

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. 4
Budget Request Name 8940-303-BCP-BR-2016-A1		Program 6911 NATIONAL GUARD 6912 YOUTH & COMMUNITY PROGRAMS	Subprogram
Budget Request Description California Military Department Support Fund Expenditure Authority Increase			

Budget Request Summary
 The California Military Department requests expenditure authority from the California Military Department Support Fund.

Requires Legislation
 Yes No

Code Section(s) to be Added/Amended/Repealed

Does this BCP contain information technology (IT) components?
 Yes No

Department CIO _____ Date _____

If yes, departmental Chief Information Officer must sign.

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 LTC Brian D. Anderson	Date 25 March 2016	Reviewed By COL (CA) Darrin Bender	Date 25 March 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

PBA _____ Date submitted to the Legislature 3/11/16



A. Budget Request Summary

The California Military Department (CMD) requests one-time expenditure authority of \$151,000 from the California Military Department Support Fund (MDSF) to spend private donations received by the CMD. The CMD also requests provisional language that will permit donated funds received throughout the year to augment the annual appropriation from the MDSF. Donated funds will be expended according to the donor intent and to benefit the Military Department's members, their families, and the Department's community and youth programs throughout the state.

B. Background/History

Chapter 412, Statutes of 2012 (SB 1413) established the *California Military Department Support Fund* (MDSF) program within the Military and Veterans Code (MVC) §412.5 and authorized the CMD to establish and provide philanthropic support programs for the benefit of CMD members, their families, and to support Department-sponsored community and youth programs. To accomplish this goal, the CMD is authorized to solicit and accept funds and donations from private individuals and companies.

Army Regulation (AR) 215-1, *Morale, Welfare, and Recreation Activities and Non-Appropriated Fund Instrumentalities* defines the MWR program as a "quality-of-life program that directly supports readiness by providing a variety of community, Soldier, and family support programs, activities, and services. Included are social, fitness, recreational, educational, and other programs and activities that enhance community life, foster Soldier and unit readiness, promote mental and physical fitness, and generally provide a working and living environment that attracts and retains quality Soldiers."

The Military Department is comprised of the Soldiers and Airmen of the CNG and their families, current members of California State Military Reserve (CSMR), and youth program cadets (Oakland Military Institute, Grizzly and Sunburst Challenge Programs, California Cadet Corps, and STARBASE).

The CMD has spent several years developing the rules, regulations, and internal controls necessary to establish a philanthropic program to administer and execute MVC §412.5. In May 2015, the CMD established the Military Department Support Fund (MDSF) Board of Directors. The Board is comprised of both military members and civilians from outside the organization.

In 2015, two organizations donated funds to the CMD. One organization donated \$10,000 to help the CMD support the Department's Behavior Health Program. The CMD also received a \$141,000 donation from a probate estate. The Department does not have authority in the State Budget to accept or spend this money.

C. State Level Considerations

This proposal directly supports the CMD's Strategic Plan, Operational Goal: Develop and implement a strategy that will enhance the California Military Department's readiness to support to the state of California.

Donations to the MDSF will be used to support quality-of-life programs that directly support military readiness by providing a variety of community, unit and family support programs. Examples include, but are not limited to: fitness, recreational, educational, and other programs and activities that enhance a member's life, promotes mental health readiness, and generally provides a working environment that attracts and retains quality Soldiers and Airmen.

The Military Department is required and obligated to ensure that funds donated for specific purposes compatible with the CMD's mission and organization and soldier welfare will be used solely for these purposes, and no other.

D. Justification

MVC §412.5 authorizes the CMD to raise private funds to support the Soldiers, Airmen, their families, and Youth Programs of the CMD. MVC §412.5 required that the State authorize the expenditure of these funds. Approval of this proposal is needed to ensure that CMD complies with MVC §412.5.

Currently, the CMD has an appropriation of \$250,000.00 per year under MVC §412.5. However, this appropriation is identified for the Military Family Relief Fund, a separate account under the MDSF.

