

TESTIMONY
Committees on Appropriations
Fiscal Year 2017

February 2016

Functions Performed by the Department:

The Military Department's Narrative has in-depth information on the 5 Major Programs that make up this budget; Administration, Air Services, Army Services, Building Maintenance and Veterans Affairs. These programs support the Missions of the Vermont National Guard. Listed below is the state support to our core mission:

1. Provide command and control for the Vermont National Guard to insure that it is prepared to respond to State and Federal activation.
2. Provide and alternate EOC, personnel and equipment support for Vermont emergencies.
3. Provide security for 3 VTNG facilities (Ethan Allen Firing Range, Camp Johnson and VTANG), and firefighter support to the Burlington International Airport and surrounding communities.
4. Provide support services to Vermont Veterans.
5. Provide education opportunities to Vermont children (STARBASE).
6. Maintain VTNG buildings and property; to include 20 armories and 12,000 acres throughout the State. The 20 Armories are divided into 14 state with a 50% share of state funds for operating cost and 6 federal armories with a 25% state share for operating cost.
7. Provide engineering, environmental and energy efficiency oversight.
8. Provide contracting authority to VTNG
9. Employ approximately 1000 full-time; 3000 part-time personnel, federal payroll \$137M.

Federal Funding:

The VT National Guard brought over \$188.7M federal dollars into the State of Vermont during Federal Fiscal Year 2015. The Military Department's total expenditures were \$24M of which \$19.98M was federally reimbursed, leaving the state with \$4.02M or 16.77% of the total cost. This represents \$6.09 federal reimbursement for every \$1 of general funds spending.

Summary of Key FY 2017 Issues and Highlights:

The Key issues/highlights for the Military Department's FY 2017 budget are; (a) the \$1.45M grant from the Department of Veterans Administration to support the second year of funding for the major multi-phase expansion of the Vermont Veterans Cemetery; (b) the \$3.817M grant from the Department of Defense to support the second year of funding for phase two of the North Hyde Park Combined Maintenance Facility; and (c) the potential impact of the Federal Grant limitations on reimbursement for Military Leave signed by State Firefighters.

Wages and benefits for the Military Department are budgeted at a total of \$10.16M for FY2017. The State's share is \$1.98M up from \$1.96M for FY2017; with \$1.41M dedicated to military operations down from \$1.46M for FY2017. For FY2017, the Military Department's position count is 131. Of the 131 positions, 114 receive Federal Funding with 80 positions 100% reimbursed and the remaining 34 positions are 75% reimbursed. Of the 131 positions, only 16 are 100% State Funded, 8 are dedicated to military operations and the other 8 to Veteran's Affairs, a human services operation. 1 position is funded through the Vermont Veterans Cemetery Special Funds.

Budget Development Form:

The Military Department's total budget increased \$108,028 or 2.8% for FY2017. The Department's personnel cost increased \$410,469 with the inclusion of the 2 additional positions for the Veterans Cemetery and 5 positions for Air Services. Of the seven new positions the state share is 1.5 FTEs and 5.5 FTEs is being covered by Federal or Special Funds. The Administration offset half of its salary/benefits increases with decreases in operating expenses for a net gain of \$13,391. Air Services realized a 17% increase in General Funds for salary/benefits, operating cost and a contingency to cover the potential Military Leave Cap for the State Airport Firefighters. The \$30,000 for the Leave Cap will be returned to the General Fund if VSEA ratifies the requested amendment on how Firefighters account for their Military Leave. Army Services has a 33% (\$4.41M) increase that is all federal funds and predominantly tied to the construction of a new Combined Maintenance Facility in North Hyde Park. Building Maintenance is increasing by less than 1% (\$14.2K). Veterans Affairs General Fund is level funded and they have a 1423% increase in federal funding to support the expansion of the Vermont Veterans Cemetery. The Veterans Affairs' Veteran's Assistance Fund (aka Needy Fund) and Armed Services Scholarship Funds remained level funded for FY2017.

Grants:

VTNG Tuition Assistance Program for members of the National Guard is level funded at \$100,000 of General Funds for FY2016. Next Generation funds will be transferred to Military Department's budget for \$150,000 payable to VSAC for FY2016. Placing the total program value at \$250,000.

In the Veterans Affairs division, Fiscal Year 2016 appropriates \$22,500 for the Veterans Assistance Fund; \$7,500 for the Veterans Day Boy Scouts parade; \$39,484 for Armed Services Scholarship Fund; \$5,000 for Veterans Medals; \$5,000 for Military, Family, and Community Network; \$10,000 to the American Legion in support of VT Boys and Girls State and \$5,000 for Vermont State Council of Vietnam Veterans of America Service Office program.

Performance Measures:

The Military Department's performance is measure by the ability of the VT National Guard to accomplish its state and federal missions. The VTNG Joint leadership Council has established six (6) strategic goals for the total VTNG. Those goals are:

1. Take care of Airmen, Soldiers and Families
2. Build the Force
3. Organize the Force
4. Equip the Force
5. Train the Force
6. Increase Support to the VTNG

Progress towards accomplishing these goals is measured by the VTNG strategic planning office, based on performance standards established and assessed by Army and Air Guard leadership (both officer and non-commissioned officers).

Performance Management Outcomes:

Unlike many agencies that have public policy programs that can be measure regarding dollars spent to outcomes (e.g. stop smoking support) the Military Department's budget is tied to Operations & Maintenance (O&M) cost and personnel cost. The only exception is \$22,500 that is use to provide direct grant to veterans that are having financial difficulties (e.g. Rent, Heat, Utilities, et.).

The initiatives the Military Department has taken on is looking at Energy Savings, Armories not meeting American Disabilities Act (ADA) criteria and our financial/accounting business processes. The corresponding results are:

- Have added 390,000 square feet of facilities with a net zero gain in energy cost. This has been accomplished by utilizing nominal state funds accompanied by a sizable federal match. Earmarked federal energy dollars have been provided since 2008. However, the Military Department has made energy savings a priority for 15+ years.
- With 20 Armories located throughout the state, all but six are now ADA compliant. This has been accomplished with a combination of State and Federal matching funds.
- As a result of extensive business process reviews, The Military Department's State Fiscal Year 2015 A-133 Audit (related to Federal Reimbursement activity) went from an average of 6-8 weeks with the auditors on-site and reportable findings to the Auditors being on-site for 4 days and no reportable findings. This means the next A-133 audit will be in 3 years. This has a direct savings to the Department and the State.