

## Texans for Greg Abbott 2017 Veterans Rollout

### "Front of the Line"

#### Summary of Recommendations

##### 1. Jobs for Texas Veterans

- **Adjust job creation and hiring provisions for Economic Development programs to allow a greater weight to jobs created for veterans. *(No significant fiscal implication to the state).***
  - Many of Texas' economic incentive programs disburse funds with attention to job creation requirements.
  - To encourage the hiring of veterans, the Economic Development and Tourism Division within the Office of the Governor should allow veteran hires to count for 1.2 weighted credits towards hiring numbers of any Trusteed Funds incentive program with a job creation provision.
- **Encourage the entrepreneurial spirit of veterans by allowing personal property tax exemptions of up to \$30,000 for the first five years of operation. *(No significant fiscal implication to the state; indeterminate cost to local government based on local adoption).***
  - For a small business with a lot of physical inventory, such as a restaurant, this tax relief could be the difference between an unaffordable dream and a thriving enterprise.
  - A veteran-owned business would, under the existing definition in Texas law, be a business in which each owner is a veteran.
- **Allow for a local option commercial property tax exemption for each newly hired veteran *(No significant fiscal implication to the state; indeterminate cost to local government based on local adoption).***
  - Each veteran newly-hired for full-time employment would qualify the owner of a commercial property for a \$15,000 reduction on the assessed taxable value of their commercial property not to exceed \$300,000 per property or 20% of the commercial property's total assessed taxable value, whichever is less.
  - The exemption would be adopted by local option.
- **Welcome American veterans and military families to Texas by waiving occupational licensing fees and providing reciprocal licensing qualifications for professionals from other states. To that end, Texas law should be amended:**
  1. To provide for licensing reciprocity for veterans, their spouses, and for military spouses who hold a current license issued by another jurisdiction for which the licensing requirements are substantially equivalent to those in Texas; and
  2. To waive local licensing and registration fees similar to that provided by state law.

## **2. Re-Empower Veterans facing Life Challenges**

- **Encourage the creation and operation of veteran support programs by providing a local option to city and county commercial property tax exemptions of up to \$15,000 from appraised value for entities that provide or pay for reduced-cost housing, or substance abuse and mental health residential treatment services to veterans. The exemption would be worth up to \$15,000 from the appraised value of a property per veteran who receives at least \$5,000 in value from such services in a calendar year (with a maximum appraised value exemption of \$300,000 per commercial property). *(No significant fiscal implication to the state; indeterminate cost to local government based on local adoption)***
  - Create a platform through the Texas Veterans Commission (TVC) for nonprofits and businesses to “adopt” a homeless veteran and assist in housing, employment, and/or mental health and substance abuse challenges.
- **Challenge veteran’s organizations, foundations, municipalities and community organizations to end veteran homelessness in Texas.**

## **3. Increasing Options for Veterans’ Healthcare**

- **Recommendation: Reauthorize and Fully Fund the Mental Health Program for Texas Veterans at the Health and Human Services Commission. *(\$10 million for the biennium)*.**
- **Further Support TVC efforts to address long wait times for veterans at U.S. Department of Veterans Affairs (VA) facilities. Double the funding for TVC’s effort to combat the VA backlog *(\$6.5 million)***
- **Support and cultivate a Texas model for caring for veterans that allows veterans to use federal VA benefits to visit a private health provider. *(No significant fiscal implication to the state)*.**
  - Texas veterans should be given the ability to take the money that the government spends on them and use it to buy high-quality, private insurance. Additionally, veterans should be entitled to use these funds on private healthcare providers.
  - A federal-state partnership between the VA and Texas could create better outcomes for Texas veterans.
- **Enhance veterans’ access to mental and behavioral health resources, including counseling services, by telehealth,. *(No significant fiscal implication to the state)*.**

## **4. Legal Services for Veterans**

- **Enhance state grants to organizations providing legal services to veterans from \$1.5 million per year in the 2018-19 biennium to \$3 million per year in the 2020-21 biennium *(\$3 million additional)*.**
  - The top legal problems listed by veterans include problems accessing military benefits; job problems, including hiring and payment; debt collection, including phone harassment; child visitation, custody, or support; and getting or keeping Social Security benefits.
- **Expand opportunities for state-employed attorneys to offer pro bono services to veterans. *(No significant fiscal implication to the state)*.**

- The Veterans Commission should be directed to expand the existing Texas Veterans Legal Assistance Project to include referrals to state-agency-employed attorneys willing to provide pro bono services.
- Recognizing attorneys who assist veterans in need with pro bono legal services, the state should reward them with Continuing Legal Education (CLE) credit and bar fee waivers.

