhonda Pointer, Clerk

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
HEARING AGENDA
SENATOR ELIOT SHAPLEIGH, ACTING CHAIR

APRIL 22, 2002

12:00 P.M.

GREATER KELLY DEVELOPMENT AUTHORITY CONFERENCE ROOM
SAN ANTONIO, TEXAS

- | | | |
|------|--|--|
| I. | Roll Call | Committee Clerk |
| II. | Opening Remarks | Senator Eliot Shapleigh
Acting Chairman |
| III. | Review of Committee Charges | Acting Chairman |
| IV. | Presentation of Prepared Testimony | |
| A. | Honorable Jeff Moseley, Executive Director, Texas Department for Economic Development | |
| | 1. Provide an overview of the Base Realignment and Closure (BRAC) time lines. Include a summary of previous base realignments and closure actions in Texas. Identify current use of affected facilities. | |
| | 2. Summarize known impact of BRAC actions upon Texas and individual communities with regard to employment opportunities, financial issues and forecasted effects on the state and local business climate. Provide a five year forecasted impact (where possible). | |
| B. | Brigadier General (Ret) Paul Roberson, Executive Director, Greater Kelly Redevelopment Authority | |
| | Discuss closure of Kelly Air Logistics Center to include the BRAC Committee review process, local and state lobbying efforts, implementation directions relative to base closure and area reconstruction actions and plans. Please provide a summary of lessons learned at any level as well as relevant observations. | |
| C. | Mr. Charles Gates, Director of Finance and Aviation, Austin Bergstrom International Airport | |
| | Discuss closure of Bergstrom AFB to include the BRAC Committee review process, local and state lobbying efforts, implementation directions relative to base closure and area reconstruction actions and plans. Please provide a summary of lessons learned at any level as well as relevant observations. | |
| D. | Brigadier General Lloyd Dodd, Commander, Brooks Air Force Base | |
| | Address specific initiative taken by Brooks AFB to encourage and support public/private partnerships with particular emphasis upon the Brooks AFB | |

City Base Project. Please include lessons learned and opinions regarding possible applications of this concept in other public/private areas.

E. Major General (Ret) Elvin Schofield, Chairman, Committee on Employer Support of the Guard and Reserve for Texas

Discuss the impact of current mobilizations/activations upon Texas' guard and reserve military members and their families. Identify the significance of the various types of federal status and the effectiveness of state and federal legislation drafted to assist our reservists. Address any problems not otherwise covered that are appropriate to the issue.

F. Major General Daniel James III, The Adjutant General, The Adjutant General's Department

1. Assess the short and long-term effects of current mobilizations upon the Texas National Guard with regard to recruiting and retention. Address problems our guardspersons are having meeting employer expectations and possible future legislative solutions to these problems.
2. Address the physical condition (repair and maintenance requirements) of armories and facilities utilized in the mobilization process and, specifically, what impact that condition has upon the effectiveness, timeliness and efficiency of your ability to meet scheduled response times.

- | | |
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| V. Presentation of Public Testimony | Speakers recognized by Committee Chair |
| VI. Closing Comments | Committee Members |
| VII. Recess | Committee Chairman |

MINUTES

MONDAY, APRIL 22, 2002, 2002

12:00 P.M.

GREATER KELLY DEVELOPMENT AUTHORITY CONFERENCE ROOM, SAN ANTONIO, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Monday, April 22, 2002, in the Greater Kelly Development Authority Conference Room, 143 Billy Mitchell Blvd., Suite 6, San Antonio, Texas.

MEMBERS PRESENT:

Senator Eliot Shapleigh
Senator Carlos F. Truan
Senator Leticia Van de Putte
Senator Craig Estes

MEMBERS ABSENT:

Senator Troy Fraser

Chairman Shapleigh called the meeting to order at 12:10 p.m. The Committee Clerk called the roll, and there being a quorum present, the following business was transacted.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the Military Honor Guard. The Colors were presented and the Committee Director led the audience in the Pledge of Allegiance.

Chairman Shapleigh welcomed everyone to the Committee hearing, and recognized the Members of the Committee as well as the special guests in the audience. Senators Truan, Van de Putte, and Estes also made opening remarks.

Chairman Shapleigh recognized Councilwoman Bonnie Connor, District 8 Councilperson, for welcoming remarks. Councilwoman Conner welcomed everyone to San Antonio and then gave brief testimony on Charge #1.

The following witnesses were called to respond to questions raised during testimony by Councilwoman Conner:

Louis E. Davis, Economic Development Manager, City of San Antonio
Tom Rumora, Director, Brooks City Base Office

Chairman Shapleigh then made a special presentation to an individual that has dedicated his life to service in the military, Mr. Valentin (Val) Martinez. Mr. Martinez was presented with a flag for his service to our country and our state.

Chairman Shapleigh welcomed Representative Ruth Jones McClendon as a special guest and Representative McClendon made some remarks.

Chairman Shapleigh announced the purpose of the hearing was to receive briefings from invited testimony and to receive public testimony regarding the interim charges that were assigned to the Committee by Lieutenant Governor Bill Ratliff.

The Chairman took a two minute recess to allow the Committee Members to take pictures with Mr. Martinez.

Chairman Shapleigh recognized Joe Krier, President and CEO of the Greater San Antonio Chamber of Commerce, for welcoming remarks. Mr. Krier welcomed the Committee to San Antonio and gave a brief overview on how the community was working with area bases to make them stronger.

The Chairman then invited the following persons to provide a briefing on the Texas National Guard and United States Reserves:

Major General Daniel James III, the Adjutant General
Col. (Ret) John Wells, Director, Texas Military Facilities Commission
Major General Wayne D. Marty, Assistant Adjutant General Army

The panel provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for these witnesses, the Chair invited the following panel to provide testimony on BRAC and the economic impact of defense industry on Texas:

Lt. Col. (Ret) George O'Kelley, Director of Defense Affairs (State)
Maj. Gen. (Ret) Josue Robles, Senior Vice President, Chief Financial Officer and Corporate Treasurer of USAA and Member of the Texas Strategic Military Planning Commission
The Honorable Dora Alcala, Mayor of Del Rio and Member of the Texas Strategic Military Planning Commission
Mr. Ralph Gauer, Vice Chair, Texas Strategic Military Planning Commission

The panel provided written and oral testimony and responded to questions by members of the Committee.

Chairman Shapleigh laid out the October 20, 2001, minutes. Senator Truan moved the adoption of the minutes. There being no objection, it was so ordered.

Chairman Shapleigh introduced the Committee staff.

Chairman Shapleigh then invited Robert Rasmussers, Deputy Executive Director, Greater Kelly Development Authority, and Mr. Charles Gates, Director of Finance and Aviation, Austin Bergstrom International Airport, to provide testimony on BRAC and the reconstruction plans of bases after BRAC occurs. The witnesses provided written and oral testimony and responded to questions by member of the Committee.

There being no further questions for these witnesses, the Chair invited the following panel to provide testimony on Brooks Air Force Base and initiatives it has taken to encourage and support public/private partnerships:

Dr. Brendan Godfrey, Deputy Director, Brooks AFB San Antonio
Mr. Skip Mills, Texas Center for Applied Technology
Mr. Tom Rumora, Director, Brooks City Base Office
Mr. Mark Frye, Economic Consultant to USAF

The panel provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for these witnesses, the Chair invited the following panel to provide testimony on the impact of current mobilizations/activations upon Texas' guard and reserve military members, their families, and employers:

Major General (Ret) Elvin Schofield, Chairman, Committee on Employer Support of the Guard and Reserve for Texas

Mr. Dale Pyeatt, Executive Director, Committee on Employer Support of the Guard and Reserve for Texas

The panel provided written and oral testimony and responded to questions by members of the Committee.

The Chairman called persons who registered as public witnesses to provide testimony. The following public witness provided oral and written testimony before the Committee:

Brigadier General (Ret) Karen Rankin, Chair City of San Antonio Veterans Affairs Committee

There being no other witnesses registered or responding to the Chairman's call for public testimony, the Chairman closed public testimony.

Chairman Shapleigh made closing remarks and announced the dates of future hearings.

There being no further business, at 5:07 p.m. Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
HEARING AGENDA
SENATOR ELIOT SHAPLEIGH, ACTING CHAIR
MAY 23, 2002
10:00 A.M.
KILLEEN CIVIC AND CONFERENCE CENTER
KILLEEN, TEXAS

- | | |
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| I. Roll Call | Committee Clerk |
| II. Presentation of the Colors | Military Honor Guard |
| III. Pledge of Allegiance | Committee Director |
| IV. Opening Remarks | Senator Eliot Shapleigh
Acting Chairman |
| Welcoming Remarks | The Honorable Jon Burrows,
Bell County Judge and
The Honorable Maureen Jouett,
Mayor of Killeen |
| Special Recognitions | |
| V. Review of Committee Charges | Senator Shapleigh |
| VI. Interim Charges Covered by Testimony: | |
| #1 Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC. | |
| #2 Evaluate the effects of the increased bonding authority granted to the Veterans Land Board in HB 2453, 77th Legislature. | |
| #3 Evaluate veteran land and housing fund programs, including veteran nursing homes. The Committee shall determine if the demand for veterans' nursing home beds is exceeding the available supply. | |
| #4 Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families | |

by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs.

VII. Presentation of Prepared Testimony

- A. Major General George Higgins, Deputy Commander, Fort Hood
 - 1. Provide an overview of your current and known future missions as well as the Army's five-year major facility and infrastructure construction plans for Ft. Hood, to include budget estimates. (Charge #1)
 - 2. Address the current and projected impact of urban development (including noise encroachment) upon Ft. Hood's military training programs that may alter desired time, space and realism of training. (Charge #1)

- B. Lt. Col. Lauren Barone, Commander, Lone Star Ammunition Plant
 - Provide an overview of your current and known future missions as well as the Army's five-year major facility and infrastructure construction plans for the Lone Star Ammunition Plant, to include budget estimates. (Charge #1)

- C. Mr. Dennis L. Lewis, Business Manager, Red River Army Depot
 - Provide an overview of your current and known future missions as well as the Army's five-year major facility and infrastructure construction plans for Red River Depot, to include budget estimates. (Charge #1)

- D. Mr. William Ehrie, Chairman, Texas Strategic Military Planning Commission
 - Discuss the role of the Texas Strategic Military Planning Commission in assessing the status of the State Military Installations in the current BRAC environment with regard to military/civic cooperative planning initiatives. (Charge #1)

- E. Mr. Douglas E. Oldmixon, Executive Secretary, Texas Veterans' Land Board
 - 1. Discuss the anticipated loan demand in the Veterans Housing Assistance Program over the next two years (2003-2004) and describe how bonds authorized by HB 2453 fit into the Veterans Land Board's financing plan for the period. (Charge #2)
 - 2. Describe the Veterans Land Board's typical process for issuing bonds to fund loans in the Veterans Land and Housing Assistance Programs. Compare the benefits of originating a loan through the VLB programs as compared to originating a loan through other commercially available loan programs. (Charge #3)
 - 3. Provide a break down of Veterans Land Board loans made by category (housing vs. land) and further specified by Texas county, for the period from 1998 – 2001. (Charge #3)
 - 4. Discuss the cost of residency and occupancy levels at the Texas Veterans' Homes. Describe the current marketing efforts underway to increase the occupancy levels. (Charge #3)

5. Discuss the current status of federal construction grants for approved Texas State Veterans' Cemeteries. Discuss the State's plan for the implementation of HB 310 (Charge #4)
- F. Mr. Patrick Krishock, Deputy Executive Director, Texas Bond Review Board
 1. Address the anticipated effects, if any, of the Veterans Land Board's increased bonding authority on the State's bond rating. (Charge #2)
 2. Explain the Bond Review Board's role in approving bond issuance. (Charge #2)
- G. Mr. James Nier, Executive Director, Texas Veterans Commission
Discuss the status of HB 1159, including an update on new memorandums of understanding (MOUs) with other state agencies. (Charge #4)
- H. Dr. Mary Keller, Executive Director, Military Child Education Coalition
Address the implementation of HB 2125 and include any recommendations for future legislation. (Charge #4)
- I. Mr. David Blackburn, City Manager, City of Killeen
Discuss the City of Killeen's proposal for a state veterans' cemetery to be located in the Killeen area. (Charge #4)

VIII. Presentation of Public Testimony	Speakers recognized by Committee Chair
IX. Closing Comments	Committee Members
X. Recess	Committee Chairman

MINUTES

THURSDAY, MAY 23, 2002, 2002

10:00 A.M.

KILLEEN CIVIC AND CONFERENCE CENTER, KILLEEN, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Thursday, May 23, 2002, in the Killeen Civic and Conference Center, Killeen, Texas.

MEMBERS PRESENT:

MEMBERS ABSENT:

Senator Eliot Shapleigh
Senator Troy Fraser
Senator Leticia Van de Putte

Senator Craig Estes
Senator Carlos F. Truan

Chairman Shapleigh called the meeting to order at 10:02 a.m. The Committee Clerk called the roll, and there being a quorum present, the following business was transacted.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the Military Honor Guard. The Colors were presented and the Committee Director led the audience in the Pledge of Allegiance.

Chairman Shapleigh welcomed everyone to the Committee hearing, and recognized the Members of the Committee. Senators Fraser and Van de Putte also made opening remarks. Chairman Shapleigh then recognized the special guests in the audience.

Chairman Shapleigh welcomed Representative Dianne White Delisi and Representative Suzanne Gratia Hupp as special guests and each of the Representatives made some welcoming remarks.

