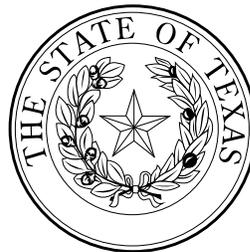


**Adjutant General's Department  
National Guard Armory Board**

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**Staff Report**



**Texas Sunset  
Advisory Commission**

**1996**

## TEXAS SUNSET ADVISORY COMMISSION

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In 1977, the Texas Legislature created the Sunset Advisory Commission to identify and eliminate waste, duplication, and inefficiency in government agencies. The 10-member Commission is a legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them.

**ADJUTANT GENERAL'S DEPARTMENT  
NATIONAL GUARD ARMORY BOARD**

**SUNSET STAFF REPORT**

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# **EXECUTIVE SUMMARY**

# Executive Summary

## Approach

Because the Adjutant General's Department (AGD) is different from other state agencies, the Sunset review of AGD was different from the usual Sunset review. AGD is, in fact, a state agency. However, its mission is almost exclusively to respond to federal mandates regarding the operation of the National Guard. The state may control matters related to the structure of the Department and its state mission which are specified in state law. However, the state is limited in its ability to control the more significant functions of AGD, those related to the National Guard and its mission, which are specified in federal law. For this reason, Sunset staff had difficulty identifying issues and recommending improvements to the Department.

The Sunset review of AGD explored the relationship between the state and the National Guard with the objective of improving AGD operations that support the Guard. This endeavor first required an understanding of what the Guard is and who is ultimately responsible for running it in Texas. Briefly, the National Guard is the military force available to serve the country in times of conflict and to aid the states or the nation in times of civil disturbance or natural disaster.

In a strict, chain-of-command sense, the state runs the National Guard. The Governor appoints the Adjutant General to command the National Guard and to assure the Guard's readiness for its federal and state missions. In this respect, the Adjutant General heads a state agency with 328 state employees whose mission is to provide the staff support necessary for the Guard to do its job.

While a state command structure may give the appearance that the state runs the Guard, the Department's activities are largely prescribed by federal and military requirements for the Guard. Federal law, in fact, requires each state to have an Adjutant General to oversee the National Guard according to federal standards set by the National Guard Bureau (NGB) within the U.S. Department of Defense. Although appointed to a state position to oversee a state agency, the

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*While the Adjutant General's Department is a state agency, its mission is to respond to federal mandates regarding the National Guard.*

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Adjutant General must also direct 3,121—or almost ten times more federal than state employees—to fulfill federal mandates set by NGB.

The federal government provides funding for many of the AGD's activities relating to the National Guard. Federal funds cover the cost of training, equipping, and maintaining the Guard. In addition, through NGB, the Guard receives all of the military equipment and supplies it needs to fulfill its mission. The federal government directly spends almost \$400 million each year to support the National Guard in Texas—or almost 95 percent of all expenditures to support the Guard in the state—and it has provided almost \$3.8 billion in military equipment for the Guard's use.

Because it is a military operation, AGD must also meet the unique requirements of the U.S. military. The Department operates according to standard military procedures and protocol affecting activities ranging from personnel and pay policies to legal and jurisdictional arrangements. For example, the review found three separate procedures exist for employment discrimination complaints, one for Guard members, and one each for federal and state employees of the Department.

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*Sunset staff focused its review of the Armory Board on possible duplication of activities with those of the Adjutant General's Department.*

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Sunset staff looked for ways to improve the Adjutant General's control and management of the National Guard under the constraints of the federal and military requirements relating to the Guard. In the end, the staff review was unable to identify any changes to state law that could appreciably improve the operations of the National Guard.

The National Guard Armory Board (NGAB) is the state agency charged with constructing and maintaining armories to support the Texas National Guard. In the review of NGAB, Sunset staff considered the effect of military cutbacks proposed at the federal level and the potential impact of those cuts on the Board's programs for state financing and management of armory construction and maintenance. The staff concluded that the National Guard will likely continue to play a significant role in the nation's military, though further consolidation of Guard units and facilities is also likely. The state should share in this effort to cut costs and to serve the Guard's needs as efficiently as possible. With this in mind, Sunset staff focused its review of NGAB on the possible overlap or duplication of its activities with those of the Adjutant General's Department and other agencies, and the feasibility of consolidating those activities.

## Review Activities

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In conducting the reviews of the Adjutant General's Department and the National Guard Armory Board, the Sunset staff:

- Worked with the staffs of AGD and NGAB and with the staffs of the Attorney General's Office, Legislative Budget Board, Texas Public Finance Authority, General Land Office, Department of Public Safety and Texas Commission on Human Rights;
- Attended public meeting of NGAB;
- Met with representatives of groups representing members of the National Guard;
- Toured armories and facilities operated by the National Guard and maintained by NGAB, and toured community outreach efforts of AGD;
- Conducted a survey of the 10 states with the largest National Guard memberships to see how their military agencies are structured and how they provide for building and maintaining National Guard armories;
- Reviewed agency documents and reports, state and federal statutes, legislative reports, previous legislation, and literature relating to the National Guard and NGAB; and
- Reviewed newspaper clippings to identify potential areas of concern.

## Results

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The Sunset review looked at ways to improve AGD's control over its operations, specifically addressing identified concerns relating to the Department's process for handling employment discrimination complaints. The staff evaluated AGD's equal employment opportunity (EEO) processes for federal and state employees and for National Guard members, and focused on the process for resolving EEO complaints from Guard members.

The review found that an EEO process is already in place for Guard members as required by the National Guard Bureau. While Sunset staff found evidence that Guard members lack confidence in the Guard's EEO process, the staff was unable to develop an approach under state law to improve what was already required by the federal government. NGB's

procedures contained the basic elements of an effective EEO process, including posting information about the process, assuring the confidentiality of complainants, and reporting information about EEO complaints to the Adjutant General. In discussing this issue with Sunset staff, the recently appointed Adjutant General has expressed an interest in addressing this EEO issue internally, and the staff encouraged him to do so.

In developing the focus for the AGD review, staff examined the following proposals and questions to improve National Guard operations or to promote membership in the Guard. The Department raised many of these issues in its self-evaluation report to the Sunset Commission.

- Should the state enter into a counter-drug interstate compact?
- Should members of the Texas National Guard be exempt from tuition at state colleges and universities?
- Should the Adjutant General's term of office be changed from two to four years?
- Should fully federal-reimbursed state employees at AGD count toward the FTE cap in the Appropriations Bill?
- Should the Adjutant General's senior staff and the Director of State Resources Management have salaries comparable to their active-duty counterparts?
- Should the State Emergency Response Team be established in statute?

Although these proposals may help the Guard to expand its operations or to promote its membership, they represent changes that are either outside the scope of Sunset review, or do not address an existing problem in AGD operations. Finally, because federal requirements for the National Guard so seriously limit the state's ability to make significant changes to AGD's operations, Sunset staff considered recommending removing the agency from the Sunset review schedule. This change is not suggested, however, because the agency still has a significant state mission that the Legislature may wish to consider during the next legislative session or a future Sunset review.

In developing the focus of the NGAB review, staff examined the issues listed below.

- Should the name of NGAB be changed to the Texas Armory Board?
- Should enhanced internal audit requirements be applied to NGAB?
- Should NGAB be responsible for servicing the debt on bonds for armory construction instead of AGD?

These proposals would clarify the responsibilities of NGAB and improve its operations. Sunset staff did not recommend these changes, however, because it determined that NGAB should be abolished and its functions transferred to AGD. By consolidating functions relating to armory construction and maintenance, these concerns relating to NGAB's responsibilities and operations would be addressed.

**Recommendations** \_\_\_\_\_

**ADJUTANT GENERAL'S DEPARTMENT**

- Continue the Adjutant General's Department for 12 years.

**NATIONAL GUARD ARMORY BOARD**

- Abolish the National Guard Armory Board and transfer its functions to the Adjutant General's Department.

**Fiscal Impact** \_\_\_\_\_

The recommendation to continue AGD will require its annual appropriations of about \$19 million to continue. Abolishing NGAB and transferring its functions to the Department would eliminate seven positions whose duties duplicate those already provided by AGD staff. As a result, the state would save about \$359,151 per year.

| Fiscal Year | Savings to General Revenue | Change in Number of FTEs from Fiscal Year 1996 |
|-------------|----------------------------|--|
| 1997        | \$359,151                  | -7   |
| 1998        | \$359,151                  | -7   |
| 1999        | \$359,151                  | -7   |
| 2000        | \$359,151                  | -7   |
| 2001        | \$359,151                  | -7   |



**ISSUE**

# Issue 1



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## Continue the Adjutant General's Department for 12 Years to Support the Texas National Guard.

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### Background

Since its inception, the Adjutant General's Department (AGD) has been responsible for:

- Providing command and staff support to all subordinate units of the Army and Air National Guard and State Guard;
- Providing support necessary to recruit and train individuals and equip and train units for assigned state and federal missions;
- Providing contingency planning for mobilization of the National Guard into federal service and for military support of civil authorities during domestic emergencies; and
- Coordinating with the Texas National Guard Armory Board to provide facilities to house units and store equipment.

To justify the continuation of an agency, certain conditions must be identified. A current and continuing need for the agency's functions and services should exist; those functions and services should not duplicate those currently provided by any other agency; and any potential benefits of maintaining a separate agency must outweigh any advantages of transferring its functions and services to any other state agency.

### Findings

- ▼ **The functions of the Adjutant General's Department continue to be needed to ensure a capable military force exists to serve the state and to ensure compliance with federal guidelines relating to the National Guard.**
  - ▶ The Adjutant General's Department serves as the infrastructure that makes mobilization of the Texas National Guard and the Texas State Guard possible. Such

mobilizations provide the personnel and equipment necessary to minimize death, injury and damage in state-declared emergencies. The most recent significant activation of the Texas National Guard was in response to flooding in Southeast Texas in October of 1994. Other recent state missions of the Guard can be seen in the chart below, *Recent State Missions of the Texas National Guard*.