## **5. Base Realignment and Closure (BRAC) Process**

- **To provide oversight and leadership, create a temporary Governor’s Committee to support the U.S. Military in Texas in preparing for the possible upcoming decisions of the Base Realignment And Closure Committee. *(No significant fiscal implication to the state).***
  - A temporary committee would be appointed by the Governor and have the following composition:
    - 22 Texas-resident veterans, community leaders and business leaders, including three each who served as officers at Fort Hood, Fort Bliss, and Joint Base San Antonio; and one from each of the other U.S. military installations in Texas.
  - It would be the duty of the Governor’s Committee to suggest challenges to the continued utility of the fifteen U.S. Military installations in Texas – based on the eight criteria laid out by the Department of Defense for the 2005 BRAC round - and to offer strategies to overcome these issues

## **6. Texas Military Forces**

- **To continue building a rapid response military force to deal with the state’s many challenges, the Governor should lead a recruitment drive to double the ranks of the Texas State Guard to a force of 5,000 members. *(Indeterminate but low fiscal implication to the state).***
  - Recent natural disasters illustrate the state’s need for a more robust statewide force that can rapidly respond and that – unlike the National Guard – cannot be called into national service. A much larger State Guard of 5,000 members would be able to better meet the state’s homeland security and emergency management needs.
  - From January 2003 until May 2016, the Texas Military Department (TMD) has assisted Texans in 34 tropical weather missions, 43 flood missions, 29 aviation fire missions, 26 ground wildfire missions, 24 winter weather missions, 70 civil missions, and 32 law enforcement missions.

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## 1. Jobs for Texas Veterans

**Recommendation: Adjust job creation and hiring provisions for of the Office of the Governor related to economic development to allow a weight of 1.2 jobs created for each veteran newly hired.**

The Governor's Office administers several incentive programs to encourage job creation and economic development in Texas. Many of these programs, such as the Texas Enterprise Fund and the Texas Enterprise Zone Program, disburse funds in part based on their ability to create jobs. For example, past recipients of Texas Enterprise Fund disbursements have typically created more than 75 jobs in urban areas or more than 25 in rural areas.<sup>1</sup> Similarly, to qualify for Texas Enterprise Zone benefits, at least 25 percent of a business's new permanent hires must be residents of a designated zone of economic distress; be economically disadvantaged individuals; be or veterans.

Texas must enhance the economic development program within the office of the Governor to encourage the hiring of veterans in the private sector of the Texas workforce. To encourage the hiring of veterans, the Governor's Office can make special further provision for creating veteran jobs, such as by considering each veteran hired to count for 1.2 full-time equivalent job positions in hiring numbers of any Trusted Funds incentive program with a job creation provision.<sup>2</sup> Job creation is a major goal of incentives like the "deal-closing" Texas Enterprise Fund. The state can choose to prioritize veteran job creation by a commitment to continuing to attract veteran employers to the state. This commitment could also be codified by amending the definition of "new permanent job" in section 2303.401 of the Government Code to include a weight of 1.2 jobs created for each veteran newly hired.

