



TEXAS MILITARY DEPARTMENT
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May 10, 2018

Ken Levine
Director
Sunset Advisory Commission
P.O. Box 13066
Austin, TX 78711-3066

Dear Mr. Levine,

Thank you for the opportunity to provide responses to the issues and recommendations presented in the Sunset Advisory Commission's Staff Report. Please find attached the Texas Military Department's commentary on the topics presented in the report. Discussions and clarifications on the issues raised are detailed in the responses.

It has been a pleasure to work with you and your talented staff. All members of the review team have been consistently professional, pleasant and thorough, and I appreciate their efforts. I look forward to continuing this relationship as we move through the remaining stages of the Sunset evaluation process.

Please let me know if I can provide any additional information or answer any questions.

Sincerely,

John F. Nichols
Major General, Texas Air National Guard
Adjutant General

Enclosure: TMD Response to Sunset Staff Report

Texas Military Department Response to Sunset Advisory Commission Staff Report May 10, 2018

Issue 1: Texas Continues to Need the Military Department, but With a Better Focus on State Affairs Among Its Many Federal Priorities.

1.1 Continue the Texas Military Department for 12 years.

Agree. The Texas Military Department provides vital services to both the State and Nation.

1.2 Clarify the adjutant general's responsibility over all aspects of the department and strengthen internal oversight of state administration.

Agree. The adjutant general will continue to delegate administration of state business to a designated state employee.

1.3 Direct the adjutant general to improve supervision and support of the department's state employees.

Agree. TMD's human resources department has recently revised its state employee evaluation form to ensure it applies to all supervisors, regardless of civilian or military status. Every state employee receives the same evaluation form and falls under the same policies and procedures no matter a supervisor's status. If routine employee performance improvement opportunities are found in this evaluation, they are documented and handled at the human resources level. In the unlikely circumstance of a severe concern, the evaluation will be elevated to the Executive Director for awareness while appropriate courses of action are determined. The state employee handbook is available to every state employee and covers topics such as employment practices, personnel management, employee compensation, leave and benefits, and complaint procedures. In addition to these standard forms and processes, all state employees have access to human resources at any time they have complaints or concerns. TMD will continue to identify ways to improve supervision and support of state employees in all areas of the agency.

1.4 Direct the department to review and update its administrative rules.

Agree.

Issue 2: The Department Lacks Key Management Tools Needed to Resolve Persistent Purchasing Problems.

2.1 Direct the department to improve planning and implementation of purchasing policy changes, including scheduling policy updates based on risk and ensuring all staff involved in purchasing have information needed to carry out their duties.

Agree. An internal audit that began in October 2016 revealed little internal written guidance related to procurement and contracting. In response to this finding, the agency has published a contract management guide, established additional procedures, and provided training opportunities. Nonetheless, the focus on training will continue. On May 15–16, 2018, an agency-wide purchaser training will take place. An additional and more comprehensive training this fall will cover procurement, contracting, budgeting,

human resources, and other areas of state concern. Implementing the Sunset staff recommendations will help the agency continue its positive momentum forward in its purchasing and contracting areas.

2.2 Direct the department to track and report performance of all phases of the purchasing process.

Agree. A multitude of valuable reports and data are available to agency staff. However, current staffing levels do not allow for sufficient time to review the available data and reports, analyze the information, and make recommendations. Over the years, the demands on indirect administration's purchasing and contracting staff have intensified; nothing suggests that this trend is likely to change. Generally, funding for all indirect administration has dropped dramatically. From fiscal years 2010-2011 to fiscal years 2012-2013, indirect funding decreased from \$17.3 million to \$4.7 million. Currently, indirect administration is funded at \$5.9 million, a number that represents just 3 percent of the agency's total biennial appropriation of \$179,272,733.

In 2007, indirect purchasing and contracting's role expanded when the 80th Legislature abolished the Texas Military Facilities Commission and transferred its responsibilities to the Texas Military Department. Prior to this, the Facilities Commission noted in its 2002-2003 LAR that the number of administrative staff assigned was unable to handle the existing workload by working overtime alone. When TMD absorbed the new responsibilities brought with this transfer, indirect administration received no additional FTEs. In 2015 the agency implemented the State of Texas Armory Revitalization (STAR) program to secure funding to improve aging and out-of-regulation facilities. Again, the agency received no additional FTEs. Along with the added workload created by the growing number of transactions, the increasing procurement requirements further challenge the capacity of the relatively small indirect administration purchasing and contracting staff.

TMD has done as much as possible without additional resources, however the current workload and resource balance is not sustainable. Additional General Revenue staff are needed for the successful and efficient implementation of this directive.

2.3 Direct the department to develop a process for programs to share information about timelines and needs to prioritize purchasing workload across the department.

Agree. TMD will develop a comprehensive system that allows for leadership to set organizational procurement priorities in such a way that central purchasing can effectively apply those priorities.

Issue 3: The State Guard Needs Better Support and Strategic Direction From the Department.

3.1 Direct TMD to evaluate State Guard missions and establish strategies to support the program and protect the state's interest.

Agree. In association with the Texas Division of Emergency Management, TMD has completed a comprehensive review of TXSG missions. In response to this review, TMD is working on internal messaging strategies to better disseminate information concerning mission sets and position expectations to TXSG members. With a total of 9 FTEs currently supporting the entire TXSG, additional General Revenue staff are needed to meet this directive.

3.2 Direct the department to provide State Guard members with access to the department's ombudsman for voicing general program concerns.

Agree. The State Guard currently has policies and procedures in place for members to vocalize concerns and complaints through appropriate chains of command. All members of the Texas National Guard forces may submit concerns to an inspector general. However, if a member would like additional assistance, TMD staff provide ombudsman services under the General Counsel to resolve issues for state employees. These duties are provided as an extra assignment outside of a formal job description and are demonstrative of several unfunded mandates that TMD currently covers. Additional General Revenue staff are needed to enable TMD to dedicate staff positions to this important ombudsman position on a full-time basis.

Issue 4: The Challenge Academy's Sheffield Campus Is an Unsustainable Location That Does Not Best Serve At-Risk Youth or the State.

4.1 Direct the department to identify specific options for relocating the Sheffield campus no later than January 1, 2019, with a goal to preserve federal funding and other Challenge program benefits for Texas' at-risk youth.

Agree. The difficulties presented at the Sheffield location have led to numerous discussions over what would be the most fiscally responsible way to move forward. TMD currently is exploring all options for relocation of the program.

4.2 Direct the department to close the Texas challenge program's Sheffield campus in March 2020, regardless of whether relocation is feasible.

Agree.

Issue 5: The Department Does Not Effectively Target State Tuition Assistance to Maximize Impact of Limited Funds.

5.1 Direct the department to establish updated goals to target the use of limited state tuition benefits and collect information needed to measure performance.

Agree. TMD fully appreciates the importance of leveraging what funding is available to this program to ensure it is used to its highest value. Processes for advertising, administering, and tracking this benefit are in place, however lack of funding and limited resources restrict potential program improvements. Additional General Revenue staff are needed to dedicate to this task to enable swift fulfillment of this directive.

5.2 Direct the department to update informational materials and training to ensure recruiters and potential applicants receive accurate information about state tuition benefits.

Agree. Although employees already are actively addressing this issue, they also are fully obligated to other responsibilities. The regrettable consequence of this is that work is not progressing as quickly as it

otherwise could. Additional General Revenue staff dedicated to the Tuition Assistance program could expedite this process.