### Recent State Missions of the Texas National Guard

| Date          | Mission                                   | Number of Troops Activated |
|---------------|---|----------------------------|
| June 1994     | Security Logistics, World Cup, Dallas     | 29                         |
| July 1994     | Range Fires, North Texas                  | 3                          |
| October 1994  | Floods, Southeast Texas                   | 1,035                      |
| November 1994 | Rabies Eradication, South Texas           | 9                          |
| February 1995 | Rabies Eradication, West Texas            | 9                          |
| March 1995    | Utility Logistics, Liberty, Texas         | 12                         |
| April 1995    | State Capitol Dedication Parade Logistics | 45                         |
| April 1995    | Rabies Eradication, South Texas           | 9                          |
| June 1995     | Rabies Eradication, West Texas            | 44                         |
| January 1996  | Rabies Eradication, SouthTexas            | 15                         |

- ▶ The Adjutant General's Department oversees the operations of the Texas State Guard. The State Guard provides security, traffic and crowd control, and honor guards to local governments that do not have sufficient local capacity for such activities. Savings to local communities using the voluntary State Guard amounted to over \$600,000 in 1995.<sup>1</sup>
- ▶ The Adjutant General's Department also provides a benefit to the state through community support activities as directed by the National Guard Bureau, part of the U.S. Department of Defense. AGD serves at-risk youth of Texas through two programs. The Seaborne Conservation Corps in Galveston provides job training in maritime industries for high school drop-outs. The Starbase Academy, at Ellington Field in Houston, provides science and math classes for low-income and disabled students in grades 4-6. The Department also conducts counter-drug missions in conjunction with law enforcement agencies to stem the flow of illegal drugs into the state.



- ▼ An examination of the agency's functions led to the conclusion that the agency could not be combined with another agency and achieve any substantial savings or other benefits.
  - ▶ The activities and functions of the Adjutant General's Department are unique among Texas state agencies. No other state agency supports an organization such as the Texas National Guard nor has the knowledge or skills to address purely military issues. Although the Texas National Guard Armory Board facilitates the building of armories for the Department and serves as the Department's "landlord," it does not have the expertise or capabilities to fully support the units of the Texas National Guard.
  - ▶ Although the Department of Public Safety helps to organize disaster relief through its Emergency Management Division, it is mainly organized to enforce the criminal statutes of the state and has no capacity or expertise to support units of the Texas National Guard.

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*AGD should be continued as a separate agency to maintain a National Guard presence in the state.*

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## Conclusion

The functions currently assigned to the Adjutant General's Department are appropriately placed in that agency. No other state agency was identified that could assume the functions of the Adjutant General's Department with increased benefits or reduced costs. Renewing the agency for 12 years will maintain the existence of a military force to aid the state in times of crisis and help leverage almost \$400 million dollars of federal funds each year for the state. In addition, reauthorizing the Department will result in continued federal activity that benefits at-risk children and helps to prevent the flow of illegal drugs into the state.

## Recommendation

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### Change in Statute

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- Continue the Adjutant General's Department for 12 years.

This recommendation will result in the Adjutant General's Department having a new Sunset date of September 1, 2009.

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## Fiscal Impact

If the Legislature continues the current functions of the Adjutant General's Department using the existing organizational structure, the Department's annual appropriations of about \$19 million in fiscal year 1996 would continue to be required for operation of the agency.

<sup>1</sup> Adjutant General's Department, Texas State Guard Annual Report to the Adjutant General, 1995.

<sup>2</sup> Adjutant General's Department, The Adjutant General's Department Self-Evaluation Report, 1995.

<sup>3</sup> 32 U. S. C. A. Sec. 108

<sup>4</sup> Adjutant General's Department, Texas National Guard Economic Impact Statement Fiscal Year 1994.

<sup>5</sup> 32 U.S.C.A. Sec. 314



# **ACROSS-THE-BOARD RECOMMENDATIONS**

| <b>Adjutant General's Department</b> |   |
|--------------------------------------|---|
| <b>Recommendations</b>               | <b>Across-the-Board Provisions</b>  |
|                                      | <b>A. GENERAL</b>   |
| Not Applied                          | 1. Require at least one-third public membership on state agency policymaking bodies.  |
| Apply                                | 2. Require specific provisions relating to conflicts of interest.   |
| Modify                               | 3. Require that appointment to the policymaking body be made without regard to the appointee's race, color, disability, sex, religion, age, or national origin. |
| Not Applied                          | 4. Provide for the Governor to designate the presiding officer of a state agency's policymaking body.   |
| Modify                               | 5. Specify grounds for removal of a member of the policymaking body.  |
| Modify                               | 6. Require that information on standards of conduct be provided to members of policymaking bodies and agency employees.   |
| Modify                               | 7. Require training for members of policymaking bodies.   |
| Not Applied                          | 8. Require the agency's policymaking body to develop and implement policies that clearly separate the functions of the policymaking body and the agency staff.  |
| Not Applied                          | 9. Provide for public testimony at meetings of the policymaking body.   |
| Modify                               | 10. Provide for notification and information to the public concerning agency activities.  |
| Not Applied                          | 11. Require the agency to comply with the state's open meetings law and administrative procedures law.  |
| Apply                                | 12. Require development of an accessibility plan and compliance with state and federal accessibility laws.  |
| Modify                               | 13. Require that all agency funds be placed in the treasury to ensure legislative review of agency expenditures through the appropriations process.             |
| Apply                                | 14. Require information to be maintained on complaints.   |
| Apply                                | 15. Require agencies to prepare an annual financial report that meets the reporting requirements in the appropriations act.                                     |
| Apply                                | 16. Require development of an equal employment opportunity policy.  |
| Apply                                | 17. Require the agency to establish career ladders.   |
| Apply                                | 18. Require a system of merit pay based on documented employee performance.   |

| <b>Adjutant General's Department</b> |   |
|--------------------------------------|---|
| <b>Recommendations</b>               | <b>Across-the-Board Provisions</b>  |
|                                      | <b>B. LICENSING</b>   |
| Not Applied                          | 1. Require standard time frames for licensees who are delinquent in renewal of licenses.  |
| Not Applied                          | 2. Provide for timely notice to a person taking an examination of the results of the examination and an analysis, on request, to individuals failing the examination. |
| Not Applied                          | 3. Authorize agencies to establish a procedure for licensing applicants who hold a license issued by another state.   |
| Not Applied                          | 4. Authorize agencies to issue provisional licenses to license applicants who hold a current license in another state.  |
| Not Applied                          | 5. Authorize the staggered renewal of licenses.   |
| Not Applied                          | 6. Authorize agencies to use a full range of penalties.   |
| Not Applied                          | 7. Specify disciplinary hearing requirements.   |
| Not Applied                          | 8. Revise restrictive rules or statutes to allow advertising and competitive bidding practices that are not deceptive or misleading.                                  |
| Not Applied                          | 9. Require the policymaking body to adopt a system of continuing education.   |

# **BACKGROUND**

# Background

## Agency History

The Texas Adjutant General's Department (AGD) was established under the Republic of Texas to coordinate the volunteer forces that had secured independence from Mexico. The Department continued after statehood in 1845 and was redefined by the Legislature in 1905 to reflect its responsibility over the National Guard, which today consists of both Army and Air Guards.

The duties and structure of the agency have remained unchanged since the establishment of the Texas State Guard in 1965. The State Guard is a voluntary state reserve force, subject to mobilization by the Governor when the Texas National Guard is called into federal service.

The Adjutant General's Department has a dual mission: to help provide an effective fighting force for the United States in times of conflict, and to aid the state or nation in times of civil disturbance or natural disasters.

Specifically, the Department's responsibilities include:

- providing command and staff support to all subordinate units of the Army and Air National Guard and State Guard;
- providing support necessary to recruit and train individuals and equip and train units for assigned State and Federal missions;
- providing contingency planning for mobilization of the National Guard into federal service and for military support of civil authorities during domestic emergencies; and
- coordinating with the Texas National Guard Armory Board to provide facilities to house units and store equipment.

The Adjutant General's Department is headquartered at Camp Mabry in Austin.

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*The Department has a dual mission: provide a fighting force for the U.S. in times of conflict and aid to the state and nation in times of need.*

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## Overview of the National Guard

The National Guard is based on the concept of citizens having the responsibility of directly participating in the common defense, which dates back to English colonies in North America. The dependence on colonial militias, leading up to and during the Revolutionary War, resulted in the authors of the U.S. Constitution empowering Congress to “provide for organizing, arming, and disciplining the militia.” However, they gave the states the responsibility of appointing officers and training the militia.

Over the years, subsequent national defense policy has increased the National Guard’s role as an entity designed to supplement the active duty Army and Air Force. In 1903, Congress established specific federal procedures for organizing, training and equipping the Guard. In 1916, Congress increased federal support and regulation of the Guard and established federal recognition of National Guard officers. A reorganization plan approved after World War II gave the National Guard a dual mission: to provide an effective fighting force for the United States in times of conflict and to aid the states or nation in times of civil disturbance or natural disasters.

In addition, this reorganization provided that the federal government would supervise Guard military instruction; furnish training facilities, salaries, uniforms, equipment and ammunition; and pay a

portion of armory construction costs. In 1956, the various laws relating to the Armed Forces and the National Guard were codified into Title 10 and Title 32 of the United States Code, respectively.

Because the National Guard serves a dual role it responds to two lines of authority. While providing troops to the United States in times of conflict, the

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***The Guard responds to the Governor and the Adjutant General on state matters and to the President when providing troops to the U.S.***

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National Guard responds to the President and the military hierarchy of the federal armed forces. The federal government pays for the operation and equipment of the National Guard when this occurs. When the Guard provides aid to the states in times of civil disturbance or natural disaster, that state’s Guard units respond to the state’s Governor

and its Adjutant General who is that state’s highest ranking Guard officer. The state in which the emergency occurs is responsible for paying guard members and reimbursing the federal government for any costs incurred during this activity.

Federal activations of the Texas National Guard have been rare. The Texas National Guard was activated for federal missions during the Korean War, the Cuban Missile Crisis, the invasion of Panama in 1989 and the Gulf War in 1990. State activations of the Texas National Guard have been more frequent and include such missions as tornado relief in Wichita Falls in 1979 and flood relief in Southeast Texas in 1994.

## in the United States

A common point of confusion relating to the National Guard is how it differs from the Army and Air Force Reserves. This distinction relates to the federal and state capacities of the National Guard. As mentioned above, the National Guard responds to both federal and state chains of command due to its dual federal/state mission. However, the Reserves have no dual role, but rather are federal troops which serve only to supplement the active-duty troops of the armed forces. This distinction results in the National Guard being the only military force available for use by individual states.

Guard members enlist for a specific period of time just like their active-duty counterparts. However, because Guard members are not members of the active Army or Air Force and maintain jobs in addition to their Guard duties, they train differently. Army Guard members train one weekend each month and two or more weeks a year. Air Guard members follow the same schedule with the exception of flight personnel who are required to have 12 hours of flight time per month in addition to the normal training schedule.