**Recommendation: To increase hiring of veterans, allow for a local option commercial property tax exemption for each newly-hired veteran.**

**Note:** *The following includes material updated from the proposal "To increase employment of veterans, allow for a local option property tax exemption for each newly-hired veteran by a commercial property owner" from the 2014 Texans for Greg Abbott "Jobs for Vets" Proposal.*<sup>3</sup>

As veterans leave the military and enter into the civilian labor force, it is critical to ensure that as many veterans as possible enjoy the dignity of work, and provide for themselves and their families. Of the almost 1.7 million veterans in Texas in 2016, 35,000 - about 3.6% of those in the civilian labor force -

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<sup>1</sup> "Texas Enterprise Fund," Go Big in Texas, online at: <https://businessintexas.com/services/texas-enterprise-fund>

<sup>2</sup> Some of this change may be regulatory, and some may require legislative action. For the Texas Enterprise Zone Program, this would require a change to the definitions of "new permanent job" and "retained job" at Government Code Sec. 2303.401.

<sup>3</sup> Online at: <http://www.gregabbott.com/wp-content/uploads/2014/07/Jobs-for-Vets.pdf>

are unemployed,<sup>4</sup> a better rate than the 5.0% unemployment in the total civilian labor force.<sup>5</sup> Moreover, 735,000 veterans in Texas are not in the labor force; that is to say, the real unemployment rate may be higher than the statistical unemployment rate.<sup>6</sup> While some of this structural unemployment may reflect veterans with disabilities, the retired, and others who are not interested in employment, it may also reflect veterans who are no longer seeking work after being unable to find an appropriate position.<sup>7</sup>

Texas should authorize cities and counties to adopt local-option property tax exemptions for commercial property owners who employ honorably discharged veterans. This would *only* apply to newly hired veterans, after the effective date of the exemption, and the veteran employee must be employed for at least one year before the property owner can claim the exemption. This would be the first property tax exemption related to employment.<sup>8</sup> The proposal would only cover veterans hired for a full-time position, which would be defined to mean the equivalent of forty hours of work per week or more.

Each newly-hired veteran would qualify the owner of a commercial property for a \$15,000 reduction on the assessed taxable value of their commercial property; not to exceed \$300,000 per property or 20% of the commercial property's total assessed taxable value, whichever is less. The exemption would be adopted locally. The proposal would incentivize business owners to employ honorably discharged veterans.

Current Texas law<sup>9</sup> provides for a range of property tax exemptions, some of which may be adopted by local taxing jurisdictions. These exemptions include those for residential homesteads, disabled veterans, and the recently approved exemption for the surviving spouse of a peace officer killed in the line of duty. All of these exemptions have their merits, but none is structured (as is the benefit described here) to strengthen veteran labor force participation.

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<sup>4</sup> "Employment Situation of Veterans - 2016," Bureau of Labor Statistics, March 22, 2017. Online at: <https://www.bls.gov/news.release/pdf/vet.pdf>

<sup>5</sup> "Texas Economy at a Glance," Bureau of Labor Statistics. Online at: <https://www.bls.gov/eag/eag.tx.htm>

<sup>6</sup> BLS, *infra*.

<sup>7</sup> "Making Sense of Unemployment Data," Scott A. Wolla, St. Louis Federal Reserve, February 2016. Online at: <https://research.stlouisfed.org/publications/page1-econ/2016/02/01/making-sense-of-unemployment-data/>. Provides that:

Those classified as not in the labor force are not working and not looking for work. So, they are not employed and also not considered unemployed. For example, many full-time college students choose not to work so they can focus on their studies. Some parents choose to stay home to care for their young children. And many older adults retire because they saved and have enough financial resources and no longer have to work. In each case, these people have excluded themselves from the labor force because they do not wish to be employed. Even though they do not have jobs, they are *not* considered unemployed. Another group classified as not in the labor force is **discouraged workers**. These are people who do not have a job and are no longer looking for work because they think there are no jobs available to them. Such discouragement is likely to occur during a **recession** as people lose jobs and then have difficulty finding another one. They likely will not start looking for work until they see signs that the labor market has improved. Because they are neither employed nor actively seeking employment, they are not counted as part of the labor force.

<sup>8</sup> "Texas Property Tax Exemptions," Office of the Comptroller, January 2016. Online at: <https://comptroller.texas.gov/taxes/property-tax/docs/96-1740.pdf>.

<sup>9</sup> Including Texas Tax Code 11.13.