Chairman Shapleigh then recognized The Honorable Jon Burrows, Bell County Judge, and The Honorable Maureen Jouett, Major of Killeen, for welcoming remarks. Each provided welcoming remarks and gave an overview of the unique relationship building actions that bonded Fort Hood to its surrounding communities. Judge Burrows made special comments concerning the new joint use airport and the proposal for a state veterans' cemetery located in Killeen. Mayor Jouett made remarks concerning strategic planning for the community.

Chairman Shapleigh then made a special presentation to Sergeant Major C. W. ABuck@ Buchanan, US Army (Ret.) and Chief Warrant Officer Alexander Vernon, US Army (Ret.) for their service in the military and their continued commitment to veterans' causes after their retirement. Both Mr. Buchanan and Mr. Vernon were presented with a flag and a certificate for their service to our country and our state. Chairman Shapleigh also made a special presentation to Mrs. Sara Moxley. She is an Army wife who spends countless hours as a champion for the family needs of soldiers. Mrs. Moxley was also presented with a flag and a certificate.

Chairman Shapleigh gave a brief overview of the Committee Charges and stated the importance of the defense industry in Texas.

The Chairman then invited the following person to provide a briefing on the current and known future missions of Fort Hood as well as the Army's five-year major facility and infrastructure construction plans for Fort Hood:

Major General George Higgins, Deputy Commanding General, III Corps & Fort Hood Army Base

The following witness was called to respond to questions raised during testimony by Major General Higgins:

Colonel Bill Parry, Garrison Commander, III Corps & Fort Hood Army Base

There being no further questions for this witness, the Chair invited the following witness to provide testimony on the Red River Army Depot and its current and future missions as well as its five-year major facility and infrastructure construction plans:

Mr. Dennis L. Lewis, Business Manager, Red River Army Depot

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following panel to provide testimony on the role of the Texas Strategic Military Planning Commission in assessing the status of State Military Installations in the current BRAC environment with regard to military/civic cooperative planning initiatives:

Mr. William Ehrie, Chairman, Texas Strategic Military Planning Commission

Mr. Ralph Gauer, Vice Chairman, Texas Strategic Military Planning Commission

The panel provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for these witnesses, the Chair invited the following witness to provide testimony on Charges #2, 3, and 4:

Mr. Douglas Oldmixon, Executive Secretary, Texas Veterans Land Board

Senator Fraser assumed the chair. The witness provided written and oral testimony and responded to questions by members of the Committee. Senator Shapleigh resumed the chair.

There being no further questions for the witness, the Chair called Mr. Patrick Krishock, Deputy Executive Director, Texas Bond Review Board, to provide testimony on the anticipated effects of the Veterans Land Board's increased bonding authority on the State's bond rating and the Bond Review Board's role in approving bond issuance. The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair called Mayor Jouett to provide testimony on the City of Killeen's proposal for a state veterans' cemetery to be located in the Killeen area. The witness provided written and oral testimony and presented a brief video that was part of the proposal. The witness also responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the status of SB 1159, including an update on new memorandums of understanding with other state agencies:

Mr. James Nier, Executive Director, Texas Veterans Commission

The witness provided written and oral testimony and responded to questions by members of the Committee.

Chairman Shapleigh laid out the April 22, 2002 minutes. Senator Van de Putte moved the adoption of the minutes. There being no objection, it was so ordered.

Chairman Shapleigh then invited the following witness to provide testimony on the implementation of HB 2125 and to include any recommendations for future legislation:

Dr. Mary Keller, Executive Director, Military Child Education Coalition

The witness provided written and oral testimony and responded to questions by members of the Committee.

The Chairman called persons who registered as public witnesses to provide testimony.

The following public witnesses provided oral testimony before the Committee:

Theron L. Johnson, Commander, W.R. Hold Chapter 147, DAV

Gene Wentworth, Central Texas Chapter of the Retired Officers Association
(TROA)

Susan Jones, CEO, Heights Mortgage Connection Inc.

Rosco A. Anderson, Retired E-7

There being no other witnesses registered or responding to the Chairman's call for public testimony, the Chairman closed public testimony.

Chairman Shapleigh made closing remarks. There being no further business, at 2:13 p.m. Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
HEARING AGENDA
SENATOR ELIOT SHAPLEIGH, ACTING CHAIR
JUNE 4, 2002
10:00 A.M.
ABILENE CIVIC CENTER
ABILENE, TEXAS

- | | |
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| II. Roll Call | Committee Clerk |
| II. Presentation of the Colors | Military Honor Guard |
| III. Pledge of Allegiance | Committee Director |
| IV. Opening Remarks | Senator Eliot Shapleigh
Acting Chairman |
| Welcoming Remarks | The Honorable Victor Carillo,
Taylor County Judge and
The Honorable Grady Barr,
Mayor of Abilene |
| Special Recognitions | |
| Review of the Minutes | |
| V. Review of Committee Charges | Senator Shapleigh |
| VI. Interim Charges Covered by Testimony: | |
| #1 Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC. | |
| #4 Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families | |

by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs.

VII. Presentation of Prepared Testimony

- A. Ms. Celia Davis, Chair, Military Affairs Committee, Abilene Chamber of Commerce
Discuss current and proposed economic development actions for Abilene and the Dyess Air Force Base to include major facility and infrastructure construction as identified by local military and / or community strategic economic development plans. (Charge #1)
- B. Mr. Johnny Fender, Member, Texas Strategic Military Planning Commission
Discuss new mission and economic development initiatives being explored by the City of San Angelo and Goodfellow Air Force Base to partner in ways that both can benefit. (Charge #1)
- C. The Honorable William K. Altman, Mayor, City of Wichita Falls
Discuss current and proposed economic development actions for Wichita Falls and Sheppard Air Force Base to include major facility and infrastructure construction as identified by local military and / or community strategic economic development plans. (Charge #1)
- D. Mr. Tim Keleher, Vice President for Government Affairs, Fort Worth Chamber of Commerce
Discuss current and proposed economic development actions for Fort Worth and NASJRB Fort Worth to include major facility and infrastructure construction as identified by local military and / or community strategic economic development plans. (Charge #1)
- E. Mr. Carl Lowe, Executive Director, Texas Veterans Commission
Identify state veteran benefit programs for which the Commission has primary oversight authority, and assess their success in meeting veterans' needs. Describe the process in which veterans are able to provide program satisfaction feedback. (Charge #4)
- F. Mr. Glen Gardner, Chair, Texas Coalition of Veterans Organizations
Discuss current State of Texas veterans programs with regard to their accessibility and adequacy in terms of meeting the needs of Texas Veterans. Address current methods being used to deploy information regarding these programs. (Charge #4)
- G. Dr. Hugh Hayes, Deputy Commissioner, Texas Education Agency
Discuss the status of the implementation of HB 2125 relating to public school admission for military personnel and dependents. Identify problems

being experienced by the agency relative to its implementation and address proposed solutions. (Charge #4)

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| VIII. Presentation of Public Testimony | Speakers recognized by Committee Chair |
| IX. Closing Comments | Committee Members |
| X. Recess | Committee Chairman |

MINUTES

TUESDAY, JUNE 4, 2002
10:00 A.M.
ABILENE CIVIC CENTER, ABILENE, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Tuesday, June 4, 2002, in the Abilene Civic Center, Abilene, Texas.

MEMBERS PRESENT:
Senator Eliot Shapleigh
Senator Troy Fraser
Senator Leticia Van de Putte

MEMBERS ABSENT:
Senator Craig Estes
Senator Carlos F. Truan

Chairman Shapleigh called the meeting to order at 10:00 a.m. The Committee Clerk called the roll, and there being a quorum present, the following business was transacted.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the Military Honor Guard. The Colors were presented and the Committee Director led the audience in the Pledge of Allegiance.

Chairman Shapleigh welcomed everyone to the Committee hearing, and recognized the Members of the Committee. Senator Fraser also made opening remarks. Chairman Shapleigh then recognized the special guests in the audience.

Chairman Shapleigh then recognized The Honorable Victor G. Carrilo, Taylor County Judge, for welcoming remarks. Judge Carrillo made welcoming remarks and then gave an overview of the number of veterans that reside in Taylor County. He also informed

the Committee that local officials will be looking at encroachment issues pertaining to Dyess Air Force Base and the surrounding communities.

The following member arrived after the roll was called:
Senator Leticia Van de Putte

Chairman Shapleigh introduced Senator Van de Putte and she gave some opening remarks.

Following Senator Van de Putte's opening remarks; Chairman Shapleigh invited The Honorable Grady Barr, Mayor of Abilene to make some welcoming remarks. Mayor Barr welcomed the Committee to Abilene. He then gave an overview of actions the city has taken to help Dyess Air Force Base reduce operating costs and maintain a positive relationship between the city and the base.

Chairman Shapleigh then made a special presentation to Mr. Bill Libby for his service in the military and his continued commitment to veterans' causes after his retirement. Mr. Libby was presented with a flag and a certificate for his service to our country and our state. Chairman Shapleigh also made a special presentation to Ms. Anna Mari Martinez Vedro. Ms. Vedro lost her brother, Evaristo Martinez III, in Vietnam. Ms. Vedro is a teacher and this loss has influenced her teaching. She teaches history and makes it a priority to promote patriotism, appreciation for the military and connects students with local veterans, especially Vietnam Veterans. Ms. Vedro was also presented with a flag and a certificate.

Chairman Shapleigh gave a brief overview of the Committee Charges and stated the importance of the military on our state's economy.

The Chairman then invited the following person to provide a briefing on the current and proposed economic development actions for Abilene and the Dyess Air Force Base to include major facility and infrastructure construction as identified by local military and/or community strategic economic development plans:

Ms. Celia Davis, Chair, Military Affairs Committee, Abilene Chamber of Commerce

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for this witness, the Chair invited the following witness to provide testimony on new mission and economic development initiatives being explored by the City of San Angelo and Goodfellow Air Force Base to partner in ways that both can benefit:

Mr. Johnny Fender, Member, Texas Strategic Military Planning Commission
The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair then invited the following witness to provide testimony on the current and proposed economic development actions for Wichita Falls and Sheppard Air Force Base to include major facility and infrastructure construction as identified by local military and/or community strategic economic development plans:

Mr. Tim Chase, President & CEO, Wichita Falls Board of Commerce and Industry

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on veterans benefit programs for which the Department of Veteran Affairs has primary responsibility and to address the overall adequacy of federal veteran benefit programs and process for review and customer feedback:

Mr. Carl Lowe III, Director, Department of Veteran Affairs, Waco Region

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on state veteran benefit programs for which the Texas Veterans Commission has primary oversight authority and assess their success in meeting veterans' needs:

Mr. James Nier, Executive Director, Texas Veterans Commission

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the status of implementation of HB 2125 relating to public school admission for military personnel and dependents:

Dr. Hugh Hayes, Deputy Commissioner, Texas Education Agency

The witness provided written and oral testimony and responded to questions by members of the Committee.

The Chairman called persons who registered as public witnesses to provide testimony. The following public witnesses provided oral testimony before the Committee:

Mr. James S. Duncan, Chairman, Texas Veterans Commission

The following witness was called to respond to questions raised during testimony by James S. Duncan.

Mr. James Nier, Executive Director, Texas Veterans Commission

The Chairman continued public testimony:

Jimmy D. DeFoor, Veterans Service Officer, Taylor County Veterans Service Office

Hubert E. Smith, Commander, Disabled American Veterans

There being no other witnesses registered or responding to the Chairman's call for public testimony, the Chairman closed public testimony.

Chairman Shapleigh then laid out the May 23, 2002 minutes. Senator Fraser moved for the adoption of the minutes. There being no objection, it was so ordered.

Chairman Shapleigh made closing remarks. There being no further business, at 1:34 p.m. Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
HEARING AGENDA
SENATOR ELIOT SHAPLEIGH, ACTING CHAIR
JUNE 27, 2002
10:00 A.M.
EL PASO, TEXAS

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| I. | Roll Call | Committee Clerk |
| II. | Presentation of the Colors | Military Honor Guard |
| III. | Pledge of Allegiance | Committee Director |
| IV. | Opening Remarks | Senator Eliot Shapleigh
Acting Chairman |
| | Welcoming Remarks | Councilman John Cook |
| | Special Recognitions | |
| | Approval of the Minutes | |
| V. | Review of Committee Charges | Senator Shapleigh |
| VI. | Interim Charges Covered by Testimony: | |
| | #1 Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC. | |
| | #4 Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs. | |
| | #5 Assess the impact of the current military mobilization on persons called to active duty and their families. The Committee should examine state and federal | |

statutes concerning active reservists and guardsmen and make recommendations, if necessary.

- #6 Monitor the current mobilization of Texas military forces and the role of National Guard Armories to determine if increased assistance from the state is necessary for an efficient and timely response.