Units of the National Guard are organized along the same lines as those in the active armed forces. The U.S. Congress determines the size and overall structure of the Guard, while the Secretaries of the Army and Air Force determine the composition and organization of individual units. The main factors used to determine the unit size a state will support

are the state's abilities to recruit new Guard members and maintain current unit strength.

Texas is the home of the 49th Armored Division, which is the largest armored division in the nation. When activated for federal duty, the 49th Armored Division is integrated into the Army's III Corps. In addition, Texas is home to units of the Air National Guard, including the 136th Airlift Wing,

the 147th Fighter Group and the 149th Fighter Group. The 136th Airlift Wing is a part of the 8th Air Force while the 147th Fighter Group and the 149th Fighter Group are part of the 1st and 12th Air Forces, respectively. At the

end of fiscal year 1995, the Army National Guard had 17,011 members and the Air National Guard had 3,542 members.

With the end of the Cold War and significant federal budget constraints, the future of the National Guard has become the subject of considerable national debate. One side would reduce the size of the National Guard and Reserves and rely more on the active Army and Air Force for national defense, while the other side would reduce the size of the standing Army and Air Force and rely more on the National Guard and Reserves for defense missions. Because debate continues at the federal level, the future role and size of the National Guard has not been determined.

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***The National Guard is the only military force available for use by individual states.***

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## Policymaking Structure

The Governor of Texas is Commander-in-Chief of the State Military Forces, as specified by the Texas Constitution. The Adjutant General advises the Governor on military policy, commands the Texas National Guard, and is subordinate only to the Governor on state military matters. Under the Governor's direction, the Adjutant General supervises the operation of the Department to fulfill its state and federal missions.

The Governor appoints and the Senate confirms the Adjutant General for a two-year term. On recommendation of the Adjutant General, the Governor also appoints the Assistant Adjutant General for Army and the Assistant Adjutant General for Air. These personnel do not require confirmation by the Senate. To be qualified for appointment as Adjutant General or Assistant Adjutant General, persons must:

- be serving as a federally recognized officer of not less than field grade (rank of Major or higher) in the Texas National Guard;
- have previously served on active duty or active duty for training with the army or the air force; and
- have completed at least ten years service as a federally recognized commissioned officer with an active unit of the Texas National Guard.

*Direct federal funding makes up 94.8 percent of all funding for the Texas National Guard.*

## Funding and Organization

### FUNDING

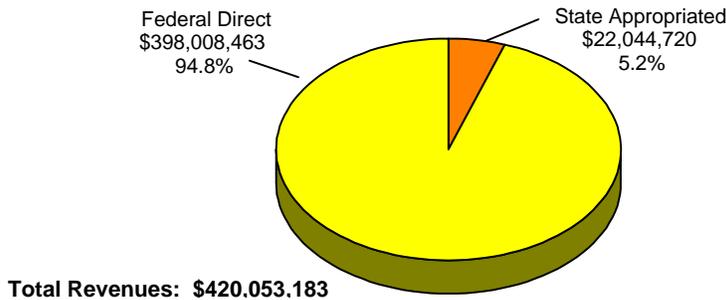
By far the largest source of funding for the Department comes directly from the federal government to support the National Guard as part of the national defense structure maintained by the United States Department of Defense. The chart, *Sources of Revenue — Fiscal Year 1995*, shows total funding for all National Guard activities in Texas. In fiscal year 1995, these federal direct funds appropriated by the U.S. Congress were \$398 million which represents 94.8 percent of total funding for the Department. Just over \$22 million, or 5.2 percent of the Department's funding in 1995 came from state appropriations. The estimated amount of direct federal spending for each of the Department's strategies can be found in the table *Estimated Federal Direct Funds By State Strategy*. These amounts are estimates because these federal funds are not appropriated based on state strategies.

**Estimated Federal Direct Funds by State Strategy**

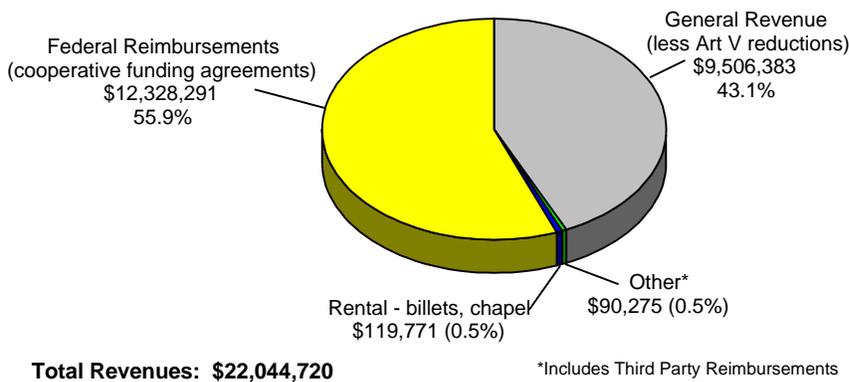
| Strategy                 | Estimated Federal Direct Funds |
|--------------------------|--------------------------------|
| Management Support       | \$ 193,001,471                 |
| Education and Training   | 37,658,824                     |
| Equipment Maintenance    | 68,075,566                     |
| Facilities Modernization | 50,750,657                     |
| Armory Rent              | 0                              |
| Indirect Administration  | 27,157,805                     |
| Utilities                | 0                              |
| Community Support        | 14,122,059                     |
| Environmental Clean-up   | 7,242,081                      |
| <b>TOTAL</b>             | <b>\$ 398,008,463</b>          |

### Sources of Revenue Fiscal Year 1995

#### Total Funding



#### State Appropriated Funding



Of the \$22 million in state appropriation for AGD in 1995, about half came from general revenue and half from federal reimbursement funds. The chart, *Sources of Revenue - Fiscal Year 1995*, details revenue sources appropriated from the Legislature for fiscal year 1995. General revenue funding supports purely state functions and also provides a match for federal funds. The state receives federal funds as reimbursements for federally-required programs and as federal matching funds under cooperative funding agreements discussed below.

The arrangements for paying for many of the Texas National Guard's activities are laid out in the Master Cooperative Agreement (MCA). This agreement is a "contract" between the state and the federal government that divides some of the costs of operating and maintaining the Texas National Guard. Each state National Guard has a separate contract,

containing similar general provisions, but also covering different programs and priorities, reflecting the missions of that state's Guard units.

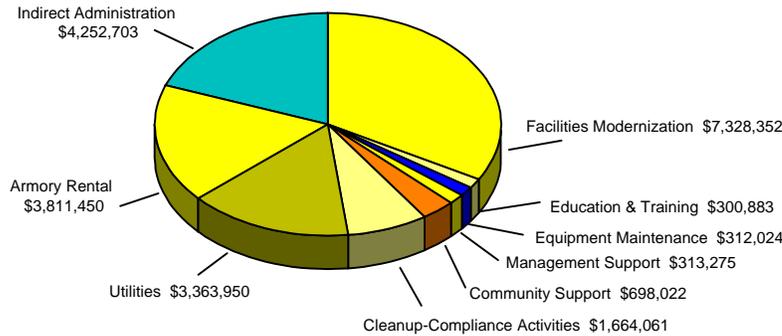
In Texas, the MCA is organized into several appendices, dealing with specific activities of the Texas National Guard. Examples of appendices of the MCA include the Environmental Resources Management Program and security guard activities. The agreement contains cost calculations for all expenditures — from construction to office supplies — according to the percentages of federal or state activity occurring at the facility or the numbers of federal or state employees occupying office space. Such calculations are made on the basis of square footage.

In many programs of the Texas National Guard, the federal government funds 75 percent of costs, while the state pays for 25 percent. In these programs, the MCA requires each expenditure — from rent and salaries to office supplies and telephone bills — to be funded by this same 75-25 federal-state split. However, many other National Guard activities are 100 percent federally-funded.

Two offices are primarily responsible for implementing and overseeing this joint funding arrangement. The United States Property and Fiscal Office (USPFO) established under federal law, provides federal equipment, supplies, and funding to support the federal and state missions of the National Guard. USPFO is the agent of the Chief of the National Guard Bureau who works directly with the Department's staff to obtain funding and maintain an accurate account of federal expenditures and reimbursements. The Directorate of State Resources Management is the central state office for providing state level support in requesting, receiving, administering and accounting for appropriated funds from general revenue and the federal government.

AGD had fiscal year 1995 expenditures of \$22 million for implementing its nine strategies as laid out in the appropriations bill. Of these total expenditures, \$7.3 million is for modernization and maintenance of facilities other than armories. In addition, \$3.8 million is for rent for armories provided by the National Guard Armory Board, which pays for debt service on outstanding revenue bonds and bond insurance. The Department also expended \$3.4 million to pay for utilities at all Department facilities statewide, including armories. The chart, *Expenditures by Strategy - Fiscal Year 1995*, provides a detailed breakdown of the agency's expenditures for each strategy.