Texas law<sup>10</sup> also provides property tax exemptions specifically for veterans and their families. Statute provides for a partial property tax exemption for any property owned by disabled veterans and surviving spouses and children of deceased disabled veterans, as well as a partial exemption for residence homesteads donated to disabled veterans by charitable organizations. The amount of these exemptions is determined according to percentage of service-connected disability.

The bill to realize this proposal should have an effective date of January 1 (so even if a bill goes into effect September 1, the taxing entity does not have to start counting until January 1 of the following year). Local appraisal districts would be charged with making sure of the exemptions and enforcing violations, as part of the regular appraisal process. The proposal would incentivize business owners to employ honorably discharged veterans. It is also important that as part of the proposal, Texas adopt an auditing model whereby the Comptroller's Office or another third party would check the records of some of the businesses applying for the exemption in randomly selected counties for each fiscal year. Appraisal districts currently have the responsibility for determining eligibility for many property tax exemptions, but the comptroller has a role in, for example, determining whether an organization is charitable for property tax exemption purposes.<sup>11</sup> In this case, the added scrutiny will encourage accountability in implementation of the program.

**Recommendation: To assist veteran entrepreneurs in starting new businesses, provide a local option exemption of up to \$30,000 in tax relief from rendering and paying taxes on business income-producing personal property<sup>12</sup> for the first five years of operation of a veteran-owned business.**

Texas must continue to create more opportunities for our country's heroes. The Census Bureau's "Survey of Business Owners and Self-Employed Persons," last conducted in 2012, found that out of 2,356,748 firms in the State of Texas, 213,590 were veteran owned: a veteran-ownership rate of 9.1% of all firms.<sup>13</sup> In comparison, as of 2014, 7.6% of all Texans aged 18 and older were veterans.<sup>14</sup> This high ownership rate demonstrates that Texas has already created a strong climate for veteran entrepreneurship, which can now be further enhanced. Most veteran-owned businesses are small and could see real impact from an incentive of this size, as according to the U.S. Small Business Administration, as of the latest available data in 2012, fewer than 10% of veteran-owned businesses had 10 or more employees.

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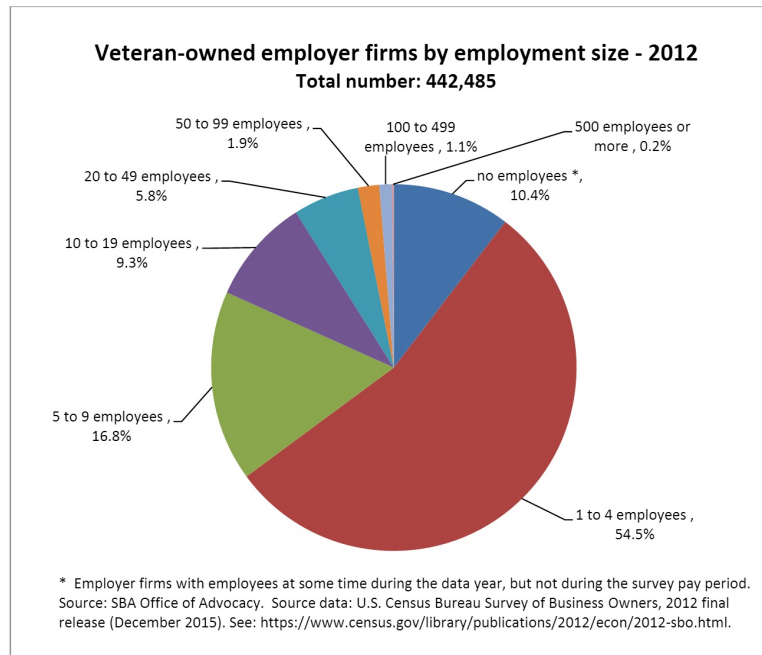
<sup>10</sup> (Tax Code Sections 11.131, 11.132, 11.22 and 11.23(a))

<sup>11</sup> Tax Code Sec. 11.184(e)

<sup>12</sup> Tangible personal property, defined at Tax Code 171.1012(3)(A), is a form of "goods" under Tax Code 1012(1), with the only other form being real estate. A new veteran-owned business is as defined at Tax Code 171.0005.

