

Texas Military Preparedness Commission

Agency at a Glance

In 2003, the 78th Legislature created the Texas Military Preparedness Commission (Commission) as a Trusteed Program within the Office of the Governor to assist local defense communities in identifying and using economic development resources that enhance the military value of their installations. The Commission's mission is to preserve and expand Texas' 18 major military installations and their missions, and assist communities that have been impacted by a U.S. Department of Defense Base Realignment and Closure (BRAC) action. The Commission accomplishes its mission by performing the following duties:

- ◆ advising the Governor and Legislature on defense-related issues affecting Texas military installations to support the long-term viability of the military in the State;
- ◆ providing financial assistance to defense communities impacted by BRAC through the Texas Military Value Revolving Loan Fund program and the Defense Economic Adjustment Assistance Grant (DEAAG) program;
- ◆ functioning as an information clearinghouse by providing military installation information and recommendations to enhance the military value of Texas defense installations to the Governor, Legislature, Congressional Delegation, and state and federal government officials, primarily through its *Annual Report: Master Plan for the Future*; and
- ◆ working with the Governor, Legislature, Congressional Delegation, and senior military and community leaders to seek additional defense missions for Texas.

*For additional information,
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Key Facts

- ◆ **Funding.** The agency operates with an annual appropriation of about \$250,000, composed entirely of General Revenue funds.
- ◆ **Staff.** The agency has two full-time equivalent positions, an Executive Director and one program coordinator, that are responsible for planning and agency operations.
- ◆ **Defense Grants.** The Commission received \$5 million in General Revenue for the 2008-2009 biennium to award grants to defense communities affected by BRAC for projects that protect or expand military installations or missions in Texas.

- ◆ **Military Value Loans.** A constitutional amendment authorized up to \$250 million in bonds for loans to defense communities affected by BRAC. In 2007, the Commission authorized loans to two defense communities, the city of Corpus Christi and Port San Antonio, totaling approximately \$49 million.

Commission Members (15)

William J. Ehrie, Chair (Abilene)

Ralph C. Gauer, Vice Chair (Harker Heights)

Dora C. Alcala (Del Rio)

Howard C. Ham (San Antonio)

Ronald D. Henson (Texarkana)

Alvin W. Jones (College Station)

The Honorable Loyd Neal (Corpus Christi)

Paul F. Paine (Fort Worth)

Charles E. Powell (San Angelo)

Josue (Joe) Robles (San Antonio)

Eugene N. Tulich (Spring)

Tom A. Whaylen (Wichita Falls)

Vacant

Senator Leticia Van de Putte, Senate Ex Officio (San Antonio)

Representative Frank J. Corte, Jr., House Ex Officio (San Antonio)

Agency Head

Michelle A. Clark, Deputy Director

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Recommendations

1. Continue the Texas Military Preparedness Commission as an independent board administratively tied to the Governor's Texas Economic Development and Tourism Office, and clarify its role in the Texas Military Value Revolving Loan Fund Program.
2. Expand the DEAAAG program beyond job creation to include job retention, developing contract performance measures for job retention grants, as well as rules governing the Commission's role in the grant award decision-making process.
3. Require the Commission to advocate for the preservation and expansion of missions and capabilities of military reserve bases and to consider reserve communities in promoting DEAAAG funding.

Issue 1

Texas Has a Continuing Need for the Texas Military Preparedness Commission, Although Administrative Improvements are Necessary.

Key Findings

- ◆ Texas has a clear and continuing interest in providing economic assistance to its military communities, and in keeping decision makers informed of the existing capabilities of its military installations.
- ◆ Although communities benefit from the Texas Military Value Revolving Loan Fund Program, the Commission cannot effectively administer the program.
- ◆ The Commission's administrative separation from similar functions of the Governor's Office impairs program effectiveness.

Texas military communities face ongoing challenges from prospective base closures, transfer of missions, and reductions in personnel. These challenges impact communities' and Texas' economic vitality. The State created the Texas Military Preparedness Commission to assist communities in meeting these economic challenges, primarily through two programs, the Defense Economic Adjustment Assistance Grant and the Texas Military Value Revolving Loan Fund. Texas has a continuing need for the Commission and its efforts to assist military communities. However, the Commission's administrative structure needs improvement to effectively manage its financial programs.

Recommendations

Change in Statute

1.1 Continue the Texas Military Preparedness Commission as an independent board administratively tied to the Governor's Texas Economic Development and Tourism Office.

This recommendation would continue the Commission as an independent board, administratively tied to the Texas Economic Development and Tourism Office, and would remove the Commission's Sunset date. Future Sunset reviews of the Texas Economic Development and Tourism Office would include the Commission as a part of its overall operations. The Commission would retain its current membership structure, decision authority for DEAAG grants, and continue to advise the Governor and Legislature on defense-related issues affecting Texas military installations to support the long-term viability of the military in the state, particularly as it relates to BRAC.

Under this recommendation, the Executive Director of the Texas Economic Development and Tourism Office would oversee the administration of the Texas Military Value Revolving Loan Fund and the Defense Economic Adjustment Assistance Grant programs. For example, the Office would monitor DEAAG grants and assist communities in applying for future DEAAG grants. This administrative arrangement would allow the Commission to access the existing resources, experience, and expertise of the Governor's Texas Economic Development and Tourism Office in administering its financial programs.

1.2 Clarify the Commission’s role in the Texas Military Value Revolving Loan Fund Program.

The Commission’s structure is not focused on financial decision making, such as evaluating loan applications. As a result, the Commission’s role with the Revolving Loan Fund should be advisory and focused on evaluating the military value and community redevelopment value of proposed projects of defense communities that apply for loans. The Commission would recommend eligible projects to the Executive Director of Economic Development and Tourism for financial assessment and final decision.