**Expenditures by Strategy  
Fiscal Year 1995**



**Total Expenditures: \$22,044,720**

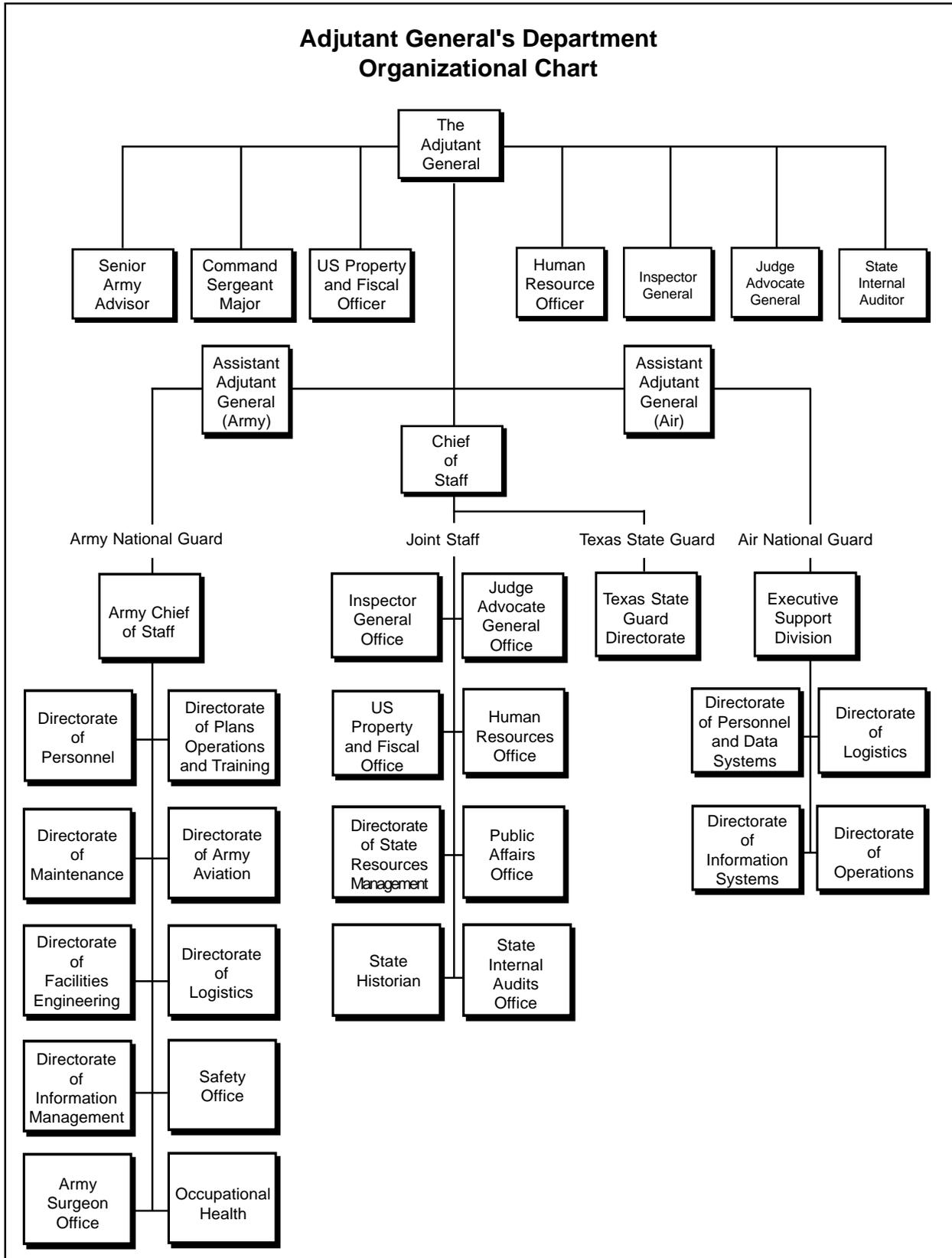
The Legislature has established a statewide goal of 30 percent of all agency contracts to be made with Historically Underutilized Businesses (HUBs). The Legislature also requires the Sunset Commission, in its reviews, to consider agencies' compliance with laws and rules regarding HUB use. The chart, *Purchases From HUBs*, shows the Department's HUB participation for 1995.

| <b>Purchases From HUBs<br/>Fiscal Year 1995</b> |             |
|---|-------------|
| Contracts for goods and services                | \$5,568,775 |
| Contracts awarded to HUBs                       | \$1,360,497 |
| Percentage of contracts awarded to HUBs         | 24.4%       |
| State/agency goal                               | 30.0%       |

**ORGANIZATION**

In fiscal year 1995, the Adjutant General's Department had 328 state full-time equivalent employees, and 3,121 federal employees. The chart, *Adjutant General's Department Organizational Chart*, shows the general organization of the Department.

Generally, state employees provide for the administration of state missions of the Department, the Texas National Guard and Texas State Guard. State employees also provide security and fire protection for many of the Guard's facilities. Federal civil service and military employees primarily support activities of the Texas National Guard that are federal in funding and scope. The Master Cooperative Agreement, discussed earlier, details the specific allocation of state employees among the AGD's directorates.



A comparison of the agency's work force composition to the state's minority work force goals is shown in the chart, *Adjutant General's Department Equal Employment Opportunity Statistics*, for fiscal year 1995.

The department's headquarters are at Camp Mabry in Austin, which is also the headquarters for the Texas Army and Air National Guards and the Texas State Guard. In addition, National Guard units are stationed at 167 facilities statewide, including 113 armories, three army aviation flight facilities, eight Air Guard facilities, 34 organizational maintenance shops, two combined support maintenance shops, six unit training and equipment sites and the mobilization and training equipment site located at north Ft. Hood. The two maps, *National Guard Facilities*, show the location of both armory and non-armory National Guard Facilities.

**Adjutant General  
Equal Employment Opportunity Statistics - 1995**

| Job Category             | Total Positions | Minority Workforce Percentages |            |          |            |        |            |
|--------------------------|-----------------|--------------------------------|------------|----------|------------|--------|------------|
|                          |                 | Black                          |            | Hispanic |            | Female |            |
|                          |                 | Agency                         | State Goal | Agency   | State Goal | Agency | State Goal |
| Officials/Administration | 5               | 0%                             | 5%         | 20%      | 8%         | 20%    | 26%        |
| Professional             | 54              | 0%                             | 25%        | 9%       | 7%         | 50%    | 44%        |
| Technical                | 14              | 14%                            | 13%        | 29%      | 14%        | 29%    | 41%        |
| Protective Services      | 103             | 16%                            | 13%        | 9%       | 18%        | 7%     | 15%        |
| Para-Professionals       | 23              | 4%                             | 25%        | 13%      | 30%        | 70%    | 55%        |
| Administrative Support   | 31              | 10%                            | 16%        | 39%      | 17%        | 65%    | 84%        |
| Skilled Craft            | 64              | 3%                             | 11%        | 41%      | 20%        | 3%     | 8%         |
| Service/Maintenance      | 30              | 23%                            | 19%        | 33%      | 32%        | 27%    | 27%        |

## Agency Operations

The strategic plan for the Adjutant General's Department has three goals that reflect its overall operations: military readiness, expansion of community support, and environmental impact. The Department also has a goal for indirect administration which supports miscellaneous operations.

By far, the largest area of AGD's operations are in support of its goal of providing a capable response to meet federal and state needs. The agency accomplishes this goal through the following strategies:

- Provide training to ensure rapid mobilization and deployment,
- Modernize and maintain facilities,
- Support construction of armories,
- Maintain a utilities conservation program,
- Provide personnel management support for National Guard forces, and
- Modernize and maintain National Guard equipment.

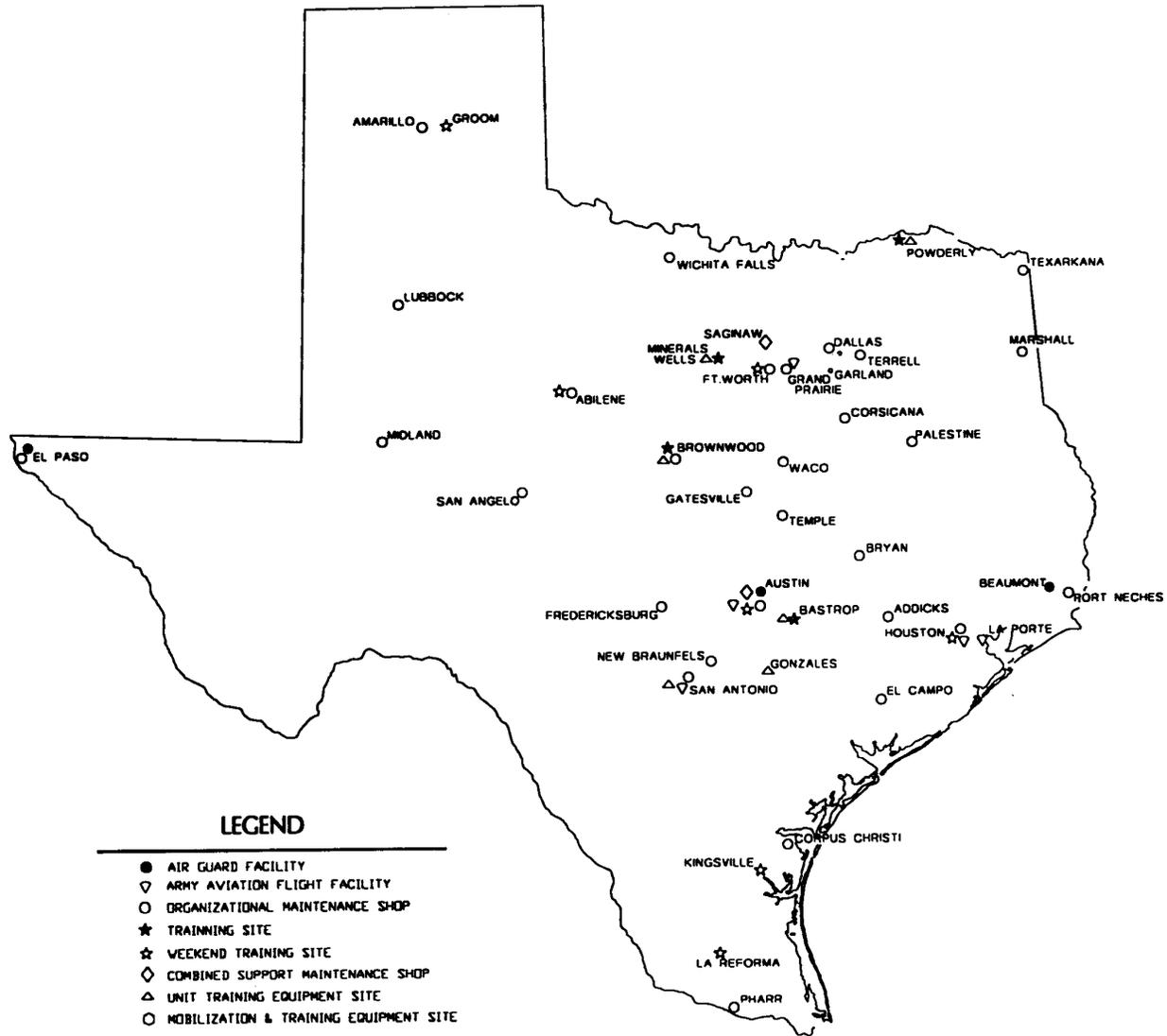
*The Department has three primary goals:*

- *military preparedness*
- *community support*
- *environmental protection.*

### National Guard Facilities Armories Only



### National Guard Facilities Facilities Other Than Armories



In addition to its major responsibility to provide a trained force to respond to federal and state needs, the Department also pursues separate strategies to meet its goals of expanding community support and conducting environmental clean-up activities. The most significant among these is the Department's counter-drug program. A fourth goal, created for the agency in the appropriations process last session, provides for indirect administration. This goal replaced indirect administrative and support costs formerly allocated across other strategies, including the department's central administration, financial and personnel services, information resources support, and other operational support. While this goal has no strategies relating to its implementation, it includes several miscellaneous agency operations.

