

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 8940	Department California Military Department	Priority No. 5
Budget Request Name 8940-304-BCP-BR-2016-A1 and 8940-305-BCP-BR-2016-A1		Program 6911 NATIONAL GUARD 6912 YOUTH AND COMMUNITY PROGRAMS	Subprogram VARIOUS

Budget Request Description
 Revision of Proposed State Active Duty Compensation Increase

Budget Request Summary

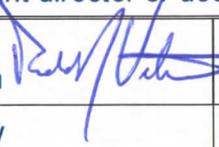
The California Military Department requests additional funds to align the pay of its State Active Duty employees to the pay of members of the Department of Defense (United States Army, United States Air Force, and United States Navy).

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Gerald Martin 	Date 25 March 2016	Reviewed By Col Ron Vestman 	Date 25 Mar 2016
Department Director MG David S. Baldwin 	Date 25 March 2016	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA 	Date submitted to the Legislature 4/1/16
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A. Budget Request Summary

The California Military Department (CMD) requests an additional \$187,000 (all funds) to align the pay of its State Active Duty (SAD) employees to the pay of service members of the United States Army, United States Air Force, and United States Navy.

B. Background/History

Compensation for service members of the United States Army, United States Air Force, and United States Navy is set forth annually by the federal government in the National Defense Authorization Act (NDAA). The NDAA is usually signed into law in late December.

Military and Veterans Code (MVC) sections 320 and 321 provide the authority for the CMD to pay its SAD employees at the same rate as service members of the federal armed forces. As part of the annual budget process, the CMD submits an estimate of the changes to SAD compensation, which is processed as a technical adjustment and included in the Governor's Budget. The estimate for SAD compensation adjustments during the fall process comes from proposed rate changes to the NDAA. The proposed rate changes to the NDAA that was built into the CMD's appropriation for fiscal year 2016-17 resulted in an increase of \$692,000 (\$275,000 General Fund, \$395,000 Federal Trust Fund, \$8,000 Reimbursement authority, and \$14,000 from the Mental Health Services Fund).

Because the NDAA is signed in December, the Department must wait until the spring process to revise the amounts proposed in the technical adjustment to match those amounts codified in the NDAA.

C. State Level Considerations

This request is consistent with general statewide policy to fund mandated increases in state employee compensation and satisfies the Department's requirement, as mandated in the MVC, to pay SAD personnel at the same rate as service members of the federal armed forces.

This request supports the published Military Department's Strategic Plan in the following areas:

- **Strategic Priority 1—Ready Civil Support, Focus Area 1.5—Provide Robust, Scalable Capabilities.** Funds should not have to be diverted from program areas to support the compensation increase.
- **Strategic Priority 2—Relevant Ready Force, Focus Area 2.6—Maximize Federal & State Resourcing.** This request asks for the funding that the Department needs to meet its obligations to its service members.

D. Justification

For fiscal year 2016-17, the differences between the proposed increases for pay, housing (BAH) and subsistence (BAS) allowances and those authorized in the DAA are shown in the table below:

	Pay Increase	BAH	BAS
Projected/Requested	1.3%	1.5%	3.4%
Actual/DAA	1.3%	3.4%	0.1%
Variance	--	1.9%	-3.3%

The net effect of the changes enacted by the NDAA produced an overall compensation increase of \$187,000 (all funds) to the initial request. While the amount requested for the SAD pay did not change, the increase in BAH from 1.5% to 3.4% represents an increase of \$264,000 (all funds) to the technical adjustment. The reduction in BAS from 3.4% to 0.1% represents a decrease of \$77,000 (all funds) from the technical adjustment.

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The net increase of \$187,000 (all funds) to the technical adjustment is reflected by fund and by program/element in the table below:

	GF	FTF	Reimb	SF (3085)
6911010	9000	48000	2000	5000
6911020	7000	29000	--	--
6911030	20000	--	--	--
6911035	9000	--	2000	--
6911050	2000	--	--	--
6912050	1000	--	--	--
6912065	26000	27000	--	--
Totals	74000	104000	4000	5000
Grand Total				\$187000

E. Outcomes and Accountability

The proposal will provide funding to the Department to pay its SAD employees the same rate as service members of the federal armed forces as required by MVC. Approximate SAD payroll for 2016-17 will be \$61.9 million.