VII. Presentation of Prepared Testimony

- A. Colonel Ben Hobson, Chief of Staff, U.S. Army Air Defense Artillery Center and Fort Bliss
1. Provide an overview of current and future missions to include the five-year major facility and infrastructure construction plans for Fort Bliss. (Charge #1)
 2. Address the current and projected impact of urban development (including noise encroachment) upon Fort Bliss military training programs that may alter desired time, space and realism of training. (Charge #1)
- B. Mr. Larry Furrow, Commanding General's Representative, White Sands Missile Range, New Mexico
- Discuss the significant mission issues. Address cooperative agreements /relationships with Fort Bliss and El Paso, Texas. (Charge #1)
- C. Ms. Joyce E. Feinberg, Executive Assistant, Mayor's Office, City of El Paso
- Discuss current and proposed economic development actions for El Paso and Fort Bliss to include major facility and infrastructure construction as identified by local military and/or community strategic economic development plans. (Charge #1)
- D. Mr. Bill Looke, Executive Director, Texas Aerospace Commission
1. Provide an assessment of Texas' three chief aerospace competitor states with regard to factors affecting military related economic development and military missions. (Charge #1)
 2. Identify specific actions taken by other states to gain competitive advantages and comment on state initiatives to strengthen Texas' position. (Charge #1)
- E. Mr. James Nier, Executive Director, Texas Veterans Commission
1. Provide a plan for a technology based process that includes and E-newsletter, electronic forms for on-line service/benefit applications, and an estimate of the costs associated with providing each County Veterans' Service Officer (VSO) a computer. What cost effective steps can you suggest to better inform veterans of benefits to which they may be entitled (e.g., earned income credit, disability application process)? (Charge #4)
 2. Describe the process by which County Veterans Service Officers are trained to standards, a synopsis performance of those standards, and the current

- percentage of VSOs who are trained via the standards prescribed by state law. (Charge #4)
3. Provide the current number of state veterans and the number of those who are drawing federal disability pay and retirement compensation. (Charge #4)
 4. Any recommendations for legislative changes, state or federal, the state should make for those veterans protected under the Uniformed Services Employment and Reemployment Rights Act, as well as, other benefit programs for which TVC has oversight. (Charge #4)
- F. Mr. T. P. O'Mahoney, Commissioner Representing Labor, Texas Workforce Commission
1. Address the effectiveness of job placement programs for veterans, to include veterans' preference programs as applied to state agencies and the process used by TWC to disseminate information to your customers. (Charge #4)
 2. Describe your agency's participation in the process used to track state agency adherence to the state statute relating to the matter of veteran's job placement preference. (Charge #4)
 3. Give recommendations for proposed legislation relative to the veterans' job placement process. (Charge #4)
- G. Mr. John L. Skidmore, Senior Vice Commander, Veterans of Foreign Wars, District 10
1. Identify the number and age distribution of veterans in your district. (Charge #4)
 2. Address the quality of service being experienced by veterans in your district as it relates to the dissemination of benefits information and the level and adequacy of assistance provided by County Veterans Service Officers. (Charge #4)
- H. Mr. Bob Soltis
- Discuss your experience in dealing with local veterans' issues, with particular regard to the quality of veterans' benefits and the adequacy of assistance provided by county veterans' service officers. (Charge #4)
- I. Mr. Ron Henson, Member, Texas Strategic Military Planning Commission
- Describe actions taken or proposed by TSMPC to more effectively address military issues in Texas. Include any recommendations for proposed legislation. (Charge #4)
- J. Major General Wayne Marty, Texas National Guard
1. Give an update on the impact of the current military mobilization on persons called to active duty and their families. (Charge #5)
 2. Comment on state and federal statutes concerning guardsmen and make recommendations, if necessary. (Charge #5)
 3. Provide an assessment on the use of funds from Proposition 8 to repair armories. (Charge #6)

- K. Mr. Wayne Dennis, Deputy Director, Texas Department of Transportation
Provide plans and forecasted construction/repair of the highway systems used
for mobilization of Texas Military forces. (Charge #6)

VIII. Presentation of Public Testimony	Speakers recognized by Committee Chair
IX. Closing Comments	Committee Members
X. Recess	Committee Chairman

MINUTES

THURSDAY, JUNE 27, 2002
10:00 A.M.
EL PASO, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Thursday, June 27, 2002, in El Paso, Texas

MEMBERS PRESENT:
Senator Eliot Shapleigh
Senator Leticia Van de Putte
Senator Craig Estes

MEMBERS ABSENT:
Senator Troy Fraser
Senator Carlos F. Truan

Chairman Shapleigh called the meeting to order at 10:00 a.m. The Committee Clerk called the roll, and there being a quorum present, the following business was transacted.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the Military Honor Guard. The Colors were presented and the Committee Director led the audience in the Pledge of Allegiance.

Chairman Shapleigh welcomed everyone to the Committee hearing, and recognized the Members of the Committee. Senators Van de Putte and Estes also made opening remarks. Chairman Shapleigh then recognized the special guests in the audience.

Chairman Shapleigh recognized Councilman John Cook, District 4 Councilperson, for welcoming remarks. Councilman Cook welcomed the Committee to El Paso.

Chairman Shapleigh then recognized Mayor Donald Carroll, Mayor of Alamogordo, New Mexico. Mayor Carroll welcomed the Committee and informed the Committee of the bi-state cooperation that exists between Texas and New Mexico, emphasizing the cooperation in the area of economic development.

Chairman Shapleigh recognized Salvador Payan, a representative for Congressman Silvestre Reyes. Mr. Payan welcomed the Committee to El Paso and then read a statement from Congressman Reyes concerning BRAC and veterans' issues.

Chairman Shapleigh then made a special presentation to Col. (Ret) Joseph C. Rodriguez, a Congressional Medal of Honor winner, for his service in the military and his bravery. Col. (Ret) Rodriguez was presented with a flag and a certificate for his service to our country and our state. Chairman Shapleigh also made a special presentation to Ms. Hope Simpson. Ms. Simpson lost her husband, Corporal Brian K. Simpson, during a SCUD attack on a military barracks in Dhahran, Saudi Arabia in 1991. Ms. Simpson was also presented with a flag and a certificate and was recognized for her sacrifice.

Chairman Shapleigh gave a brief overview of the Committee Charges and an overview of the military installations in Texas. He noted the importance of the military to the state's economic development and spoke about the upcoming Base Realignment and Closure actions (BRAC).

The Chairman then invited the following person to provide a briefing on the current and future missions to include the five-year major facility and infrastructure construction plans for Fort Bliss and to also address the current and projected impact of urban development (including noise encroachment) upon Fort Bliss military training programs that may alter desired time, space and realism of training:

Colonel Wallace (Ben) Hobson, Chief of Staff, U.S. Army Air Defense Artillery Center and Fort Bliss

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for this witness, the Chair invited the following witness to provide testimony on current and proposed economic development actions for El Paso and Fort Bliss to include major facility and infrastructure construction as identified by local military and/or community strategic economic development plans:

Ms. Joyce Feinberg, Executive Assistant to the Mayor, City of El Paso

The witness provided oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide a briefing on significant mission issues affecting White Sands Missile Range and address cooperative agreements/relationships with Fort Bliss and El Paso, Texas:

Mr. Larry D. Furrow, Chief of Public Affairs, White Sands Missile Range

The witness provided oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on Texas' three chief aerospace competitor states with regard to factors affecting military related economic development and military missions and to identify specific actions taken by other states to gain competitive advantages, as well as, comment on state initiatives to strengthen Texas' position:

Mr. Fred Johnson, Director of Planning and Development, Texas Aerospace Commission

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on cost effective steps to better inform veterans of benefits to which they may be entitled, including a technology based process:

Mr. James Nier, Executive Director, Texas Veterans Commission

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the effectiveness of job placement programs for veterans and the process used to track state agency adherence to the state statute relating to the matter of veterans' job placement preference:

Mr. Terry O'Mahoney, Commissioner Representing Labor, Texas Workforce Commission

The witness provided oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following panel of witnesses to provide testimony on the impact of the current military mobilization on persons called to active duty and their families, state and federal statutes concerning guardsmen, and an assessment on the use of funds from Proposition 8 to repair armories:

Major General Wayne Marty, Assistant Adjutant General, Texas National Guard

BG William Goodwin, Chief of Staff, Texas National Guard

Col. Garry D. Patterson, Director Facilities & Engineering, Texas Army National Guard

LTC Patrick Hamilton, Mobilization Readiness Officer, Adjutant General's Department

The witnesses provided oral testimony and responded to questions by members of the Committee.

Chairman Shapleigh then laid out the June 4, 2002 minutes. Senator Van de Putte moved the adoption of the minutes. There being no objection, it was so ordered.

Senator Estes left the hearing at 1:23 p.m.

The Chair then invited the following witness to provide testimony on the number and age of veterans in the El Paso area and to address the quality of service being experienced by veterans as it relates to the dissemination of benefits information and the level and adequacy of assistance provided by County Veterans Service Officers:

Mr. Manuel O. Navarrete, Sr. Vice Commander (Incoming), Veterans of Foreign Wars – District #10

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on actions taken or proposed by Texas Strategic Military Planning Commission to more effectively address military issues in Texas:

Mr. James P. Maloney, Member, Texas Strategic Military Planning Commission

The witness provided oral testimony and responded to questions by members of the Committee.

Senator Van de Putte left the hearing at 2:15 p.m.

There being no further questions for the witness, the Chair invited the following panel of witnesses to provide testimony on forecasted construction/repair of the highway systems used for mobilizations of Texas Military Forces:

Mr. Wayne Dennis, Deputy Director, Texas Department of Transportation

Mr. Manny Aguilera, Deputy District Engineer, Texas Department of Transportation

Mr. Phillip Nash, Project Director, Texas Tech University

The witnesses provided written and oral testimony and responded to questions by members of the Committee.

There being no witnesses registered or responding to the Chairman's call for public testimony, the Chairman closed public testimony.

Chairman Shapleigh made closing remarks. There being no further business, at 3:00 p.m. Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

TEXAS MILITARY APPRECIATION WEEK

**JOINT HEARING OF THE
TEXAS STRATEGIC MILITARY PLANNING COMMISSION
SENATE COMMITTEE ON VETERAN AFFAIRS & MILITARY INSTALLATIONS
HOUSE COMMITTEE ON STATE, FEDERAL & INTERNATIONAL RELATIONS**

**AUGUST 21, 2002
CAPITOL EXTENSION AUDITORIUM (E1.004)
AUSTIN, TEXAS LEGISLATIVE COUNCIL**

AGENDA

9:00 a.m.	Call to Order	
	Roll Call	Committee Clerks
	Presentation of the Colors	Military Color Guard
	Pledge of Allegiance National Anthem	Mr. Ralph Gauer
	Invocation	Lt. Col./Chaplin Stephen Vaughn
9:15 a.m.	Welcoming Remarks	Senator Eliot Shapleigh Representative Bob Hunter Chairman William Ehrie
9:30 a.m.	Presentation of Prepared Testimony	
	History of BRAC	Maj.Gen. (Ret) Josue "Joe" Robles
	The BRAC Process	Mr. Gary Bushell
	Current BRAC Status/Criteria	Mr. David Davis
	Overview of Texas Military Installations	AF – Mr. William Ehrie Army – Maj.Gen. (Ret)
James		P. Maloney
	State & Federal Issues	Navy – Mr. Richard Messbarger Mr. Ed Perez Office of State-Federal Relations

12:10 p.m. Lunch
1:30 p.m. BREAKOUT SESSIONS
Air Force – Fender, Alcala, Ehrie (E1.012)
Army – Maloney, Robles (E1.016)
Navy – Messbarger, Aliseda (E1.028)

2:30 p.m. 15 Minute Break

2:45 p.m. Reconvene in General Session
Best Practices / Economic Development
Brooks City/Base Mr. Tom Ramora
Abilene/Dyess AFB Ms. Celia Davis
Killeen/Fort Hood Mr. Fred Latham
Best Practices/Closure List
Kelly Development Authority Mr. Paul Roberson
Beeville NAS Judge Jose Aliseda, Jr.

4:00 p.m. Panel Discussion TBD

5:00 p.m. Recess

MINUTES

WEDNESDAY, AUGUST 21, 2002
9:00 A.M.
CAPITOL EXTENSION AUDITORIUM
AUSTIN, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Wednesday, August 21, 2002, in the Capitol Extension Auditorium at Austin, Texas.

MEMBERS PRESENT:
Senator Eliot Shapleigh
Senator Carlos F. Truan
Senator Troy Fraser
Senator Leticia Van de Putte
Senator Craig Estes

MEMBERS ABSENT:
None

The Chair called the meeting to order at 9:05 a.m. The Committee Clerks called the roll, and there being a quorum present, the following business was transacted.

Chairman Shapleigh welcomed everyone in attendance and noted that this was a joint hearing with the House Committee on State, Federal and International Relations and the Texas Strategic Military Planning Commission. Chairman Jerry Madden and Chairman William Ehrie also made opening remarks.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the National Guard Honor Guard. The Colors were presented, the National Anthem was sung, and the Senate Committee Director led the audience in the Pledge of Allegiance.

Chairman Shapleigh then explained the importance of having each of the committees participate in this special hearing focusing statewide attention on the Base Realignment and Closure (BRAC) process and gave an overview of the day's agenda.

The Chairman then invited the following person to provide a briefing on the history of the BRAC process:

Josue Robles Jr., Commissioner, Texas Strategic Military Planning Commission
The witness provided oral testimony.

Following Mr. Robles' presentation, Chairman Shapleigh invited the following witness to provide a briefing on the BRAC process:

Gary Bushell, Attorney & Government Consultant, South Texas Military
Facilities Task Force
The witness provided oral and written testimony.

Chairman Shapleigh then called the following witness to provide a briefing on the current BRAC status and criteria that are being proposed:

Mr. Dave Davis, Chief of Staff, Senator Kay Bailey Hutchison
The witness provided oral testimony.