Each of these strategies is discussed in the following material.

#### ***PROVIDE TRAINING TO ENSURE RAPID MOBILIZATION AND DEPLOYMENT***

State and federal law direct the National Guard to conduct training necessary to accomplish its state and federal missions. Through these training efforts, the Department seeks to assure the Guard's readiness to respond quickly and effectively in times of crisis.

Guard training occurs at four primary sites, located in Bastrop, Bowie, Mineral Wells, and Paris. In addition, the Army Guard uses two leased sites, located at La Reforma and near Pampa. The Army Guard may also use active duty bases, such as Fort Hood and Fort Bliss. Air Guard training primarily occurs at its eight facilities. Guard members are encouraged to gain additional qualifications by completing specialized courses and training. Units may also receive specialized training, such as emergency response courses, in addition to annual training and regularly scheduled weekend drills.

While the federal government provides most of the support for training the Guard through direct federal appropriations, state appropriation for this activity in fiscal year 1995 was \$300,883, including \$200,902 in general revenue and \$99,981 in federal reimbursements. Direct federal funding covers costs such as pay and expenses for Guard members while on training and the use of military equipment and ammunition. State funding generally pays for administrative staff and training support personnel.

#### ***MODERNIZE AND MAINTAIN FACILITIES***

The Department builds and maintains non-armory facilities that are necessary for the operation, training, and maintenance of the Texas National Guard. In fiscal year 1995, the Department maintained 3.2

million square feet of non-armory facilities, which includes maintenance and storage areas, training facilities, headquarters and administration buildings, and other structures. This activity involves repairing and modernizing facilities deemed in need by departmental engineers and also providing security to the Department's most important facilities.

The federal government provides most of the support for building and maintenance, providing both direct federal funding and state appropriated federal reimbursements. Federal funding generally pays 75 percent of the Department's building and maintenance costs and the state pays the remaining 25 percent, as specified in the Master Cooperative Agreement. In fiscal year 1995, state-appropriated federal reimbursements were \$5.8 million and state general revenue was \$1.5 million for building and maintenance of guard facilities other than armories.

### ***SUPPORT CONSTRUCTION OF ARMORIES***

An armory is a facility built according to National Guard Bureau specifications that accommodates one or more units of the Texas Army National Guard. The size and design of an armory are based on the mission and activities of the unit which uses the facility.

The Adjutant General's Department leases armories from the Texas National Guard Armory Board, which generally acts as the Department's "landlord." Rent paid to the Armory Board includes debt service on outstanding revenue bonds, insurance, and administrative fees to finance the 25 percent state share of armory construction costs. The federal government pays the remaining 75 percent share through direct federal appropriations. The decision to construct or expand an armory is made by the Adjutant General in conjunction with the Armory Board and is approved by the Legislature.

Rents paid to the Armory Board are funded completely by General Revenue. In fiscal year 1995, AGD spent \$3.8 million for armory rental.

### ***MAINTAIN A UTILITIES CONSERVATION PROGRAM***

As part of the responsibility to provide commodities and supplies to the National Guard, AGD pays for utilities for all facilities, including armories. In fiscal year 1995, the Department spent \$3.4 million for utilities, including \$1.8 million from general revenue and \$1.5 million from federal reimbursements.

The Department has implemented a utilities conservation plan covering all facilities, including armories. The agency monitors utility usage statewide and assists facilities having difficulty controlling utility costs by helping them develop plans to reduce utility costs.

### ***PROVIDE PERSONNEL MANAGEMENT SUPPORT FOR NATIONAL GUARD***

The Department must provide a personnel management program to support and maintain Texas Army and Air National Guard units at required strength levels to accomplish federal and state missions. The federal government, through the Department of Defense National Guard Bureau, establishes the authorized military strength for the Texas National Guard and requires the state to maintain a certain percentage of that authorized strength. The Department is responsible for maintaining required military strength which it accomplishes primarily by retaining eligible Guard members.

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*In 1995, the Texas National Guard had 20,553 members.*

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While the federal government provided almost \$200 million in direct federal funding for the National Guard's military members, both full and part time, the state appropriation, all from general revenue, was \$313,273 in fiscal year 1995. These funds provided state support to military personnel management. At the end of fiscal year 1995, the Texas National Guard had 20,553 members, which was 95.1 percent of its authorized strength.

### ***MODERNIZE AND MAINTAIN NATIONAL GUARD EQUIPMENT***

Because the Department must have arms, equipment and military supplies necessary to perform its mission, it is responsible for keeping the Guard's equipment combat ready. To achieve this readiness level, Guard units undergo equipment inspections according to state and federal standards. Although this activity includes the Guard's effort to modernize its equipment, this activity does not include the procurement and distribution of major equipment items by the National Guard Bureau. The National Guard Bureau provides military hardware directly from the federal government. The Department estimates the total value of Guard equipment in Texas to be \$3.8 billion in 1995.

Like many of the Department's activities, the federal government pays most of the costs of maintaining the Guard's equipment. By comparison, state-appropriated funds for maintenance in fiscal year 1995 totaled \$312,295, with \$302,684 from federal reimbursements and \$9,611 from general revenue.

## **COMMUNITY SUPPORT**

While state law does not direct the Department to pursue community support activities, the agency has expanded into this area largely because of emphasis from the National Guard Bureau. The Department's community support activities include volunteer efforts of the Texas National Guard and the Texas State Guard, the Employer Support of Guard and Reserve program, federally funded educational and training programs for school children and at-risk youth and a counter drug program. Community support activities aid in recruiting efforts and show the Guard as an active participant in local communities. The funding for these activities from state-appropriated federal reimbursements was \$529,315 in fiscal year 1995. General revenue provided \$121,375 and a grant from the Criminal Justice Division of the Governor's Office provided \$47,332.

The Texas State Guard provides services to communities and community groups when requested, ranging from traffic and crowd control at public events to marching bands and honor guards at other civic functions. In fiscal year 1995, the Department estimated the value of community services and savings to communities resulting from State Guard activities at \$633,850.

The Department also conducts a counter-drug program which provides personnel, equipment, and training in support of local police, sheriff's departments, and other law enforcement organizations to detect, deter, and disrupt illegal drug activity in Texas. Under the direction of a full-time commander and staff from the Army and Air Guards, members perform ground surveillance, aerial reconnaissance and surveillance, border inspections, military training programs and intelligence. These personnel also provide staff to local law enforcement agencies to carry out administrative functions so those agencies can put more personnel into counter-drug activities. Federal direct funding for this counter-drug activity in fiscal year 1995 was about \$11,000,000.

In addition, the Employer Support of the Guard and Reserve program (ESGR) is coordinated through the federally funded Public Affairs office. ESGR is a program of the United States Department of Defense, designed to strengthen relations between the National Guard and private employers. ESGR is available to mediate conflicts between guard members and their employers over such issues as leave for training or active duty.

The Department's STARBASE Program, a five-day academy for 4th through 6th grade "at-risk" students, also contributes toward the goal of the National Guard to be active in domestic and community concerns. STARBASE is a federally funded program designed to encourage students to explore careers in aviation, avionics, aeronautics, science, and math. The curriculum includes classroom instruction, hands-on experiments, and air base and space center tours. The academy, located at Ellington Air National Guard Base in Houston, has graduated over 1,200 students from the Houston Independent School District since its opening in late September, 1994.

The Seaborne Conservation Corps (SCC) is a joint effort of the Texas National Guard, Department of the Navy, Texas A&M University at Galveston, and the Corporation for National Service (AmeriCorps). Students are housed on the *Texas Clipper*, a Texas A&M University training ship. SCC provides education, environmental conservation training and career development through a six-month co-ed program. The program targets persons 17 to 20 years of age who have dropped out of high school. The residential program prepares these young persons for maritime careers, military service, or college. Since SCC was established in 1994 it has graduated 163, all of whom have gone on to college, military service or careers in maritime industries. The Department's share of funding SCC in fiscal year 1995 was fully federally reimbursed.

### ***ENVIRONMENTAL PROTECTION***

The Department must comply with applicable local, state, and federal laws regarding environmental protection and compliance. Through the Environmental Resources Management Branch (ERMB) in the Army Guard's Facilities and Engineering Directorate, the Department seeks to protect the environment by implementing projects for complying with these laws. ERMB also implements programs for environmental clean-ups, as necessary, and for environmental awareness training.

ERMB has produced training materials such as videos, newsletters and posters to increase environmental awareness and compliance with state and federal regulations. State appropriated funding for environmental protection in fiscal year 1995 totaled \$1.6 million in federal reimbursements and \$15,552 from general revenue.

### ***INDIRECT ADMINISTRATION***

The Department's fourth goal, indirect administration, includes the standard administrative costs that support each of the agency's strategies.

**NATIONAL GUARD ARMORY BOARD**

**ISSUE**

# Issue 1



## Abolish the National Guard Armory Board and Transfer its Functions to the Adjutant General's Department.

### Background

The Legislature established the National Guard Armory Board (NGAB) in 1935 to administer a state program to build and maintain National Guard armories. The Board's construction activities include both the financing and the management of armory projects.

The Legislature established NGAB to take advantage of a depression-era program of the federal government to provide funds for work projects, including armory construction. Today, NGAB still relies on the federal government for much of armory construction funding. Typically, the federal government provides 75 percent of all funding for National Guard armory construction while the state provides the remaining 25 percent for armories built on state land. The state provides its share of funding through the sale of revenue bonds. These bonds are paid off from the rental fees NGAB charges the Adjutant General's Department (AGD) for the use of the armories. The Board had the authority to issue revenue bonds for armory construction and renovation until 1991, when the Legislature transferred this responsibility to the Texas Public Finance Authority. The current balance of outstanding bonds used for armory construction is about \$30 million.

Under its responsibility to manage construction projects, NGAB works with AGD to select and acquire specific armory sites. AGD makes the decision to construct armories throughout the state based generally on the ability of an area to support the recruiting and logistical needs of the National Guard unit. Once NGAB acquires land, it prepares requests for proposals for architectural and engineering services and, after review and approval of the plans and specifications, issues invitations for bids for construction of the armory. During construction, NGAB inspects armories to ensure that they are built to meet specifications. NGAB has also built logistical

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*Typically, the federal government provides 75 percent of funding for National Guard Armory construction, while the state provides the remaining 25 percent.*

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and support facilities for the Guard through interagency agreement with AGD.