F. Analysis of All Feasible Alternatives

Alternative #1: Provide an increase of \$187,000 (\$74,000 General Fund, \$104,000 Federal Trust Fund, \$4,000 Reimbursement authority to General Fund, and \$5,000 Mental Health Services Fund).

Pros:

- Aligns 2016-17 SAD compensation increase to the rates set forth in the NDAA.
- Allows the Department to comply with the requirements of MVC sections 320 and 321.
- Will not require funds to be redirected from Departmental program areas.

Cons:

- Increases CMD General Fund appropriation.

Alternative #2: Provide an increase of \$83,000 (\$74,000 General Fund, \$4,000 Reimbursement authority to General Fund, and \$5,000 Mental Health Services Fund)

Pros:

- Provides General Fund, Reimbursement, and Special Funds to the Department to align the 2016-17 SAD compensation increase to the rates set forth in the NDAA.
- Allows the Department to comply with the requirements of MVC sections 320 and 321.
- Will not require General Funds to be redirected from Departmental program areas.

Cons:

- Increases General Fund appropriation.
- Requires Department to fund federal portion within existing Federal Trust Fund authority.

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Alternative #3: Do not approve request

Pros:

- Does not increase General Fund appropriation.

Cons:

- Partially complies with the intent of MVC sections 320 and 321.
- Requires Department to redirect General Funds to account for the shortfall, thereby negatively impacting program areas
- Creates a potential over-expenditure from the Mental Health Services Fund
- Requires the Department to utilize existing Federal Trust Fund authority to fund the federal portion of the SAD compensation increase
- Amount submitted in Governor's Budget provides 79% of the required amount needed to fully fund the SAD compensation increase.

G. Implementation Plan

Upon approval of this request, the Department will add the increased amount to its baseline budget for personnel services.

H. Supplemental Information

There is no supplemental information to report.

I. Recommendation

Alternative #1: Provide an increase of \$187,000 (\$74,000 General Fund, \$104,000 Federal Trust Fund, \$4,000 Reimbursement authority to General Fund, and \$5,000 Mental Health Services Fund).

BCP Fiscal Detail Sheet

BCP Title: Revision of Proposed State Active Duty Compensation Increase

DP Name: 8940-304-BCP-DP-2016-A1

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	187	187	187	187	187
Total Salaries and Wages	\$0	\$187	\$187	\$187	\$187	\$187
Total Personal Services	\$0	\$187	\$187	\$187	\$187	\$187
Total Budget Request	\$0	\$187	\$187	\$187	\$187	\$187

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	74	74	74	74	74
0890 - Federal Trust Fund	0	104	104	104	104	104
3085 - Mental Health Services Fund	0	5	5	5	5	5
0995 - Reimbursements	0	4	4	4	4	4
Total State Operations Expenditures	\$0	\$187	\$187	\$187	\$187	\$187
Total All Funds	\$0	\$187	\$187	\$187	\$187	\$187

Program Summary

Program Funding						
6911010 - Army - National Guard	0	64	64	64	64	64
6911020 - Air - National Guard	0	36	36	36	36	36
6911030 - The Adjutant General	0	20	20	20	20	20
6911035 - Military Civil Support	0	11	11	11	11	11
6911050 - State Military Reserve	0	2	2	2	2	2
6912050 - Cadet Corps	0	1	1	1	1	1
6912065 - Youth Programs	0	53	53	53	53	53
Total All Programs	\$0	\$187	\$187	\$187	\$187	\$187

Personal Services Details

Salaries and Wages

Total Salaries and Wages

Total Personal Services

	CY	BY	BY+1	BY+2	BY+3	BY+4
	\$0	\$187	\$187	\$187	\$187	\$187
	\$0	\$187	\$187	\$187	\$187	\$187