There being no further questions for these witnesses, at 10:37 a.m. Chairman Shapleigh recessed the meeting for a break.

Chairman Shapleigh called the meeting back to order at 10:50 a.m. and Chaplin/LTC Stephen Vaughn gave the invocation.

Following the invocation, Chairman Shapleigh called the following witness to provide an overview of Texas Air Force Installations:

Mr. William Ehrie, Chairman, Texas Strategic Military Planning Commission
The witness provided oral testimony.

Chairman Shapleigh then invited the following witness to provide an overview of Texas Army Installations:

Mr. James Maloney, Member, Texas Strategic Military Planning Commission
The witness provided oral testimony.

Chairman Shapleigh called the following witness to provide an overview of Texas Navy Installations:

Mr. Richard Messbarger, Executive Director, Greater Kingsville Economic Development Corp.

The witness provided oral testimony.

After the overview of Texas Military Installations, Chairman Shapleigh invited the following witness to discuss State and Federal Issues concerning BRAC:

Mr. Ed Perez, Executive Director, Office of State-Federal Relations

The witness provided oral and written testimony.

At 12:00 p.m., Senator Shapleigh moved that the Committee stand recessed until 1:30 p.m.

At 1:32 p.m., the Committee reconvened.

Chairman Shapleigh then gave an explanation of the breakout sessions and at 1:35 p.m. the participants went to the breakout sessions.

Following the breakout sessions, the participants gathered back in the Capitol Extension Auditorium at 2:50 p.m., and the Committees continued with testimony.

Chairman Shapleigh invited the following witness to provide testimony on the economic development practices of Brooks City/Base:

Mr. Tom Rumora, Director, Brooks City/Base

The witness provided written and oral testimony.

Chairman Shapleigh then called the following witness to provide testimony on the economic development practices of the Abilene and Dyess AFB community:

Ms. Celia Davis, Chair, Military Affairs Committee, Abilene Chamber of Commerce

The witness provided oral testimony.

Chairman Shapleigh called the following witness to provide testimony on the economic development practices of Killeen and Fort Hood Community:

Mr. Fred Latham, President, Killeen Economic Development Corporation

The witness provided written and oral testimony.

Chairman Shapleigh then called the following witness to provide testimony on the effects of closing the Kelly AFB:

Mr. Paul Roberson, Former Executive Director, San Antonio Greater Kelly Development Authority

The witness provided oral testimony.

Chairman Shapleigh then called the following witness to provide testimony on the effects of closing Beeville NAS:

Mr. Jose L. Aliseda, Jr., Bee County Judge and Member, Texas Strategic Military Planning Commission

The witness provided oral testimony.

Chairman Shapleigh, Chairman Madden and Chairman Ehrie then led a panel discussion on how the state can best prepare for BRAC and how communities can assist their local bases.

The Chairman then made closing remarks, as did members of the Senate and House Committees.

There being no further business, at 4:38 p.m., Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

SENATE COMMITTEE ON
VETERAN AFFAIRS & MILITARY INSTALLATIONS
HEARING AGENDA
SENATOR ELIOT SHAPLEIGH, ACTING CHAIR
OCTOBER 3, 2002
10:00 A.M.
CORPUS CHRISTI, TEXAS

- | | | |
|------|--|--|
| I. | Roll Call | Committee Clerk |
| II. | Presentation of the Colors | Military Honor Guard |
| III. | Pledge of Allegiance | Committee Director |
| IV. | Opening Remarks | Senator Eliot Shapleigh
Acting Chairman |
| | Welcoming Remarks | Councilman John Cook |
| | Special Recognitions | |
| | Approval of the Minutes | |
| V. | Review of Committee Charges | Senator Shapleigh |
| VI. | Interim Charges Covered by Testimony: | |
| | #1 Monitor developments at the federal level regarding the Federal Base Realignment and Base Closure (BRAC) process, and the implementation of SB 1815, 77th Legislature, relating to loan assistance for communities affected by BRAC. | |
| | #4 Monitor the implementation of the following legislation from the 77th Session: HB 310 relating to veterans cemeteries; HB 2125 relating to public school admission for military personnel and dependents; and SB 1159 relating to providing state veteran services. The Committee shall also evaluate the cost-effectiveness of programs and benefits provided to veterans and their families by state agencies. The Committee should consider veterans programs administered by the U.S. Department of Veterans Affairs. | |
| | #5 Assess the impact of the current military mobilization on persons called to active duty and their families. The Committee should examine state and federal | |

statutes concerning active reservists and guardsmen and make recommendations, if necessary.

- #6 Monitor the current mobilization of Texas military forces and the role of National Guard Armories to determine if increased assistance from the state is necessary for an efficient and timely response.

VII. Presentation of Prepared Testimony

- A. The Honorable Loyd Neal, Mayor of Corpus Christi; Chairman, South Texas Military Facilities Task Force; Member, Texas Strategic Military Planning Commission
Provide an overview of installations in the Corpus Christi Bay Area Military Complex. (Charge #1)
- B. The Honorable Judy Hawley, State Representative, Texas House of Representatives, Executive Director, San Patricio County Economic Development Corporation
Provide an overview of issues relating to the Mine Warfare Center of Excellence and Naval Station Ingleside. (Charge #1)
- C. Col. Phil Crews USMC (Ret), South Texas Military Facilities Task Force
Provide an overview of issues related to Naval Aviation Training and Naval Air Station – Corpus Christi. (Charge #1)
- D. Mr. Richard Messbarger, Executive Director, Greater Kingsville Economic Development Council
Provide an overview of issues related to Naval Air Station – Kingsville. (Charge #1)
- E. The Honorable Jerome P. Owens, Jr., County Judge, Tyler County
Mr. Gary Bushell, Attorney and Government Consultant
Provide briefing regarding proposed Texas highway routes and construction plans designed to enhance intrastate movement of military cargo and personnel to mobilization and deployment sites. (Charge #1)
- F. Ms. Sarah Crippen, Program Director for Curriculum & Professional Development, Texas Education Agency
Provide current status of implementation of HB 2125, relating to public school admission for military personnel and dependents. (Charge #4)
- G. Major General Wayne D. Marty, Adjutant General of Texas
1. Give an update on the impact of the current military mobilization on persons called to active duty and their families. (Charge #5)
 2. Comment on state and federal statutes concerning guardsmen and make recommendations, if necessary. (Charge #5)

VIII. Presentation of Public Testimony	Speakers recognized by Committee Chair
IX. Closing Comments	Committee Members
Y. Recess	Committee Chairman

MINUTES

THURSDAY, OCTOBER 3, 2002
10:00 A.M.
CORPUS CHRISTI, TEXAS

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Veteran Affairs & Military Installations Committee was held on Thursday, October 3, 2002, in the Warren Theater, Texas A&M, Corpus Christi, Texas.

MEMBERS PRESENT:
Senator Eliot Shapleigh

MEMBERS ABSENT:
Senator Troy Fraser
Senator Carlos F. Truan
Senator Leticia Van de Putte
Senator Craig Estes

Chairman Shapleigh called the meeting to order at 10:12 a.m. The following business was transacted.

Chairman Shapleigh welcomed everyone to the Committee hearing, and recognized two Representatives from the Texas House that were participating in the hearing, Representative Judy Hawley and Representative Gene Seaman. Representatives Hawley and Seaman gave opening remarks. Chairman Shapleigh then recognized the special guests in the audience.

Chairman Shapleigh requested everyone stand for the Presentation of the Colors by the Texas A&M ROTC Program. The Colors were presented and posted. Chairman Shapleigh led the audience in the Pledge of Allegiance.

Chairman Shapleigh then made a special presentation to Mr. Gary Swenchonis. Mr. Swenchonis lost his son, US Navy Fireman Gary Swenchonis, Jr., during the October 12, 2000 terrorist attack on the USS Cole. Mr. Swenchonis was presented with a flag and a certificate and was recognized for his sacrifice. Chairman Shapleigh also made a special presentation to Mr. and Mrs. Rogelio Santiago. Mr. and Mrs. Santiago lost their son, Petty Officer 3rd Class Ronchester "Ron" Santiago, during the October 12, 2000 terrorist attack on the USS Cole. Mr. and Mrs. Santiago were presented with a flag and a certificate and were recognized for their sacrifice.

Chairman Shapleigh gave a brief overview of the Committee's Charges and an overview of the military installations in Texas. He noted the importance of the military to the state's economic development and spoke about the upcoming Base Realignment and Closure actions (BRAC).

The Chairman then invited the following person to provide an overview of installations in the Corpus Christi Bay Area Military Complex:

Loyd Neal, Chairman, South Texas Military Facilities Task Force

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for this witness, the Chair invited the following witness to provide testimony on issues relating to the Mine Warfare Center of Excellence and Naval Station Ingleside:

The Honorable Judy Hawley, State Representative, Texas House of Representatives and Executive Director, San Patricio County Economic Development Corporation

The witness provided oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on issues related to Naval Air Station – Kingsville:

Mr. Richard Messbarger, Member, NAS Kingsville Task Force

The witness provided oral and written testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the proposed Texas highway routes and construction plans designed to enhance intrastate movement of military cargo and personnel to mobilization and deployment sites:

Mr. Gary Bushell, Attorney & Consultant, Gulf Coast Strategic Highway Coalition

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the status of implementation of HB 2125, relating to public school admission for military personnel and dependents:

Ms. Sarah Crippen, Assistant Director of English Language Arts, Texas Education Agency

The witness provided written and oral testimony and responded to questions by members of the Committee.

There being no further questions for the witness, the Chair invited the following witness to provide testimony on the impact of the current military mobilization on persons called to active duty and their families and to provide comments on state and federal statutes concerning guardsmen and make recommendations, if necessary:

John Stanford, State Liaison, Adjutant General's Department

The witness provided oral and written testimony and responded to questions by members of the Committee.

There being no further questions for the witness and no additional invited testimony, the Chair opened public testimony. The following witness provided public testimony on a proposal for a State Veterans' Home by the City of Taft:

Florencio P. Saucedo, City Manager, City of Taft

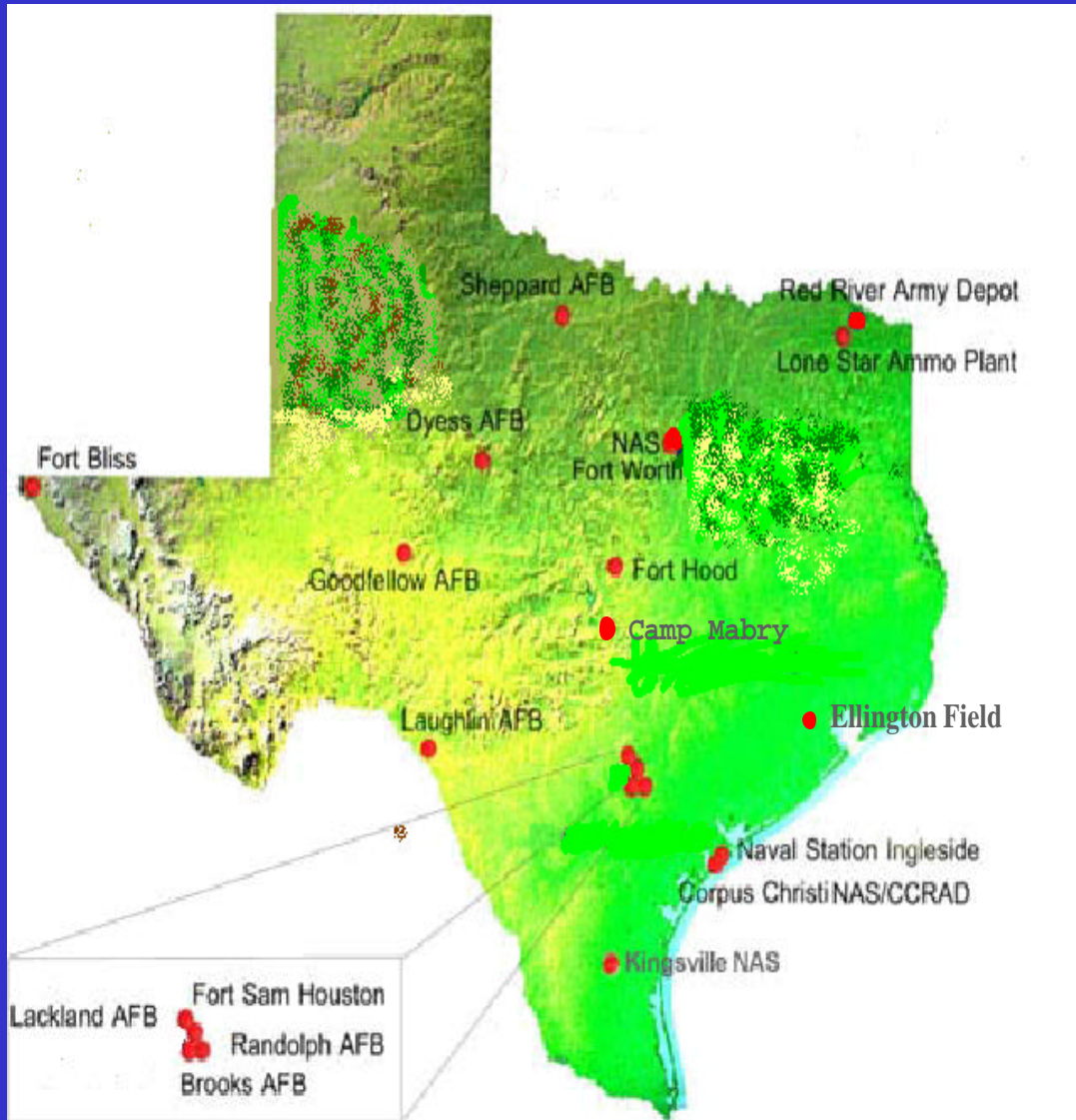
The witness provided oral and written testimony and responded to questions by members of the Committee.