In addition to armory construction, NGAB maintains the 106 armories on state land. NGAB also maintains seven armories located on federal land through interagency agreement with AGD. These services are provided by seven travelling maintenance teams, assigned to different regions of the state and by local contractor when no team is within reasonable distance. NGAB may also address special needs at other Guard facilities at the request of AGD. For example, NGAB has performed asbestos removal through interagency contract at AGD's Mobilization and Training Equipment Site at North Fort Hood.

NGAB is also responsible for sale or disposal of armories declared surplus by AGD. Sale is normally to the highest bidder. The Board has also executed surface and mineral leases on land it owns. In addition, NGAB allows the rental of armories to community groups for a variety of functions, with proceeds from those rentals divided among NGAB, AGD and the local National Guard unit located at the armory. Finally, the Board's executive director works to secure federal funding for armory construction and renovation from Congress.

To justify the continuation of an agency certain conditions must be identified. A current and continuing need for the agency's functions and services should exist; those functions and services should not duplicate those currently provided by any other agency; and any potential benefits of maintaining a separate agency must outweigh any advantages of transferring its functions and services to any other state agency.

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*As long as Texas has the National Guard, the State must ensure that the Guard has the facilities to carry out its mission.*

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## Findings

- ▼ Despite the federal debate over military cuts, the functions performed by NGAB continue to be needed to ensure land acquisition, construction and maintenance for National Guard armories.
  - ▶ Although the federal government is currently debating reductions in the size of the active military and the National Guard, none of the plans being considered would eliminate the role of the National Guard in serving the country's defense needs. As long as Texas has the National Guard, the state must ensure that the Guard has the facilities to carry out its mission.

- ▶ Because the federal government funds 75 percent of armory construction and renovation costs, the state receives a good match for its state funds. In addition, revenue bonds provide an efficient method of funding the state's portion of construction costs up front without creating a greater burden on the state's general revenue fund.
- ▶ Although the need is diminishing for building new National Guard facilities, the state will still need to address the construction requirements of the Guard. As armories in Texas grow older, the state must address the need to replace obsolete and irreparable facilities. The average age of Guard armories in Texas is 31 years. In addition, because of federal budget constraints and changes in staffing needs of the Guard, the state must be able to consolidate National Guard facilities.

Recent examples of armory construction reflect this changing focus. The Weslaco National Guard armory, to be completed in 1996, replaced armories in five other communities in South Texas. The Armed Forces Guard and Reserve Center in Lubbock, completed in 1995, consolidated facilities for the Navy Reserves, Marines Corps, Army National Guard, Army Reserves, Army Reserves recruiting offices and, several vehicle repair shops into one facility.

- ▶ The state must be able to maintain National Guard armories to remain supportive of the National Guard's missions. For the state to attract and retain National Guard units, existing facilities must meet maintenance standards or units may be assigned to other states that provide better infrastructure. As the federal budget tightens, competition is increasing among states desiring federal funding for National Guard facilities. If Texas is not prepared for this competition and does not provide and maintain adequate facilities for the National Guard, the state jeopardizes the federal funding it receives to support the Guard and the resulting economic impact for the local communities.

▼ **While the functions of NGAB continue to be needed, a separate agency is not needed to carry out those functions.**

- ▶ The primary purpose of NGAB is to build and maintain armories for the Texas National Guard. While NGAB works to assure that the Guard's facility needs are met, it does not have a role in developing facility needs. Those decisions are

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*If Texas is not prepared for competition among states for National Guard facilities, the state jeopardizes the federal funding it receives to support the Guard.*

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made by AGD and the National Guard Bureau (NGB) in Washington, because federal funding is necessary to support the Guard, and the federal government establishes national defense policy.

- ▶ The Board implements decisions made by AGD regarding armory needs and has no statutory provision requiring it to serve as a check on AGD construction. Evidence that NGAB is not meant to serve as a check on AGD construction can be seen in the composition of the Board. The Board is composed of three active members of the Texas National Guard and three public members. Because the three active members of the National Guard are subordinate to the Adjutant General within the Texas National Guard, they cannot be expected to objectively evaluate the needs identified by the Adjutant General. In addition, if any of the other Board members have served in the National Guard, as is the case presently, any objective evaluation is further diluted. Having present and former National Guard members review and possibly disapprove plans developed by the Adjutant General is not very feasible.
- ▶ NGAB pays the debt service on state revenue bonds issued for armory construction. Because the Legislature already appropriates money to AGD to pay off the revenue bonds, the role of NGAB in this process is unnecessary. The Board uses the money collected as rent from AGD to pay off the bonds and to pay for required insurance and related administrative costs. The bond covenants do not require such a cumbersome debt service scheme. The Adjutant General can simply make the bond payments directly without any detrimental effect on the bonds.<sup>1</sup>
- ▶ While bonding authority is still needed to assure state funding for armory construction, this function has already been transferred away from NGAB. In 1991, the state transferred the authority to issue bonds for armory construction to the Texas Public Finance Authority (TPFA). Since that time, TPFA has made two bond issues on behalf of NGAB totaling \$21.6 million.
- ▶ The Legislature has already directed NGAB to transfer most of its functions to AGD, although the transfer was not permanent. In 1987, the Legislature directed NGAB to transfer most of its functions and personnel to AGD through

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*In 1991, the state transferred the authority to issue bonds for armory construction to the Texas Public Finance Authority.*

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interagency contract. The only activities that remained with NGAB related to existing bond and construction activities. The Legislature specified this transfer in the Appropriations Act by showing a joint appropriations for the AGD and NGAB. Riders in the appropriations bill transferred all personnel, equipment and office furniture necessary for armory maintenance and support to the Adjutant General's Department.

Because the consolidation was not specified in statute, NGAB was able to emerge after two years as a separate agency with its own appropriation. The experience showed, however, that AGD was capable of providing most of NGAB's functions.

▼ **Duplication of functions exist between NGAB and other state agencies.**

- ▶ Both NGAB and AGD are responsible for building facilities for the Texas National Guard. The Board builds armories on state land, while AGD builds armories and non-armory support facilities on federal land. NGAB may also build non-armory support facilities for the Guard through interagency agreement with the Adjutant General. Examples of non-armory support facilities include maintenance and training facilities.

The only significant difference between NGAB and AGD construction activities is that NGAB relies on state funding from revenue bonds. Armories located on state land have no special construction characteristics. Moreover, AGD has built seven armories located on federal land.

- ▶ Both NGAB and AGD maintain Texas National Guard facilities. The Board maintains 113 armories in the state amounting to 2.7 million square feet of space in fiscal year 1995. In comparison, AGD maintains non-armory support facilities amounting to 1.8 million square feet in fiscal year 1995. As in construction, armories have no specialized maintenance requirements that AGD does not already provide.
- ▶ The National Guard Armory Board is apparently the only state agency administering its own mineral leases. By law, the General Land Office (GLO) administers these leases for state agencies with land holdings, such as the Texas Department of Transportation and Texas Department of Mental Health and

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*The Adjutant General successfully assumed most Board duties during an experiment by the Legislature in 1987.*

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Mental Retardation through the School Land Board. The only statutory exceptions are the Texas Parks and Wildlife Department, the Texas Department of Criminal Justice, and The University of Texas and Texas A&M University Systems, which have separate boards for lease of their state owned lands. However, these entities still use GLO to administer their leases.

NGAB has negotiated at least four mineral leases since 1987, without any GLO involvement. The Board has also negotiated surface leases for grazing on its larger land holdings. Although agencies have more flexibility to negotiate surface leases of their property, they generally rely on GLO's leasing expertise to maximize their returns from the leases.

- In representing the state before Congress, NGAB duplicates the function provided by the Office of State-Federal Relations (OSFR), the state's agency representing Texas' needs to federal policy makers. The executive director of NGAB made three trips to Washington D.C. in calendar year 1995, to meet with the Texas congressional delegation seeking federal funding for armory construction. Much of this function was done in conjunction with OSFR, which maintains an office and full time staff in Washington D.C. However, AGD is also capable of coordinating with OSFR to maximize federal funding.

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*Texas is the only state among those with large National Guards that has an independent armory board.*

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- NGAB does not have the necessary safeguards to ensure adequate internal control of its operations.**
  - NGAB does not have an effective mechanism to inform its Board of the adequacy of internal control policies and procedures. NGAB does not comply with the state's Internal Audit Act. The agency does not have an independent internal auditor who reports directly to the Board. The current internal auditor position reports to the executive director and carries out the internal audit duties in addition to the duties of deputy director. In addition, NGAB has not filed an annual internal audit report as required by the Act.
  - Having no independent check on internal control policies and procedures can expose the agency's assets to unnecessary risk. Exposure to such risk can result in misuse or loss of state assets, unnecessarily increasing the cost of agency activities.

- ▼ **Other than Texas, none of the ten states with the largest National Guards has an independent armory board.<sup>2</sup>**
  - ▶ Five of these 10 states do not have armory boards. These states include California, New York, South Carolina, Tennessee and Louisiana. These states generally address their armory needs through their Adjutant General's Department or Military Department.
  - ▶ Four of these 10 states have armory boards, but they do not have independent staffs. These states include Alabama, Florida, Indiana and Pennsylvania. The armory boards in these states have staff provided by that state's adjutant general's department or are part of a larger department of military affairs.
  - ▶ Only one of the 10 states has a separate armory board with separate staff. That state is Texas.
  
- ▼ **Transferring the functions of NGAB to Adjutant General's Department would improve the state's process for providing National Guard armories.**
  - ▶ Transferring the functions of NGAB to AGD would help ensure that internal controls are in place over armory construction and maintenance programs. AGD already has an internal audit process in place that fully complies with the provisions established in the Internal Audit Act. In addition, that process recently underwent peer review which found AGD's internal audit function operating at the best possible level according to standards established by the Institute of Internal Auditors. Having this kind of internal control mechanism in place can prevent the inefficient use or misuse of state assets.
  - ▶ Transferring the responsibility for constructing and maintaining armories from NGAB to AGD would facilitate the process for evaluating and addressing environmental concerns in the acquisition of armory lands. Currently, NGAB relies on AGD's environmental staff to conduct or contract for all environmental reviews before a site is acquired. The AGD's environmental staff at AGD has 29 positions and a budget of \$1.6 million.
  - ▶ Currently, NGAB serves as the "landlord" for AGD's armories. By transferring responsibility for armory

construction and maintenance from NGAB to AGD, the Department will in effect become a “homeowner” and have direct control over armories used by Texas National Guard troops. In much the same way a homeowner is in a better position than a renter to identify and address problems, AGD would be in the best position to identify and address its armory needs.