The Texas Economic Development and Tourism Office would administer the financial aspects of the Texas Military Value Revolving Loan Fund, previously given to the Commission, including:

- ◆ evaluating creditworthiness;
- ◆ working with the Texas Public Finance Authority for bond issuance; and
- ◆ servicing and monitoring the loans.

This recommendation would clarify the roles of the Commission and Texas Economic Development and Tourism Office in administering the financial aspects of the Texas Military Value Revolving Loan Fund.

Issue 2

The Defense Economic Adjustment Assistance Grant Program Needs Redirection and Better Administration.

Key Findings

- ◆ Having job creation as the primary focus of the DEAAG program impairs the Commission’s ability to assist military communities.
- ◆ The DEAAG program selection process does not ensure fair and consistent treatment of grant applicants.

Defense communities affected by federal government decisions, such as the Base Realignment and Closure process, struggle to create new jobs for citizens and to retain existing jobs potentially affected by BRAC. Texas has developed a grant program to assist these communities to create jobs. However, several of the existing grantees have not met their job creation goals as set out in their contract for the grant award. In some cases, communities used grant funds in a way that helped those communities retain existing jobs. While not unreasonable, this approach did not meet the terms of the grant.

The Grant Review Panel established to advise the Texas Military Preparedness Commission on the award of grants has not recommended many projects due to speculative job creation figures in the proposals. However, the Commission allowed communities that were not recommended for funding to add to and amend their proposals after the advisory panel had evaluated and ranked the proposals. As a result, most of the projects received funding. This approach does not ensure fairness and consistency.

Recommendations

Change in Statute

2.1 Expand the DEAAG program beyond job creation to allow the Commission to consider grants for job retention.

Under this recommendation, the Commission could provide DEAAG funding to projects that retained or created jobs within defense communities affected by BRAC. The Commission would develop criteria that gives consideration to projects that retain or create jobs. By opening the program to projects that help retain jobs, more communities affected by BRAC would be eligible for DEAAG grants. If the grant applications exceed available funding the Commission would award grants to the highest scoring applicants, or the Commission could reduce the amount of the grants awarded.

Management Action

2.2 The Commission should develop contract performance measures for job retention grants.

This recommendation would direct the Commission to determine whether communities completing DEAAG-funded projects that result in job retention fulfill their contractual requirements. In developing these performance measures, the Commission could consider several factors, including the level of job retention or expansion expected from communities, the period of time the communities must retain the jobs, and the types of jobs communities must create or retain. This recommendation would also help the Commission measure the impact of the grant program.

2.3 The Commission should adopt rules governing the Commission's role in the grant award decision-making process.

This recommendation would ensure that the Commission's decision-making process is fair and consistent. In addition to creating rules that establish Commission procedures for making decisions on grant applications, Commission rules should also prohibit the Commission from allowing applicants to supplement or resubmit their applications once the application period is closed. Allowing some communities to alter their applications after the application period is closed is not fair to other communities in a competitive grant program.

While the Commission would continue to use its advisory Panel, the Panel's recommendations would continue to not be binding. However, the Commission should establish rules that provide for the Commission to explain any deviations from Panel recommendations and rules that allow communities that did not receive funding to appeal to the Commission.

Issue 3

The Commission Does Not Include Military Reserve Bases in Advocacy Efforts and in Promoting DEAAG Funding.

Because the Commission advocates for military bases and missions in general, it may lack the necessary focus to also ensure the preservation and expansion of reserve activities in the State, especially during times of U.S. Department Base Realignment and Closure. For instance, Texas experienced the closure

and consolidation of multiple reserve centers across the state as a result of previous BRAC actions, including reserve centers in Orange and Amarillo. The Commission's lack of focus on the State's reserve activities and communities excludes an important element of the State's military support for the U. S. Department of Defense and the economy of Texas.

Also, reserve defense communities affected by the BRAC process often need financial assistance to deal with either an increase or decrease in reserve activity within the community. Although reserve communities are eligible to receive DEAAG funding to assist with changes in reserve missions and forces, to date, no reserve communities have received DEAAG funding. A lack of awareness and knowledge of the grant program may be preventing reserve communities from applying for and receiving grants.

Recommendations

Change in Statute

3.1 Require the Commission to advocate for the missions and capabilities of reserve bases, to ensure the preservation and expansion of reserve activities in Texas.

In advocating to retain or expand military bases and missions, this recommendation would ensure the Commission also advocates for reserve activities in Texas. This recommendation would help to ensure the preservation and expansion of the missions and capabilities of reserve bases in Texas during, but not limited to, times of BRAC action. This recommendation would also improve the Commission's focus on the assistance it provides to smaller reserve communities.

Management Action

3.2 The Commission should consider communities with reserve bases when evaluating defense community applications for DEAAG grants, and should actively market the DEAAG program to local defense communities with reserve bases.

This recommendation would ensure that the Commission actively seeks applicants from defense communities with reserve bases. By ensuring that defense communities with reserve bases are participating in the DEAAG program, the Commission would be able to better protect and expand military bases and missions throughout the state.

Fiscal Implication Summary

One recommendation regarding the Texas Military Preparedness Commission could have a fiscal impact to the State, depending on how it is implemented, as discussed below.

- ◆ **Issue 1** – This recommendation could create some savings in operational costs, but the Governor's Office would need to reassess its resource needs, given the new administrative arrangement.