There being no further questions for the witness and no witnesses registered or responding to the Chairman's call for public testimony, the Chairman closed public testimony. Chairman Shapleigh made closing remarks. There being no further business, at 1:29 p.m. Chairman Shapleigh moved that the Committee stand recessed subject to the call of the Chair. Without objection, it was so ordered.

Senator Eliot Shapleigh, Acting Chair

Kari McAdams, Clerk

Texas Major Military Installations



As of May, 2002

DONALD RUMSFELD MEMO



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

SEP 17 2002

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DEPARTMENT OF DEFENSE
FIELD ACTIVITIES

SUBJECT: Legislative Priorities for Fiscal Year 2004

Every week it seems, a senior official in this Department tells me we are constrained in our ability to do something by an obsolete legal provision. Similarly, I often hear of initiatives we would like to take, but for which we need additional statutory authority.

As you develop proposals for the Fiscal Year 2004 DoD Legislative Program, you should adopt the perspective that now is the time to change the way we operate. If you need specific legal authority to accomplish an important goal, or if you need relief from an unnecessary legal restriction, please ask for it.

When developing your proposals, you should focus on the priorities concerning the next six to twelve months we have developed in recent discussions. To assist you, I am enclosing the most current version of the top ten priorities, which reflect those discussions. The General Counsel provides additional guidance in his August 22, 2002 "Call for Proposals."

The war on terrorism does not supplant the need to transform DoD; instead, we must accelerate our organizational, operational, business, and process reforms.

Attachment:
As stated

U14977-02



DRAFT

September 17, 2002

Proposed Top Ten Priorities for Next 6-12 Months

1. Successfully Pursue the Global War on Terrorism
2. Strengthen Joint Warfighting Capabilities
 - Joint CONOPS to integrate air, land, sea, and ISR assets
 - Translate Joint CONOPS into acquisition strategy
 - Bring Jointness to the lowest level
 - Strengthen joint exercises and joint training
3. Transform the Joint Force
 - Lighter, more agile, easily deployable military units
 - Military culture that rewards innovation and risk-taking
4. Optimize Intelligence Capabilities
5. Improve Force Manning
 - Develop 21st century human resource approach
 - Longer tours, revised career paths, improved language capabilities, etc.
6. New Concepts of Global Engagement
 - Revised Security Assurance and Cooperation and Overseas Presence/Basing
 - Fashion new relationships worldwide, update alliances, build coalition of unequal partners, refocus security cooperation and fashion a more relevant footprint
7. Counter the Proliferation of WMD
8. Homeland Security
 - Define clearly and organize the Department's role in Homeland Security
9. Streamline DoD Processes
 - Shorten PPBS and acquisition cycle time
 - Financial Management Reform
 - Shorten all DoD processes by 50%
10. Improve Interagency Process, Focus and Integration
 - Rationalize NSC and Homeland Security Council
 - Reduce time to respond and create a surge capability

DRAFT

MISSIONS—TEXAS MILITARY INSTALLATIONS^{176 177 178 179}

ARMY

Fort Bliss (FB)

The Fort Bliss cantonment area lies in west Texas within the city limits of El Paso. The remainder of its contiguous acreage extends into the states of Texas and New Mexico, extending forty-five miles north to the White Sands Missile Range and seventy-five miles northeast to the Lincoln National Forest. The post occupies 1.1 million acres and employs 20,000 people (including 12,047 military; 4,879 civilian; and the remaining employees are federal agency employees). The post has an economic impact of over \$1.3 billion a year on the El Paso economy and has called El Paso home for more than a century.

Mission:

- Provide nation's only Air and Missile Defense Center of Excellence, supporting Air & Missile defense branch vision--focused on training soldiers and growing leaders for the 21st century
- Serve as power projection platform for mobilizing soldiers and units of the Army Reserve and National Guard
- Serve as host for the Army's elite Air Defense Artillery proponent
- Provide high-technology test and evaluation capability for joint and combined warfare exercises
- Provide installation support services to other tenant missions

Command:

- USA Air Defense Command
- Training and Doctrine Command
- Forces Command
- Health Services Command
- Intelligence Support Command
- Personnel Command

Fort Hood (FH)

Fort Hood lies in the "Hill & Lake" country of Central Texas. The base occupies approximately 215,000 acres and has a total base population of 42,057 military personnel with a payroll of \$1.5 billion. Fort Hood ranks as the Army's premier maneuver installation.

Mission:

- Train and mobilize its assigned units and to serve as a mobilization site for Army Reserve and National Guard units

- Provide support services to its tenant organizations

Command:

- Operational Test Command (OTC)

Tenants:

- III Corps Headquarters units and tenant organizations
 - 1st Cavalry Division and its three maneuver brigades
 - 4th Infantry Division and two of its maneuver brigades
-

Fort Sam Houston (FSH)

Fort Sam Houston occupies some 3,150 acres located in south central Texas on the near-northeast side of San Antonio. In 1905, FSH was the largest Army post in the United States. Today, FSH houses over 10,000 military personnel and 8,000 civilian employees and has an estimated economic impact of \$695 million.

Mission:

- Serve as a medical service training base for all DOD Services and serve for the Air Force Training Center at Lackland Air Force Base, particularly the US Air Force Base Ground Defense Course. The Texas National Guard and Reserve Component units of all services train regularly at both FSH and Camp Bullis, a National Guard Training site located some 50 miles northwest of San Antonio.

Command:

- Army Medical Command, FSH serves as the single manager headquarters of the Army's worldwide medical, dental and veterinary services at an operative and administrative level as well as clinical research in the United States, Europe and Asia.

Tenant:

- Fifth US Army Headquarters, which oversees Army Reserve and National Guard mobilization readiness in an area spanning 21 states west of the Mississippi
 - Brooks Army Medical Center
 - Army III Corps Medical units (6)
-

Lone Star Ammunition Plant (LSAP)

The LSAP occupies a 15,546 acre industrial complex located in northeast Texas, 12 miles west of the Texas and Arkansas state line. Designated on July 1, 1963, the plant has over 350 civilian personnel with an annual payroll of \$15.5 million. The installation shares selected common services with the RRAD and is considered and analyzed as an ammunition production installation.

Mission:

- Serve as the Group Technology Center for production of Improved Conventional Munitions, Family of Scatterable Mines (FASCAM), the M67 hand grenade, detonators, and artillery primers
- Produce DOD related munitions for various systems contractors, foreign military sales, and other customers
- Lease unused facilities and land to commercial interests to reduce maintenance and overhead costs under the Army Retooling Manufacturing and Support Initiative (ARMS)
- Provide a wide range of support services to the RRAD

Command:

- Industrial Operations Command
-

Red River Army Depot (RRAD)

The depot lies on a 19,000 acre industrial complex located eighteen miles west of the Texas-Arkansas state line in northeast Texas. The installation provides depot maintenance and employs over 1,300 civilians and military personnel with annual payroll of \$80 million. Red River ranks as one of the Army's primary depots for repair and maintenance of certain types of combat equipment vehicles.

Mission:

- Maintain depots (rebuild and refurbishment) of the Bradley Fighting Vehicle (BFV) and the Multiple Launch Rocket System (MLRS)
- Provide electronics repair capability to support the MLRS, BFV, and a variety of missile support and aircraft armament subsystems
- Rebuild road wheels and track shoes for Army combat vehicles in a unique role to the Army
- Maintain support for Tactical Wheeled Vehicles
- Support tenant missions with logistics, financial and maintenance services

Command:

US Army Materiel Command

Tenant:

- Defense Logistics Agency Distribution Center employing approximately 1,000 personnel and warehouses \$6 billion of material for worldwide distribution to Regional Defense Finance and Accounting Services (DFAS) Finance Center.
 - US Army Materiel Command's School of Engineering and Logistics and Red River Munitions which trains the Army's supply, maintenance, safety, and engineering interns
-

NAVY

Corpus Christi Naval Air Station (CCNAS)

Located on more than 2,500 acres at the southern end of Ocean Drive, the CCNAS's location in the Corpus Christi metropolitan area, at the end of a peninsula, defines the southern entrance to the Corpus Christi Bay. The total annual payroll for CCNAS totals approximately \$340 million. Employment totals exceed 8,000 with over 5,300 civilians and 3,500 military.

Corpus Christi Army Depot ranks as the largest industrial employer in South Texas. The installation currently employs more than 3,000 civilian workers and 14 military personnel. In FY 1997, CCAD generated an annual payroll of \$162 million and spent an additional \$27 million for supplies, utilities and construction projects.

A premier flight training facility for the Navy, CCNAS remains the area's number one military installation. It is also home for several major tenants.

Mission: Most of its various missions rely on its one 8,000 foot and three 5,000 foot runways. The current mission of CCNAS is to serve its tenants and to provide facilities services and programs and support programs that:

- Provide Navy Primary Pilot Training (two squadrons) and Joint Advanced Maritime Pilot Training (one squadron) for both the Navy and the Air Force
- Serve as Headquarters for Chief of Naval Air Training Command that is responsible for the training and readiness of all Navy aviation training
- Provide the world's largest helicopter overhaul and repair facility through Corpus Christi Army Depot (CCAD)
- Serve as Headquarters for Commander Mine Warfare Command that is responsible for training tactics, and readiness of all mine warfare forces
- Provide search and rescue support to the central and western Gulf of Mexico through the US Coast Guard Air Station
- Coordinate the interdiction of airborne drug carriers into the US Reserve Center & US Customs Drug Surveillance Support Center

Command:

- Naval Air Training Command, Headquarters
- Mine Warfare Command, Headquarters

Tenant:

- Corpus Christi Army Depot
- Customs Surveillance Support
- Commander of Mine Warfare Command
- US Coast Guard-Search Rescue
- Naval Hospital
- Marine Aviation Training Support Group
- Marine Corps Reserve Training Center

- Federal Complex host for nearly fifty tenants
-

Fort Worth Naval Joint Reserve Base (FWNASJRB)

Fort Worth NAS Joint Reserve Base (JRB) incorporates the former Carswell Air Force Base located in Fort Worth. It was established on October 1, 1994, as the first joint-service reserve base. The 1,805 acre base resulted from the DoD's 1993 BRAC recommendation to relocate Dallas NAS and its tenant commands to the former Carswell Air Force Base.

Mission:

- Provide a high quality training environment for Active, Reserve and Guard components of all branches of the Armed Services, carrying out the Goldwater-Nichols Defense Reorganization Act of 1986 to improve the operability among all four military services.
- Support joint-service reserve training and operations for some Air National Guard, Air Force Reserve, Navy and Marine organizations.

Command:

- Joint Service Training Command

Tenants:

Twenty one tenant organizations including:

- Fighter Attack Squadron 201
 - 14th Regimental Marines
 - 301st Fighter Wing (AF Reserve)
 - 136th Airlift Wing (Air National Guard)
 - Marine Attack Squadron, 112 Fighter
 - Marine Airlift Group
 - Commander Naval Reserve Center
 - Navy-Marine Corps Reserve Center
-

Ingleside Naval Air Station (Ingleside NAS)

Ingleside NAS is located on the northern shore of the Corpus Christi Bay about 18 miles from Corpus Christi. It is adjacent to the Corpus Christi ship channel that links the deep water port of Corpus Christi to the Gulf of Mexico. Ingleside NAS is a new base, built in the late 1980's as part of the Department of the Navy's Strategic Homeporting Plan. Naval Station Ingleside, the Navy's Mine Warfare Center of Excellence, officially opened on July 6, 1992. The installation was originally designed to serve as a homeport for the battleship USS Wisconsin and the training aircraft carrier USS Lexington. When the Navy announced the decommissioning of both ships, the base's mission was changed to serve as a base for mine warfare vessels. Currently, fifteen ships and more than 3,500 personnel are assigned to the base with an annual payroll of \$72 million.

Mission:

- Serve as the Navy's Mine Warfare Center of Excellence (The Ten Avenger Class Mine Countermeasure Ships; ten Osprey Class Coastal Minehunters; the Mine Warfare Training Center; a Magnetic Silencing Facility; and HM-15, a squadron of MH-53 helicopters at Corpus Christi NAS support the mission). In addition to the operating and training facilities, the private sector has established ship repair capability to perform all ship life-cycle maintenance for the Mine Counter Measures (MCM) and Mine Hunter (MHC) ships. The Navy has also established a Ships Intermediate Maintenance Activity on base to meet routine maintenance requirements.

Command:

- Mine Warfare Command (Warfare Center of Excellence) (collocated at Corpus Christi NAS) & USS Inchon (MCS-12), the Mine Warfare Command and Control ship
-

Kingsville Naval Air Station (Kingsville NAS)

Kingsville NAS is located 30 miles southwest of Corpus Christi just east of Kingsville, TX. Total installation personnel include approximately 300 officers, 200 enlisted, 350 civilian personnel, and 625 contract maintenance personnel, representing 16% of the jobs in Kleberg County. With an estimated payroll of \$64 million, Kingsville NAS is one of the largest employers in the South Texas coastal area. It is home to Air Training Wing II. The two flight training squadrons, VT-21 and VT-22, are currently assigned the new T-45 Advanced Strike Training System, the Goodhawk aircraft.