- ▼ **Transferring the functions of the NGAB to AGD will result in benefits to the state.**
  - ▶ Transferring the functions of NGAB to AGD would ensure that armory construction and maintenance functions continue while consolidating the responsibilities for those functions in one state agency. This consolidation would eliminate seven NGAB positions whose duties duplicate those provided by AGD staff. The state could save about \$272,985 in salaries, about \$79,166 in benefits and about \$7,000 in Board per diem and travel expenses for a total of about \$359,151.

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*Several benefits and substantial savings would result from abolishing the Armory Board and transferring its functions.*

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## Conclusion

The functions performed by the National Guard Armory Board (NGAB) continue to be needed to provide for new armory construction as well as maintenance and renovation of existing armories. However, the Adjutant General’s Department also performs maintenance and construction activities for National Guard facilities other than armories. This redundancy of activity provides no additional benefits for the state’s armories or other National Guard facilities. Duplication of activity also occurs between NGAB and the General Land Office and between NGAB and the Office of State-Federal Relations. In addition, the Legislature directed NGAB to transfer most of its functions to AGD in 1987 with no detrimental effect to the Texas National Guard. Finally, Texas is the only state among the ten largest National Guard states to have an independent armory board. Several benefits and substantial savings could be realized by abolishing NGAB and transferring its functions to the Adjutant General’s Department.

## Recommendation

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### Change in Statute

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- **Abolish the National Guard Armory Board and transfer its functions to the Adjutant General's Department.**

This recommendation would abolish the National Guard Armory Board (NGAB) but continue its functions at the Adjutant General's Department (AGD) effective September 1, 1997. Such a provision will have no adverse effect on the \$30 million of outstanding bonds issued by NGAB. In addition, this transfer would have no effect on the issuance of bonds for armory construction, since the Legislature transferred that function from NGAB to the Texas Public Finance Authority in 1991. The Sunset Act establishes procedures for the termination of agencies that have outstanding bond obligations.<sup>3</sup> That procedure calls for another state agency to take up the responsibilities for bond payment on behalf of the abolished agency. Since AGD will have control of the armories for which the bonds were issued, AGD should assume all responsibilities, duties, and functions relating to any outstanding bonds.

This recommendation would make AGD responsible for the actual construction and renovation of new and existing armories. AGD would be required to issue requests for proposals for architectural and engineering services and invitations for bids for the construction of armories. AGD would also be required to ensure construction projects were completed as described by the design specifications and in accordance with National Guard Bureau criteria. AGD state employees would ensure that newly constructed armories meet design specifications and AGD federal employees would ensure that armories meet NGB standards.

AGD would also be responsible for all maintenance of armories under this recommendation. As is presently the case with NGAB, all emergency maintenance would be performed by local contractors to ensure minimal damage to the armories. However, all preventive maintenance would be performed by maintenance personnel transferred from NGAB to AGD.

The leasing of any land for mineral rights under this recommendation would be handled by the General Land Office on behalf of AGD. GLO would award leases using a sealed-bid process, administer those leases and oversee the collection and distribution of royalties. Any royalties earned by future leases would be deposited in the State Treasury to the credit of AGD.

This recommendation would help ensure that the maintenance and construction of armories are subject to oversight from AGD's internal audit program. Having this kind of internal control mechanism can help prevent the inefficient use or misuse of state assets.

Rental of armories to local community organizations or individuals and final disposition of under-used or surplus armories would become the responsibility of AGD under this recommendation. Any proceeds from armory rentals would continue to be divided between the unit occupying the armory and AGD.

Although NGAB would no longer be able to lobby the U.S. Congress to help gain federal funding for armory construction in Texas, the Office of State-Federal Relations is already in place to maximize the amount of federal funds flowing to Texas. In addition, the Adjutant General could also participate in informing the U.S. Congress of the need for armory construction in Texas, so long as such activity is done solely at state expense and not during times when the Adjutant General is in an active federal status.

The elimination of seven positions at NGAB is based on January 1996 staffing. The authorization and funding for the transferring positions would be given to AGD. However, the status of NGAB employees in transferring positions would be subject to negotiation between NGAB and AGD.

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## Fiscal Impact

This recommendation would result in the elimination of seven positions at NGAB and yield annual savings of about \$359,151 in general revenue. Of this amount \$272,985 would result from salary savings and \$79,166 would come from employee benefits. Savings of about \$7,000 per year would result from NGAB board members' per diem, travel, meals and lodging. All equipment and property owned by NGAB would be transferred to AGD. AGD would also receive the remaining NGAB appropriation to carry-out the transferred functions and pay staff.

| Fiscal Year | Savings to General Revenue | Change in Number of FTEs from Fiscal Year 1996 |
|-------------|----------------------------|--|
| 1997        | \$359,151                  | -7   |
| 1998        | \$359,151                  | -7   |
| 1999        | \$359,151                  | -7   |
| 2000        | \$359,151                  | -7   |
| 2001        | \$359,151                  | -7   |

<sup>1</sup> Letter to Sunset Staff, dated January 23, 1995, from the Texas Public Finance Authority's general counsel.

<sup>2</sup> Sunset Staff survey of the ten states with the largest National Guard membership.

<sup>3</sup> V.T.C.A., Government Code Sec. 325.017(f)

# **BACKGROUND**

# Background

## Agency History

The Texas National Guard Armory Board (NGAB) was created in 1935 to administer a state program for constructing National Guard armories using federal funds. The Legislature established the Board to take advantage of a Depression-era Federal Emergency Work Relief program designed to provide money to the states for constructing National Guard armories.

The statute prescribing the purpose and functions of the Texas National Guard Armory Board has undergone some modifications by the Legislature since 1935, including:

- in 1937, granting NGAB the power to sell bonds;
- in 1981, requiring the addition of three public members to the board, as part of NGAB's first Sunset review; and
- in 1991, transferring the authority to issue bonds from NGAB to the Public Finance Authority.

Currently, NGAB manages construction, control, maintenance and operation of 113 National Guard armories in Texas. A map showing the location of these armories is included in the Background section on the Adjutant General's Department in this report. NGAB is headquartered at Camp Mabry in Austin.

## Policymaking Structure

The National Guard Armory Board is a six-member body, comprised of the two senior officers of the Texas Army National Guard, the senior officer of the Texas Air National Guard, and three members of the public. The three public members are appointed by the Governor and confirmed by the Senate. Board members serve staggered six-year terms and must meet the following requirements:

- the three National Guard members must be actively serving in the Guard at the time of appointment,
- the public members may not be serving in the Texas National Guard at time of appointment, and

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*NGAB manages construction, maintenance, and operation of 113 armories for the National Guard in Texas.*

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- persons may not serve on the board if they hold another office of the state or federal government, except as a member of the Texas National Guard.

The Board meets as necessary to conduct business and to adopt essential rules for operation. Each year, the Board elects a chairman and a treasurer from its membership.

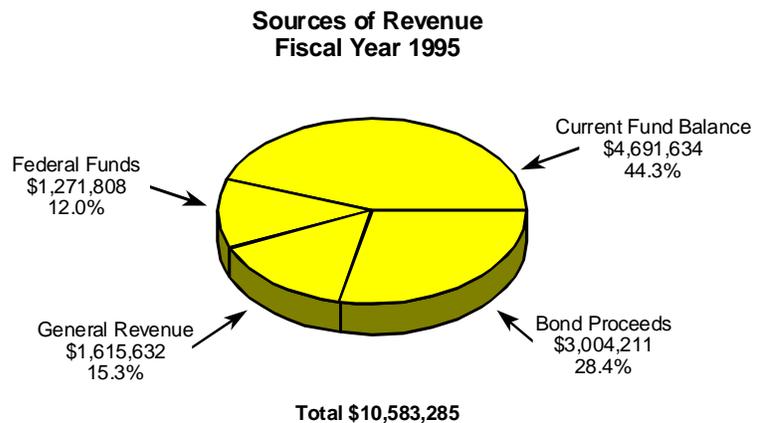
## Funding and Organization

### FUNDING

The National Guard Armory Board generally receives most of its funding from the federal government and smaller amounts from revenue bond proceeds and the general revenue fund. Total revenues, however, fluctuate depending on the availability of federal funds to construct and renovate armories. For example, in fiscal year 1995, NGAB's total revenues were \$10.6 million, including \$1.3 million in federal funds. In fiscal year 1996, total revenues are budgeted at \$24.7 million, including \$18.0 million in federal funds.

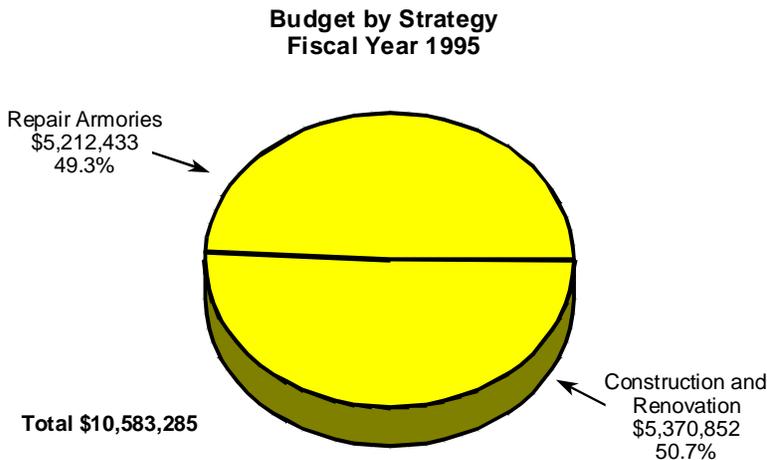
Armory construction and renovation are usually financed with 75 percent federal funds and 25 percent state funds from bond proceeds.

The federal government typically provides 75 percent of the funding for armory construction and renovation, while the state provides 25 percent of the funding through the issuance of revenue bonds. The Board pays off these revenue bonds with rents paid by the Adjutant General's Department (AGD) for use of armories by the Texas National Guard. In fiscal year 1995, the Board was supported by \$1.3 million in federal funds; \$3.0 million from bond proceeds; \$4.7 million from current fund balance, which is largely composed of cash transfers from AGD for armory rentals; and \$1.6 million from general revenue, with about half of that amount derived from the sale of Armory Board property. The chart, *Sources of Revenue - Fiscal Year 1995*, shows this information and provides the percentages from each source.