The CMD received \$151,000 in donations for the Military Support Fund but does not have expenditure authority to spend these funds. Without expenditure authority, the Department cannot meet the intent of the donors that the money be spent to support CMD programs.

The provisional language included in this proposal is necessary to allow the CMD to accept and disperse donations received by the Department between budget cycles. The Department is engaged with potential donors and anticipates receiving donations throughout the 2016-2017 budget year.

E. Outcomes and Accountability

Upon approval, the CMD will use the donated funds according to the purposes defined by the donors with the goal of increasing readiness of the National Guard to respond to state emergencies by enhancing community relations and by improving the lives of our members.

F. Analysis of All Feasible Alternatives

ALTERNATIVE #1: Approve the proposal.

Pros:

- Allows the CMD to quickly act upon the donor's intentions.
- Requires DOF and the JLBC to approve each expenditure, providing oversight.
- Gives the CMD the authority to administer an effective MWR program that will improve unit readiness and youth programs.

Cons:

- Without expenditure authority, the Department cannot meet the intent of the donors that the money be spent to support CMD programs.

ALTERNATIVE #2: Direct that any funds or donations received under MVC §412.5 will be deposited into necessary accounts created by the Military Department within the State Treasury and, notwithstanding Government Code §13340, all revenue in the fund is to be continuously appropriated to the Military Department, without regard to fiscal years, and shall be expended for the purposes as set forth under MVC §412.5

Pros:

- Gives the CMD the authority to administer an effective MWR program within the limits of an established law that will improve unit readiness and youth programs while removing bureaucratic delays from multi-agency processes.
- Provides the CMD greater ability to quickly direct donated funds towards the intended use of the donor.
- Allow for any "quick-turn-around" time for donations.

Cons:

- Potentially allows for abuse of the program within a short time frame although the yearly audit would quickly identify any issues.

ALTERNATIVE #3: Deny the request.

Pros:

- No positive outcome for denial of this proposal.

Cons:

- Does not provide a mechanism to ensure the Department fully complies with state law.
- The Department cannot meet the intent of the donors that the money be spent to support CMD programs in accordance with MVC §412.5.

G. Implementation Plan

The Department will evaluate requests for proposals for grants from the MDSF from within the organization. All proposals will be vetted and screened by the MDSF Board of Directors, the Department's Comptroller, and undergo a legal review. Once approved the projects will be forwarded to DOF for a case-by-case review prior to any expenditure of donated funds. Once DOF approves the projects, the Department will fund the approved RFP projects. The Department will follow up with the project to track expenditures and outcomes to ensure that they meet the intent of the Board and all applicable laws and regulations. Once the project is complete, the Department will reconcile all expenditures to ensure that the accounts are auditable. The Department will audit the MDSF every years, as required in CMVC 412.5.

New donations that require authority above what is requested in this proposal will be submitted to DOF for approval in accordance with the provisional language. Upon concurrence by the Department of Finance and the Joint Legislative Budget Committee, the CMD will expend the funds in accordance with the process described above.

H. Supplemental Information

None.

I. Recommendation

Approve Alternative #1 – Grant the CMD the authority and provisional budget language needed to optimize the value of available philanthropic resources within a controlled process.

2016 MAR 28 AM 3:39

DEPARTMENT OF FINANCE
COR/JJD

BCP Fiscal Detail Sheet

BCP Title: California Military Department Support Fund Expenditure Authority Increase

DP Name: 8940-303-BCP-DP-2016-A1

Budget Request Summary

	CY	BY	BY+1	FY16 BY+2	BY+3	BY+4
Operating Expenses and Equipment						
539X - Other	0	151	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$151	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$151	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - Local Assistance

8078 - California Military Department Support Fund

	0	151	0	0	0	0
Total Local Assistance Expenditures	\$0	\$151	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$151	\$0	\$0	\$0	\$0

Program Summary

Program Funding

6911030 - The Adjutant General

	0	151	0	0	0	0
Total All Programs	\$0	\$151	\$0	\$0	\$0	\$0