Mission:

- Train tactical jet pilots for the Navy and the Marine Corps. Kingsville NAS is one of the US Navy's premier locations for jet aviation training and satisfies about seventy five percent of the Advanced Jet Training for the Navy and Marine Corps while the aircraft are procured and delivered to a sister base.

Command:

- Jet Aviation Training Command

Tenants:

- Mobile Mine Assembly Group
 - US Border Detail
 - VT-21 and VT-22 Advanced Jet Training Squadrons
-

AIR FORCE

Brooks City Base (Previously, Brooks Air Force Base)

Brooks City Base is a 1,310 acre research and development facility located in the southeastern section of San Antonio, off IH-37 and Southeast Military Drive. Founded in 1917, it became the first balloon and airship school in the American military. A flying school was established there in 1922 and closed, along with Brooks' runways, in 1960, when the base entered the age of aerospace medicine. Brooks employs over 1,700 military personnel and 1,400 civilians, with an estimated annual economic impact of \$247 million.

Brooks recently entered into a leading "military--community partnership" in order to reduce significantly infrastructure costs, maintain or improve support for Department of Defense missions in addition to personnel and encourage economic development. This partnership combines city ownership of base property and infrastructure with military management of the facility. It represents a nationally recognized model for creative community and military partnerships for installation economic development. Brooks is the headquarters of the Human Systems Center, and the Armstrong Laboratory, and has the free world's finest aerospace medical research center. Also headquartered at Brooks is the Air Force Center for Environmental Excellence.

Mission:

- Provide human resources aerospace research and medical support services for the Department of Defense and other agencies as designated
- Serve as component of the Air Force Material Command

Command:

- Serve as Host command for the 311th Human Systems Wing (HSW), the Air Force's agent for human-centered research, development, acquisition, education, and operational support at both the individual and Total Force levels. The 311th HSW is made up of the 311th Air Base Group, the Human Systems Program Office the US Air Force School of Aerospace Medicine, and the Air Force Institute for Environment, Safety and Occupational Health Risk Analysis.

Tenants:

- Air Force Medical Support Agency
- Human Effectiveness Directorate
- Air Force Outreach Program
- Air Force Center for Environmental Excellence
- 68th Intelligence Squadron

Dyess Air Force Base

Dyess AFB is located immediately adjacent to Abilene, Tx. Base personnel, including active military and dependents, retirees, and civilians total some 14,467. Total annual

payroll for Dyess is \$169 million creating an economic impact for the community of over \$307 million. Dyess AFB has established a unique partnerships with its local community as evidenced by innovative economic developments, such as a joint community and base water treatment and reuse plant plus privatized off base housing. These and other economic initiatives represent benchmark models for other communities to follow.

Mission:

- Deliver rapid and sustainable air power to combat commanders anytime anywhere, as needed via the assigned 30 B-1B bomber and 29 C-130H cargo aircraft. The base is home to the first operational B-1B combat mission, which played a key role in deterring Iraqi military leaders during Desert Storm. Dyess also provides all initial B-1 Combat Crew Training for the Air Force.

Command: Command direction is provided to the 7th Bomb Wing by the Air Combat Command.

Tenant:

- 317th Airlift Group
-

Goodfellow Air Force Base

Goodfellow AFB comprises 1,132 acres located immediately adjacent and east of San Angelo. With a total permanent personnel population, including active duty, military dependent and civilian totaling over 2,500, the base has an annual payroll of over \$204 million. The annual economic impact for the area is over \$225 million.

Mission:

- Develop and deliver training in the cryptologic and general intelligence career fields for Air Force, Army Navy, and Marine Corps personnel plus students for many Allied countries and national agencies. In addition, the base provides fire protection training for multi-service personnel and special instruments training in support of the US Atomic Energy Detection System.

Command: Air Education & Training Command (AETC) provides command direction for Goodfellow's 17th Training Wing.

Tenant:

- 344th Military Intelligence Battalion
 - 111th Military Intelligence Brigade
 - Naval Technical Training Center Detachment
 - Marine Corps detachment
 - Department of Transportation tire-testing facility
-

Lackland Air Force Base

Lackland AFB is located in the southwest quadrant of San Antonio adjacent to old Kelly AFB. Known as the "Gateway to the Air Force", the base has a full time employee population of over 17,000 civilians and trains some 34,000 Air Force recruits per year. Lackland's local economic impact is some \$497 million annually. With the closure of Kelly AFB in 2001, Lackland received the transfer of 11,000 personnel and numerous facilities and functions previously belonging to Kelly AFB including a joint use runway.

Mission:

- Provide basic Recruit training as well as more advanced technical training in transportation, vehicle maintenance, recruiting, security police, and combat arms training and maintenance for all Air Force and Air Reserve Force military members. Joint service training for Air Force, Army, Navy and Marine personnel is provided in courses such as security communications equipment maintenance, military working dog handling and security and law enforcement. Combining many of the Lackland and Kelly AFB missions has dramatically altered the nature and scope of the bases' current missions making them even more diverse.
- Provide a variety of technical training for all of the military services and allied nations.
- Provide healthcare and medical readiness at the largest hospital in the Air Force.
- Provide a large USAF Reserve unit flying the C-5 Galaxy and a Texas National Guard Unit flying the F-16 Falcon. These will provide the bulk of the base's flying activity after FY '01.

Tenants:

- 433 Airlift Wing (Air Force Reserve)
- 149 Fighter Wing (Air National Guard)
- Air Intelligence Agency
- Cryptographic
- Air Force Security Forces Center
- 820th Security Forces Group

Laughlin AFB

Laughlin AFB is the largest employer in Del Rio, Texas, employing some 4,629 personnel. The base has an annual payroll for military and civilian personnel totaling over \$117 million with an estimated economic impact for the surrounding area of \$174 million. Comprised of some 5,343 acres, the installation has extensive room for expansion with only 2,657 acres under development.

It is the home of the 47th Flying Training Wing Command which trains Air Force pilots in the T-37 "Tweet," the T-1A "Jayhawk," the T-38 "Talon" aircraft, and just received in the summer of 2001, the new T-6A Texan II trainer aircraft--the eventual replacement for the T-37. Its accelerated pilot training mission has made the sky over Del Rio one of the busiest air traffic areas in the world. In fact, it has the largest number of assigned aircraft

of any Air Force Base in the world resulting in local area claims of having the “fifth largest air force in the world.”

Mission:

- Provide specialized undergraduate pilot training for Air Force and other military pilots of allied nations

Command:

- Air Education and Training Command

Tenant:

- 96th Flying Training Squadron (Air Force Reserves)
-

Randolph AFB

Randolph AFB occupies 5,044 acres of the far northeastern section of San Antonio adjacent to Universal City. With a full time employee population of 5,293 military and 3,640 civilians, it is a significant area employer. Included on the base are the following: the US Air Force Military Personnel Center, the Recruiting Service Headquarters, the Air Force Occupational Measurement Squadron and Air Force and Air Force Management and Engineering Agency.

Mission: Randolph AFB provides instructor pilot training, joint undergraduate navigator training for all the services through the 12th Fighter Training Wing. Randolph AFB is the most active flight training installation in the Air Force. It also;

- Serve as the home for the Air Education and Training Command (AETC) Headquarters, the parent command for all training in the Air Force, having responsibility for 13 major training installations and a large number of smaller activities. The AETC includes the Introduction to Fighter Fundamentals training and is home to the only Air Force Electronic Warfare Officer Training School. The Air Force Advanced Instrument School at Randolph is the Department of Defense’s only graduate level courses in instrument flying.
- Serve as the Headquarters for the Air Force Personnel Center (AFPC)
- Serve as the site of the Headquarters for the 19th Air Force (19 AF), which provides command and control services for the AETC flying training bases in Texas as well as responsibility for training and management policy at 16 other bases nationwide.

Command:

- Air Education and Training Command (AETC)

Tenants:

- 19th Air Force Headquarters
- 12th Flying Training Wing

Sheppard AFB

Sheppard AFB is located immediately north of Wichita Falls. The installation is easily the largest employer in the area with 3,618 permanent military personnel, 1,053 civilians and an average student load of 6,152 student trainees. Total payroll for active military, retirees, and reserves totaled over \$368 million in 1998 and provided an economic impact for the community of \$609 million annually. It is the largest technical training wing in the US Air Force. The base is presently working with community officials to jointly establish an off base privatized housing project.

Sheppard AFB comprises some 6,158 acres which encompasses four runways of varying length from 6,000 to 13,000 feet. The airfield has ramp space which supports approximately 217 T-37 and T-38 trainer aircraft.

The 82nd Training Wing, host wing for the base, conducts operational and medical training for the US Armed Forces and several allied nations. The 80th Flying Training Wing, which conducts the Euro-NATO Joint Jet Pilot Training Program for another 13 member nations. There are numerous tenant organizations in both direct and indirect support of the base missions.

Mission: Provide diversified training in the following areas:

- Aerospace ground equipment
- Aerospace propulsion
- Aircraft maintenance
- Armament
- Euro-NATO Joint Jet Pilot Training (ENJJPT)
- Fuels
- Medical service
- Nuclear weapons
- Pilot Instructor Training

Command: Air Education & Training Command (AETC).

Tenant:

- 80th Flying Training Wing
-

NATIONAL GUARD & RESERVE

Camp Mabry:

Camp Mabry, Headquarters for the Texas Army and Air National Guard, is located in west central Austin. Opened in 1892 as a home for the Texas volunteer militia, the 375-acre post is the third oldest active military installation in the state. The post employs over

400 full-time state and federal personnel who support 20,000 citizen soldiers and airmen assigned to Air Guard and Army Guard facilities in 74 communities around the state. Fiscal year 2002 expenditures were approximately \$400 million in federal funds with an additional \$13 million in appropriated state general revenue. In Fiscal Year 2002, the Texas Army and Air National Guard, and the Adjutant General's Department produced a statewide economic impact of more than \$870 million.

Mission:

- Provide ready and responsive military resources for national security and service to the state of Texas.

Tenants:

- Army Guard's 49th Armored Division Headquarters
- 71st Troop Command
- 136th Training Regiment
- Headquarters, Texas Air National Guard

Ellington Field:

Ellington Field is located in southeast urban Houston. The installation consists of 213 acres and facilities of Air Guard, Army Guard, Coast Guard, Military Traffic Management Command, National Aeronautics and Space Administration (NASA), Civil Air Patrol, Military Sealift Command, Naval Reserve Recruiting and Texas Starbase organizations. The total military population (including National Guard and reserve personnel) includes 1,610 personnel. The base has a total full time civilian population of 565 personnel and provides overall economic impact to the local community of approximately \$275 million annually. The Air National Guard's 147th Fighter Wing is the designated host of the installation.

Ellington Field provides an important military presence in the Houston area. Its airfield provides a facility used often by heads of state traveling into and out of the south Texas area. Closed as an Air Force Base in the late 1970s during a deactivation, much of the base facility was transferred to the City of Houston. Occupants of the remaining Ellington Field now pay a "use fee" to the city to use the airfield and tower operations.

Mission:

- Provide southern hemisphere coastal reconnaissance and air defense byway of the 147th Fighter Wing and F-16A fighter aircraft. The wing also conducts general purpose air to ground fighter operations with its F-16A fighter aircraft as a wartime deployment asset.
- Provide flying facilities for the Army Guard's 18 AH 64 Apache helicopters, NASA aircraft as well as all other military and civilian occupants of the installation.

1995 BRAC CRITERIA

MILITARY VALUE

The current and future mission requirements and the impact on operational readiness of the Department of Defense's total force.

The availability and condition of land, facilities, and associated airspace at both the existing and potential receiving locations.

The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.

The cost and manpower implications.

Return on Investment

The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for savings to exceed the costs.

Impacts

The economic impact on communities.

The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel.

The environmental impact.

NEWS CLIPS

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The Sun Herald (Biloxi, MS)

July 6, 2002 Saturday TSH EDITION

SECTION: LOCAL-FRONT; Military Update; Pg. A9

LENGTH: 810 words

HEADLINE: TAYLOR: SAVINGS REPORT FROM BASE CLOSINGS IS SHAM

BODY:

Four rounds of military base closings since 1988 have saved \$17 billion, and those savings grow by \$6.6 billion a year, according to Defense Department estimates. Are the savings real?

The General Accounting Office, auditing arm of Congress, says they are. But Rep. Gene Taylor, D-Miss., calls GAO's assessment a "sham" and suggests the numbers are phony enough to make WorldCom bosses blush.

At the heart of the matter, of course, is politics. Taylor is worried that a new round of base closings, set for 2005, could hit his district. But his arguments have broader appeal. More than a few lawmakers are skeptical of base dollars saved, nervous over future military needs, and uncertain of a Bush administration call to cut the number of bases by another 25 percent.

A GAO report in April said base realignment and closing (BRAC) rounds from 1988 through 1995 "significantly reduced" the Defense Department's "domestic infrastructure and freed up needed dollars for high-priority programs." Communities where bases closed are recovering well, with unemployment and income growth favorable, compared with U.S. averages.

Taylor's argument

Still, Taylor promises to stop the next round of closings if he and fellow Democrats regain a majority in the House after the November elections.

He cites two reasons why BRAC rounds haven't produced the savings claimed by GAO and Defense officials. First, abandoned bases are not being sold, as was promised.