As mentioned, NGAB collects rents from the Adjutant General’s Department, which are used to pay off the revenue bonds issued to acquire, construct, remodel, repair or equip armories. Since 1979, 10 bond issues have been made for armory projects, and approximately \$30 million is currently outstanding. In 1991, the Legislature transferred responsibility for issuing bonds for armories from NGAB to the Texas Public Finance Authority (TPFA). The Legislature must approve the issue and use of revenue bonds.

The Board allocated its \$10.6 million budget in fiscal year 1995 to two strategies — the maintenance of properties and the construction and renovation of armories. The graph, *Budget by Strategy - Fiscal Year 1995*, shows the breakdown of the Board’s expenditures by strategy.



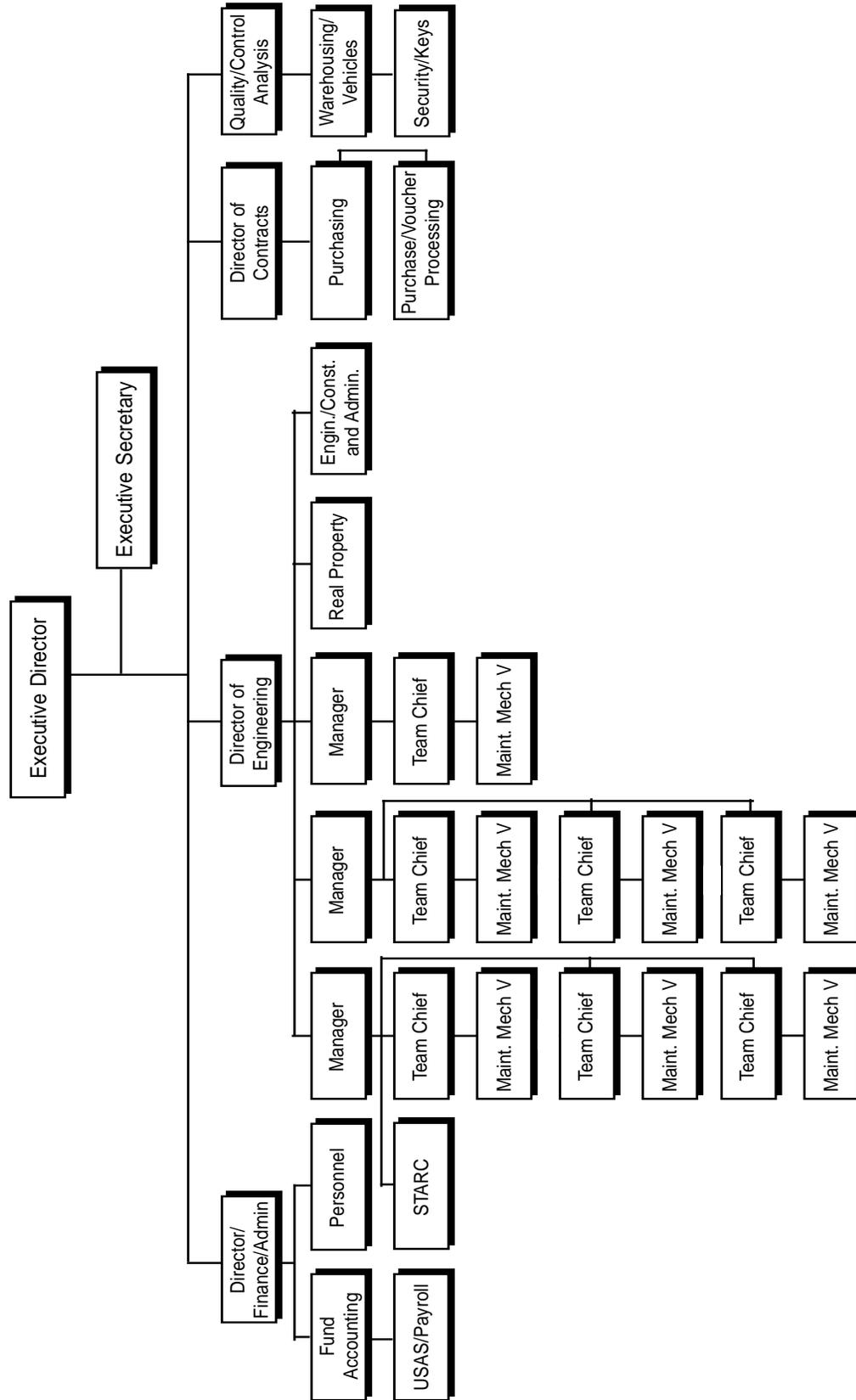
**ORGANIZATION**

NGAB is budgeted for 25 FTEs in fiscal year 1995. The agency’s organizational structure and staff allocation can be seen in the chart, *National Guard Armory Board Organizational Chart*. A comparison of the agency’s work force composition to the state’s minority work force goals is shown in the chart, *National Guard Armory Board Equal Employment Opportunity Statistics - Fiscal year 1995*. The Legislature has established a statewide goal of 30 percent of all agency contracts to be made with

**National Guard Armory Board  
Equal Employment Opportunity Statistics - 1995**

| Job Category             | Total Positions | Minority Workforce Percentages |            |          |            |        |            |
|--------------------------|-----------------|--------------------------------|------------|----------|------------|--------|------------|
|                          |                 | Black                          |            | Hispanic |            | Female |            |
|                          |                 | Agency                         | State Goal | Agency   | State Goal | Agency | State Goal |
| Officials/Administration | 1               | 0%                             | 5%         | 0%       | 8%         | 0%     | 26%        |
| Professional             | 7               | 0%                             | 7%         | 14%      | 7%         | 57%    | 44%        |
| Technical                | 3               | 0%                             | 13%        | 0%       | 14%        | 0%     | 41%        |
| Protective Services      | NA              |                                | 13%        |          | 18%        |        | 15%        |
| Para-Professionals       | 2               | 0%                             | 25%        | 0%       | 30%        | 100%   | 55%        |
| Administrative Support   | 1               | 100%                           | 16%        | 0%       | 17%        | 100%   | 84%        |
| Skilled Craft            | 9               | 0%                             | 11%        | 11%      | 20%        | 0%     | 80%        |
| Service/Maintenance      | 1               | 0%                             | 19%        | 0%       | 32%        | 0%     | 27%        |

### National Guard Armory Board Organizational Chart



Historically Under Underutilized Businesses (HUBs). The Legislature also requires the Sunset Commission, in its reviews, to consider agencies' compliance with laws and rules regarding HUB use. The box, *Purchases from HUBs - Fiscal year 1995*, shows the participation of historically underutilized business in NGAB's contracts for goods and services in fiscal year 1995.

| <b>Purchases from HUBs</b>          |             |
|-------------------------------------|-------------|
| <b>Fiscal Year 1995</b>             |             |
| Total goods and services contracted | \$4,903,808 |
| Amount of HUB participating share   | \$2,526,079 |
| Percent of HUB participation        | 51.5%       |
| State goal                          | 30.0%       |

## Agency Operations

The Texas National Guard Armory Board has two strategic goals that reflect its overall operation -- Maintain Properties, and Construct and Renovate Armories. Each of these goals, the strategies to attain them, and the performance measures for those strategies are discussed below.

### ***MAINTAIN PROPERTIES***

NGAB is responsible for maintaining the state's armories, the Texas Air National Guard headquarters and NGAB headquarters. In addition, until the end of fiscal year 1995, NGAB contracted with the Adjutant General's Department to provide maintenance of armories on federal land and, in some cases, logistical facilities. All together, NGAB maintains all 113 armories in the state. Until the mid 1980's the NGAB performed all maintenance and all armory construction at all locations, except those located on AGD property at Camp Mabry and federal property training sites at Camp Swift and Fort Wolters.

NGAB maintains facilities by using seven repair teams, each of which is responsible for inspection of and preventive repairs to armories in specific areas of the state. Six of these teams are headquartered in Austin and one is headquartered in Lubbock. NGAB uses local contractors for emergency repairs unless a repair team is within reasonable distance of the armory in need. The funding for building maintenance comes primarily from general revenue, but is supplemented by the rental of armories for civic functions, surface and mineral leases of NGAB land, and any armory sales. In fiscal year 1995, the agency spent \$5.3 million for this strategy. Of this \$5.3 million, \$3.6 million was used for the reduction of bond debt. NGAB conducted 96 armory inspections in fiscal year 1995.

### ***CONSTRUCT AND RENOVATE ARMORIES***

NGAB is responsible for building new armories and upgrading and repairing existing armories. NGAB also maintains logistical support facilities for AGD by interagency agreement. While the Adjutant General is responsible for identifying armory needs and working with the National Guard Bureau for federal authorization, NGAB works with the Adjutant General's Department to create a 20-year master plan for developing essential armory projects. Both agencies update the plan to reflect changes in the availability of federal funds and the changing policies of the Department of Defense. Based upon the master plan, NGAB submits a request to the Legislature for approval of specific construction and renovation projects.

The construction and renovation of armories is funded by 75 percent federal money and 25 percent state money. Once the Legislature has approved a request to build a new armory and bonds have been issued by the Public Finance Authority, NGAB oversees architectural and engineering services and construction. NGAB issues requests for proposals for architectural design and for armory construction. Before acquisition of land, NGAB can request an environmental review of the selected site by AGD or contract with a private firm for the review.

Throughout the project, NGAB staff monitors costs and inspects and oversees construction to assure the armory is being built to the standards agreed upon in the construction contract. When construction is completed, NGAB and AGD staff examine the building for any deficiencies. After the contractor corrects any deficiencies, a final inspection is conducted by NGAB and the Adjutant General's Department. Before the expiration of the building's one-year warranty, NGAB staff makes another inspection and has the contractor correct additional deficiencies that have become evident during the first year of occupancy. Maintenance of the building is then the sole responsibility of NGAB, with the exception of long-term product warranties such as those relating to air conditioning and heating units.

Major renovation activity includes refurbishing armories to meet standards established by the Americans with Disabilities Act (ADA), and Occupational Safety and Health Administration (OSHA). Renovation activities also include improving heating and air conditioning systems, upgrades of electrical systems, installation of insulation and plumbing replacements.

In fiscal year 1995, the agency spent \$5.4 million for this strategy. The Board initiated three armory construction projects at Victoria, San Angelo and Ft. Worth, two armory renovation projects at Camp Mabry and Greenville, and three roof replacements. Through interagency agreement with AGD, the Board oversaw construction of two support facilities at Wylie and Marshall, and renovation of six other support facilities at Brownwood, Corpus Christi, Victoria, Kilgore, Mexia, and Stephenville.



**ADJUTANT GENERAL'S DEPARTMENT  
NATIONAL GUARD ARMORY BOARD**

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