"In almost every instance, the bases have been given away, including some extremely high-priced real estate like the Presidio in San Francisco" and Governor's Island off the

tip of Manhattan, said Taylor. His own district is home to Keesler Air Force Base in Biloxi, Naval Station Pascagoula and Naval Construction Battalion Center in Gulfport.

Second, Taylor said, the military has spent additional billions of dollars -- defense officials say \$7 billion, Taylor claims \$13 billion -- on environmental cleanup so bases can be turned over safely.

Toss in promised federal funds to retrain displaced workers, pay unemployment benefits, expand facilities at old bases, he said, "and the costs are enormous."

"I've repeatedly asked the question of generals and admirals -- because I know what the answer is going to be -- 'Name one weapon system that has been purchased with **base closure** money.' They can't. Not one. Because they haven't saved any money," Taylor said.

Vote was stopped

Last year enough lawmakers accepted the savings estimates, and bowed to pressure from the Bush administration, to approve a fifth round of base closings. In a concession to anxious House members, however, House-Senate negotiators agreed on a three-year delay, until 2005.

Taylor, a seven-term lawmaker who serves on the House Armed Services Committee, tried during the committee's markup of the 2003 defense bill to insert language to rescind last year's base deal. When that failed, he and Rep. Ronnie Shows, a fellow **Mississippi** Democrat, tried to force an "up or down" floor vote on a bill they sponsored that also would kill the next round. House Speaker J. Dennis Hastert, R-Ill., Taylor said, refused to endorse a suspension of House rules to allow the vote.

"I would have won," Taylor said. "I think the speaker knows that. . . . I do see it as a difference between us and (Republicans). I have never seen the cost savings they talk about."

Why close in time of need?

Why close more bases, Taylor argues, when Congress is nearing a consensus that U.S. forces need to expand to meet worldwide threats, including the war on terror, and when the services are unsure where to "bed down" new weapon systems such as the Joint Strike Fighter.

BRAC savings, say Defense officials, flow from cuts in spending on base operations, including military and civilian staff. Some projected savings are tied to avoidance of spending on a backlog of repairs and renovations.

But Taylor said recent BRAC commissions, aware of large cleanup costs at older bases, have targeted "cleaner," newer bases with newer buildings and facilities. That's why it's so difficult to know whether a base is at risk.

"There has been no rhyme or reason in **base closure**," Taylor said. For anxious communities, "it's the equivalent of Russian roulette."

The GAO had criticized some past DoD attempts to quantify BRAC savings. Recent estimates are seen as more solid. Despite Taylor's criticism, the net savings of \$17 billion to date takes into account cleanup costs, GAO says. Besides the \$7 billion spent so far,

another \$3.5 billion is projected before all bases from previous BRACs can be transferred. That \$3.5 billion, however, is almost certain to rise, GAO concedes.

--Write to Tom Philpott at P.O. Box 231111, Centreville, VA 20120-1111, or send e-mail to milupdate@aol.com.

LOAD-DATE: September 13, 2002

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St. Petersburg Times

June 27, 2002 Thursday 2 Late Tampa Edition

SECTION: TAMPA & STATE; Pg. 1B

DISTRIBUTION: TAMPA & STATE; CITY & STATE; METRO & STATE

LENGTH: 566 words

HEADLINE: Defense bills hold millions for area

BYLINE: BILL ADAIR

DATELINE: WASHINGTON

BODY:

When the House votes today on two defense bills, MacDill Air Force Base stands to win a new control tower and fire station.

The MacDill projects are among \$80.5-million for the Tampa Bay area that Rep. C.W. Bill Young has included in the bills. Much of the local money would continue research and training programs related to terrorism and homeland defense.

Young, the Largo Republican who chairs the House Appropriations Committee, said **Florida** colleges and universities were among the first to do research on bioterrorism and other homeland defense topics.

"In **Florida**, we are just a little bit ahead of the rest of the country in doing this research," he said.

Young said it was crucial that MacDill receive a new control tower to replace the small one built in 1955. The roof leaks and the building does not meet current standards. It is so short that controllers cannot see the entire airfield.

The fire station, which houses the crash rescue trucks, is also too small, said Lt. Col. Tom Kaldenberg of MacDill. It was built in 1952 and is not large enough to house the modern rescue truck that was recently purchased.

Young said the new tower and fire station - costing \$13-million - could reduce the chances that a future **base closure** commission would try to shut down MacDill.

The two defense bills, which passed the Appropriations Committee on Monday, are likely to pass the House today.

A separate bill will go through the Senate. It's highly likely the Tampa Bay projects will be approved. As chairman of the House Appropriations Committee, Young has tremendous clout to make sure his projects are included when the final versions are passed later this summer.

Other local projects in the House bills include:

\$10-million for the H. Lee Moffitt Cancer Center in Tampa to develop new techniques for diagnosis and treatment of cancer.

\$9-million for the University of South **Florida** to develop rapid-response measures for biological and chemical threats.

\$6-million for research at USF St. Petersburg for the continued development of underwater sensors that can detect explosives.

\$5-million for St. Petersburg College, including \$3-million for the National Terrorism Preparedness Institute to train first responders for terrorist attacks and \$2-million to train military police.

\$5-million for USF to finish building a laboratory for microelectromechanical systems (MEMS) at the Star Center, a former Department of Energy plant in the Largo area. MEMS devices, tiny transmitters that have been used to gather information about patients' bodies, are being tested for possible use in weapons systems.

The bills include \$1-million for a new Naval ROTC unit at USF, \$17-million for a fourth Black Hawk helicopter for the Army Reserve aviation unit at St. Petersburg-Clearwater International Airport and \$5-million to continue distance learning programs for drug enforcement at St. Petersburg College's training center.

Other local research projects include \$3.5-million to continue defense-related software development at USF and \$3.5-million for USF's Center for Disaster Management and Humanitarian Assistance to help U.S. Southern Command respond to disasters in Central and South America.

The bills also earmark \$2.5-million for the **Florida** National Guard for security operations at **Florida's** seaports.

GRAPHIC: PHOTO; Rep. C.W. Bill Young (ran TAMPA & STATE)

LOAD-DATE: June 27, 2002

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The Atlanta Journal and Constitution

June 19, 2002 Wednesday Home Edition

SECTION: News; Pg. 3A

LENGTH: 504 words

HEADLINE: **Georgia** fears coming cuts will target base;
Navy squadron not in budget

BYLINE: RON MARTZ

SOURCE: AJC

BODY:

Warner Robins --- The next round of military base closings is not until 2005, but **Georgia** officials already are expressing serious concerns about the future of one of the state's installations.

Naval Air Station Atlanta soon could lose a reserve fighter jet squadron based there, which raises the possibility that the air station could become an easier target for the Base Realignment and Closure Commission, officials said Tuesday.

Funding for Fighter Attack Squadron 203 does not appear to be included in the Navy's budget for the next fiscal year, which starts Oct. 1, said retired Army Brig. Gen. Phil Browning, executive director of the **Georgia** Military Affairs Coordinating Committee.

"Chances are we may lose the Navy squadron," Browning told committee members during two days of meetings here.

Browning said he had asked Sen. Max Cleland (D-Ga.), a member of the Senate Armed Services Committee, for a clarification on the budget and the status of the squadron.

Officials at NAS Atlanta could not be reached Tuesday for comment.

The squadron flies F/A-18 Hornet jets and is one of two units on the base with those aircraft. The other is a Marine Corps Reserve squadron.

An F/A-18 squadron typically has 10 to 12 planes and 250-300 troops assigned to it, according to Jack Liles of Atlanta, a former Navy aviator.

The future of the squadron or the aircraft, if they left Dobbins, was unclear, Browning said.

NAS Atlanta, which shares a runway and other facilities with Dobbins Air Reserve Base in Marietta, has about 1,350 military and civilian personnel and an economic impact of about \$98.5 million a year, according to the committee.

The air station was targeted by the 1995 BRACC. But it was spared after the **Georgia** congressional delegation, led by Sen. Sam Nunn, then the ranking Democrat on the Senate Armed Services Committee, helped convince commission members that the facility was an important part of the defense infrastructure.

But the 2005 **base closure** process is going to be much tougher than any of the four previous rounds, said Cece Siracuse, a Washington-based defense consultant who is advising **Georgia** officials.

"The low-hanging fruit is gone," Siracuse told committee members. "The decisions are getting tougher and tougher."

Military officials say that they have about 25 percent more base capacity than they need and that the billions saved by closing unneeded installations could better be spent on the war on terrorism.

Siracuse said she expected Defense Secretary Donald Rumsfeld to play a major role in picking bases to be closed.

Committee members say they think that officials in other states that have lost bases in previous rounds will be gunning for **Georgia**, which has lost none and no longer enjoys Nunn's protection in Congress.

Browning said the state's strategy over the next three years to ward off closures is to continue to try to add to the number of missions performed by each base, to make them more valuable to the military.

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The Macon Telegraph

June 19, 2002 Wednesday SZ EDITION

SECTION: A; Pg. 1

LENGTH: 563 words

HEADLINE: Boosters say future of RAFB is bright;
GLANCE AT BOTTOM
Say 'quality of life' issues will help base in next round of cutbacks

BYLINE: Wayne Partridge Telegraph Staff Writer

DATELINE: ROBINS AIR FORCE BASE

BODY:

Robins Air Force Base appears to be in a better position to avoid cuts than other **Georgia** military installations during the next round of defense cutbacks, state military boosters say.

The Department of Defense is looking to reduce the military's infrastructure by 25 percent by 2005, and even now some **Georgia** installations are feeling the pinch.

Fort Benning, near Columbus, is facing the prospect of losing up to 700 civilian jobs under an Army plan to change the way some officers are trained.

At Kings Bay Naval Base in southeast **Georgia**, two submarines are being reassigned to a base in Washington state, representing a cut of about 20 percent of the St. Marys area economy, retired Army Brigadier General Philip Browning told about 50 members of the **Georgia** Military Affairs Coordinating Committee meeting Tuesday at Robins.

The committee, formed in 1994 by then-Gov. Zell Miller to fight the 1995 round of base closings, works with lawmakers, the governor's office and local organizations to preserve the military presence in the state.

Robins, too, has room for improvement.

The Air Force is phasing out the C-141 cargo jet, which is maintained at Robins, and committee members see efforts to land maintenance responsibility for the next-generation C-17 cargo jet as essential to ensuring Robins' future. And Robins' aging civilian work force - nearly 40 percent will be eligible to retire in the next five years - also is a cause for concern, committee members say.

But the base, which employs more than 25,500 and is considered **Georgia's** largest industrial complex, also has a lot going for it, said Cece Siracuse, a former member of the 1995 **Base Closure** and Realignment Commission who is now working as a lobbyist for the **Georgia** Military Affairs Coordinating Committee.

The base enjoys widespread support from the surrounding community, and military members and civilian base workers have access to good health care, public and private schools, housing, transportation and opportunities for military spouses to find employment, committee members said.

Such "quality of life" issues will weigh heavily with decision-makers looking at which installations to close.

"Quality of life is where communities can really step up and do something," Siracuse said. "You can't do anything about the military mission, but you can do things as a community to support the base."

Jack Steed, a former chairman of Warner Robins' 21st Century Partnership, said the group has made its mission to address just such issues.

Steed said he was relieved, for example, when Houston County voters approved a sales tax initiative to build new school buildings to ease overcrowding.

"Only the best of the best bases are left and things like that are the things that need to be done to be competitive," Steed said.

Eddie Wiggins, current 21st Century Partnership chairman, said several recent developments, such as the base's expanded maintenance contract for some C-17 jets and the Department of Defense's agreement with **Georgia** lawmakers that more work should be done at military depots, bodes well for Robins.

"We've been proactive on these kinds of things," Wiggins said. "We have a lot of good things going on, and I think it's going to pay off for us."

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LOAD-DATE: June 19, 2002

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June 15, 2002 Saturday SZ EDITION

SECTION: B; Pg. 5

LENGTH: 363 words

HEADLINE: A senior Department of Defense official has assured **Georgia** congressmen...

BYLINE: Wayne Partridge Telegraph Staff Writer

DATELINE: ROBINS AIR FORCE BASE

BODY:

A senior Department of Defense official has assured **Georgia** congressmen that work will continue to be assigned to the nation's military depots, including the Warner Robins Air Logistics Center.

Undersecretary of Defense Pete Aldridge told U.S. Sen. Max Cleland, D-**Ga.**, and U.S. Rep. Saxby Chambliss, R-**Ga.**, in letters Friday that "we will retain sufficient supply, maintenance and repair, and logistics program management capabilities to sustain our essential equipment over its entire life cycle with the appropriate mix of government personnel, contractor personnel and public-private partnerships."

In separate amendments to this year's defense authorization bill, Cleland and Chambliss, who are both running for Cleland's Senate seat this fall, introduced legislation that would specifically define "core capabilities" that should be maintained at military depots.

An increasing amount of maintenance work has been going to private contractors in recent years, and the legislators wanted to define exactly what sort of work had to be done by the military. Cleland and Chambliss have said depot-based maintenance is important to be able to fix equipment quickly during a crisis.

Some Air Force officials were critical of the legislators' definitions, saying they might jeopardize the public-private partnerships that have increased efficiency. One example is Robins' maintenance contract with Boeing, the manufacturer of the C-17 cargo plane.

Both sides see the issue as vital to Robins' survival during the next round of **base closures**.

Although Aldridge did not specifically identify which skills and work should be maintained at the depot level - in fact, the Air Force will not submit its long-term depot strategy to Congress until September - Cleland and Chambliss say they are pleased by Aldridge's letter.

"This letter is a statement that they recognize these skills as essential," Cleland wrote in a statement.

Chambliss said he was "delighted," and called Aldridge's remarks a "clear commitment to ensuring that the government retains a sufficient cadre of logistics specialties to sustain critical weapons throughout their use by the military."

LOAD-DATE: June 15, 2002

performance of his/her State active duties. Revenues would not be affected.

Local Effect: None.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). Legislative Service concurs with this assessment.

Analysis

Current Law: The surviving spouse, children, or dependent parents of an employee in the State Personnel Management System or any other authorized State personnel system that is killed in the performance of official duties is entitled to a \$100,000 death benefit.

Under current federal law, SSCRA applies to guard members serving federal active duty and USERRA applies to guard members at weekend drills, annual training, and all federal service.

Background: The Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) as amended in Title 50 of the United States Code, sections 501 through 593, becomes effective when members of the Maryland Army National Guard and the Maryland Air National Guard are ordered to military duty for 14 days or longer under the auspices of Article 65 of the Annotated Code of Maryland or under Title 10 or Title 32 of the United States Code. SSCRA grants financial relief and provides for civil protections to military personnel, including members of the Maryland Army National Guard and the Maryland Air Guard who have been ordered to federal military service. SSCRA covers automobile and housing lease agreements and installment contracts; caps the maximum interest rate that can be charged on debt at 6% while a National Guard member is in military service; provides for delays in court proceedings; and grants stays of enforcement in matters concerning taxes, liabilities, and obligations.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) becomes effective when members of the Maryland Army National Guard and the Maryland Air National Guard are ordered to federal military duty for any length of time. USERRA provides job protection and employment reinstatement rights to members of the Maryland National Guard.

As of February 2002, 1,212 members of the Army National Guard and 906 members of the Air National Guard were mobilized. Of the 2,118 mobilized guard members only 290, or approximately 14%, were under State active duty orders.

State Fiscal Effect: The Maryland Department of the Military advises that it is difficult to estimate how many Maryland National Guard members would die each year in the line of State active duty. The Military Department further advises that there have been no deaths of any guard members on State active duty in the last 20 years.

General fund expenditures would increase by \$100,000 for each death of a Maryland National Guard member for death benefits paid to the surviving spouse, children, or dependent parents of a member who dies in the line of State active duty. Any impact will depend on the number of Maryland National Guard members who die in the performance of his/her State active duties.

Small Business Effect: Maryland National Guard members ordered to federal service by the President are already afforded the rights and benefits of SSCRA and USERRA under federal law. Including these federal provisions in State law for members ordered to service by the Governor would have minimal impact on small business.

Additional Information

Prior Introductions: None.

Cross File: HB 292 (The Speaker, et al.) – Appropriations. HB 292, as amended, is not similar to the amended SB 238.

Information Source(s): Military Department, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2002
Revised - Senate Third Reader - March 27, 2002
Revised - Correction - March 29, 2002

mam/hlb

Analysis by: Christopher J. Kelter

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SENATE BILL 238
EMERGENCY BILL

Unofficial Copy
2002 Regular Session
P1

2lr0156

CF 2lr0157

By: **The President (Administration) and Senators Collins, Green, Hollinger, Hughes, Kasemeyer, Lawlah, Sfikas, Stone, and Van Hollen**

Introduced and read first time: January 18, 2002

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2002

CHAPTER _____

1 AN ACT concerning

2

Maryland National Guard Readiness Act

3 FOR the purpose of granting certain members of the Maryland National Guard the
4 same rights and protections as those granted under certain federal laws with
5 regard to certain reemployment rights and civil protections; providing for a
6 certain death benefit for certain members of the Maryland National Guard who
7 are killed in the performance of their duties on or after a certain date; making
8 certain provisions of this Act severable; making this Act an emergency measure;
9 and generally relating to the rights, protections, and benefits of members of the
10 Maryland National Guard.

11 BY repealing

12 Article 65 - Militia

13 Section 32A

14 Annotated Code of Maryland

15 (1998 Replacement Volume and 2001 Supplement)

16 BY adding to

17 Article 65 - Militia

18 Section 32A

19 Annotated Code of Maryland

20 (1998 Replacement Volume and 2001 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article - State Personnel and Pensions

2

SENATE BILL 238

1 Section 10-404

2 Annotated Code of Maryland

3 (1997 Replacement Volume and 2001 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That Section(s) 32A of Article 65 - Militia of the Annotated Code of
6 Maryland be repealed.

7 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
8 read as follows:

9 **Article 65 - Militia**

10 32A.

11 (A) (1) THE FOLLOWING PROVISIONS OF FEDERAL LAW SHALL BE
ADOPTED
12 AS STATE LAW AND APPLIED TO MEMBERS OF THE MARYLAND ARMY NATIONAL
13 GUARD AND THE MARYLAND AIR NATIONAL GUARD.

14 (2) THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940 (SSCRA),
AS
15 AMENDED, SECTIONS 501 THROUGH 593 OF TITLE 50 OF THE UNITED STATES CODE,
16 SHALL APPLY ONLY WHEN MEMBERS OF THE MARYLAND ARMY NATIONAL GUARD
17 AND THE MARYLAND AIR NATIONAL GUARD ARE ORDERED TO MILITARY DUTY
18 UNDER THIS ARTICLE, OR UNDER TITLE 10 OR TITLE 32 OF THE UNITED STATES
19 CODE, FOR A PERIOD OF 14 CONSECUTIVE DAYS OR LONGER.

20 (3) THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
21 RIGHTS ACT (USERRA), AS AMENDED, SECTIONS 4301 THROUGH 4333 OF TITLE 38 OF
22 THE UNITED STATES CODE, SHALL APPLY WHEN MEMBERS OF THE MARYLAND
ARMY
23 NATIONAL GUARD AND THE MARYLAND AIR NATIONAL GUARD ARE ORDERED TO
24 MILITARY DUTY UNDER THIS ARTICLE, OR UNDER TITLE 10 OR TITLE 32 OF THE
25 UNITED STATES CODE, FOR ANY PERIOD OF TIME.

26 (B) ALL RIGHTS GRANTED TO MEMBERS OF THE MARYLAND NATIONAL
27 GUARD BY THIS SECTION SHALL BE IN ADDITION TO, AND HELD DISTINCT FROM,
ANY
28 AND ALL RIGHTS GRANTED TO THEM BY FEDERAL LAW, INCLUDING THE SOLDIERS'
29 AND SAILORS' CIVIL RELIEF ACT OF 1940 (SSCRA), AS AMENDED, SECTIONS 501
30 THROUGH 593 OF TITLE 50 OF THE UNITED STATES CODE AND THE UNIFORMED
31 SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA), AS AMENDED,
32 SECTIONS 4301 THROUGH 4333 OF TITLE 38 OF THE UNITED STATES CODE.

33 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
34 read as follows:

35 **Article - State Personnel and Pensions**

36 10-404.

37 (a) (1) In this section the following words have the meanings indicated.

3 **SENATE BILL 238**

1 (2) "Child" means any natural, adopted, or posthumous child, or
2 stepchild, or the decedent who is:

- 3 (i) 18 years of age or under; or
- 4 (ii) over 18 years of age and incapable of self-support because of a
5 physical or mental disability.
- 6 (3) "Stepchild" means any child of the surviving spouse who was living
7 with or dependent for support on the decedent at the time of death.
- 8 (b) This section applies to all [employees in]:
- 9 (1) EMPLOYEES IN the State Personnel Management System; [and]
- 10 (2) EMPLOYEES IN any other authorized personnel system established
11 for a unit of State government; AND
- 12 (3) MEMBERS OF THE MARYLAND NATIONAL GUARD SERVING ON
13 ORDERS ISSUED IN ACCORDANCE WITH ARTICLE 65 OF THE ANNOTATED CODE OF
14 MARYLAND OR TITLE 32 OF THE UNITED STATES CODE.

15 (c) (1) (i) Except as provided in paragraph (2) of this subsection, a death
16 benefit in the amount of \$100,000 shall be paid to the surviving spouse, children, or
17 dependent parents of any employee subject to this section who is killed in the
18 performance of duties on or after July 1, 2000.

19 (ii) A death benefit may not be paid under this paragraph if an
20 employee is killed as a result of the employee's negligence.

21 (III) A DEATH BENEFIT MAY NOT BE PAID UNDER THIS
PARAGRAPH
22 IF A MEMBER OF THE MARYLAND NATIONAL GUARD WHO IS KILLED IN THE
23 PERFORMANCE OF DUTIES IS ELIGIBLE TO RECEIVE DEPENDENCY AND INDEMNITY
24 COMPENSATION UNDER RULES PRESCRIBED BY THE UNITED STATES DEPARTMENT
25 OF VETERANS AFFAIRS.

26 (2) (i) A death benefit in the amount of \$50,000 shall be paid to the
27 surviving spouse, children, or dependent parents of any State employee covered by
28 the provisions of Article 41, § 4-1002 of the Code who is killed in the performance of
29 duties on or after July 1, 2000.

30 (ii) A death benefit may not be paid under this paragraph if an
31 employee is killed as a result of the employee's negligence.

32 (iii) An individual who receives a death benefit under this
33 paragraph may not also receive a death benefit under paragraph (1) of this
34 subsection.

35 (3) A death benefit under this section shall be in addition to any:

36 (i) workers' compensation benefits;

4 **SENATE BILL 238**

1 (ii) proceeds of any form of life insurance, regardless of who paid
2 the premiums on the insurance; [and]

3 (iii) benefit provided to a State employee covered by the provisions

4 of Article 41, § 4-1002 of the Code; AND

5 (IV) EXCEPT AS PROVIDED IN PARAGRAPH (1)(III) OF THIS
6 SUBSECTION, BENEFITS PAID TO A MEMBER OF THE MARYLAND NATIONAL GUARD,
7 THE MEMBER'S ESTATE, OR THE MEMBER'S BENEFICIARIES OR SURVIVORS BY THE
8 UNITED STATES.

9 (d) (1) On notification by the head of the unit that employed the decedent,
10 the Secretary shall determine whether a death benefit will be paid under this section.

11 (2) If the Secretary determines that a death benefit is payable, payment
12 shall be made:

13 (i) to the surviving spouse;

14 (ii) if there is no surviving spouse, to the surviving children, in
15 equal shares; or

16 (iii) if there is no surviving spouse or children, to the surviving
17 parent or parents, if the parent was a dependent as defined in § 152 of the Internal
18 Revenue Code.

19 (e) A death benefit under this section shall be paid out of funds which the
20 Governor may appropriate for that purpose in the State budget.

21 (f) A decision of the Secretary under this section:

22 (1) is the final administrative decision; and

23 (2) is not subject to appeal under Title 10, Subtitle 2 of the State
24 Government Article.

25 SECTION 4. AND BE IT FURTHER ENACTED, That the provisions of
26 ~~Section 3~~ of this Act shall be construed retroactively and applied to any member of the
27 Maryland National Guard who died on or after September 11, 2001.

28 SECTION 5. AND BE IT FURTHER ENACTED, That if any provision of this
29 Act or the application thereof to any person or circumstance is held invalid for any
30 reason in a court of competent jurisdiction, the invalidity does not affect other
31 provisions or any other application of this Act which can be given effect without the
32 invalid provision or application, and for this purpose the provisions of this Act are
33 declared severable.

34 SECTION 6. AND BE IT FURTHER ENACTED, That this Act ~~shall take~~
35 ~~effect July 1, 2002~~ is an emergency measure, is necessary for the immediate
36 preservation of the public health or safety, has been passed by a yea and nay vote

5

SENATE BILL 238

1 supported by three-fifths of all the members elected to each of the two Houses of the
2 General Assembly, and shall take effect from the date it is enacted.

COUNTY SERVICE OFFICER INFORMATION

10-17-2002 10:11

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TEXAS VETERANS COMMISSION

P.02

COUNTIES IN TEXAS WITHOUT
A VETERANS COUNTY SERVICE OFFICE (CSO)

-
- | | |
|-------------------|-----------------------|
| 1. Armstrong (W) | 21. Hudspeth (W) |
| 2. *Bell (W) | 22. Kenedy (H) |
| 3. Blanco (W) | 23. *Kerr (H) |
| 4. Borden (W) | 24. King (W) |
| 5. Briscoe (W) | 25. LaSalle (H) |
| 6. Carson (W) | 26. Loving (W) |
| 7. Cherokee (W) | 27. Lynn (W) |
| 8. Cochran (W) | 28. Mason (H) |
| 9. Cottle (W) | 29. McMullen (H) |
| 10. Crane (W) | 30. *Midland (W) |
| 11. Crockett (W) | 31. Mills (W) |
| 12. Crosby (W) | 32. *Randall (W) |
| 13. Edwards (H) | 33. Reagan (W) |
| 14. Falls (W) | 34. Real (H) |
| 15. Foard (W) | 35. Roberts (W) |
| 16. Garza (W) | 36. Rockwall (W) |
| 17. Glasscock (W) | 37. San Augustine (H) |
| 18. Hamilton (W) | 38. Sutton (H) |
| 19. Hardeman (W) | 39. Terrell (W) |
| 20. *Howard (W) | |

(W) = Waco VA Regional Office jurisdiction

(H) = Houston VA Regional Office jurisdiction

* = No CSO; covered by TVC

OCT 17 2002 10:42

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PAGE.02

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