<sup>13</sup> U.S. Census Survey of Business Owners (SBO), online at: <https://www.census.gov/programs-surveys/sbo.html>

<sup>14</sup> "Veterans in Texas: A Demographic Study," Texas Workforce Investment Council, online at: [https://gov.texas.gov/uploads/files/organization/twic/Veterans\\_in\\_Texas\\_2016\\_Update.PDF](https://gov.texas.gov/uploads/files/organization/twic/Veterans_in_Texas_2016_Update.PDF)



*Source: U.S. Census Bureau's Survey of Business Owners*<sup>15</sup>

One area where support for veteran business owners is appropriate is in the realm of property taxation. Texas business owners must, for property tax purposes, report, or render, income-producing personal property, which includes furniture, fixtures, equipment, inventory, machinery and vehicles. A rendition identifies, describes and gives the location of their taxable property. Owners of businesses with more than \$15,000 in value must file a rendition that includes either the owner's good faith estimate of the property's market value, or the property's historical cost new and its year of acquisition.

Under the exemption, a qualifying business owner would be entitled, for the first five years of their firm's operation, to up to \$30,000 in tax relief from rendering and paying property taxes for their business's income-producing personal property. Any covered entity with less than \$30,000 total in income-producing property would be exempted entirely from paying property tax on these items, as the size of the tax relief would be greater than the tax otherwise would have been. For a small business with a lot of physical inventory, such as a restaurant, this tax relief could be the difference between an unaffordable dream and a thriving enterprise.

In 2015, acting on a recommendation offered by Governor Abbott in his 2015 Bicentennial Blueprint "Jobs for Veterans" set of proposals, the 84th Legislature passed Senate Bill 1049 (Campbell, sp: Sheets), exempting taxable entities that qualify as "new veteran-owned businesses" from the effects of the franchise tax for the first five years of the business' operation.<sup>16</sup> As the Governor has noted:

<sup>15</sup> "Veteran-Owned Businesses and Their Owners: Data from the U.S. Census Bureau's Survey of Business Owners," Joseph Sobota, Office of Advocacy U.S. Small Business Administration, April 2017. Online at: <https://www.sba.gov/sites/default/files/advocacy/435-veteran-owned-businesses-report.pdf>

<sup>16</sup> Senate Bill 1049 (84-R), Texas Legislature Online. Available at: <http://www.capitol.state.tx.us/tlodocs/84R/analysis/html/SB01049F.htm>

While we are fortunate in Texas to not pay a personal income tax, we are paying as consumers and employees when it comes to the business franchise tax. Every dollar paid in business franchise taxes could instead be invested in higher wages or new jobs. Texas must promote smarter tax policies that energize the Texas economy by driving down the cost of doing business.<sup>17</sup>

The policy embodied in SB 1049 encourages entrepreneurship among veterans by reducing the cost of doing business and simultaneously rewarding them for their service defending our country. The fiscal impact was modest, reflecting a \$2.8 million revenue loss from the Property Tax Relief Fund.

Similarly, in 2015 the Legislature considered House Bill 2043 (Sheets, 84-R), which would have provided business owners employing at least one veteran with up to \$15,000 in relief from property taxes on real property used for the operation of a business. However, the bill never received a hearing in the House Ways and Means Committee. This proposal should be expanded on by providing an exemption for veteran-owned businesses on reporting income-producing personal property for property tax purposes for the first five years of the business's operation.

In order to encourage veteran entrepreneurship, veteran-owned businesses should be granted up to \$30,000 in tax relief from the property tax on income-producing personal property for a five-year period. A veteran-owned business would, under the existing definition<sup>18</sup> in Texas law, be required to be a business in which *each owner* is a veteran. This prevents any business from adding a veteran as a "straw man" owner to receive benefits. The decision to enact the exemption would be at local option, and the bill to realize this proposal should have an effective date of January 1 (so even if a bill goes into effect September 1, the taxing entity doesn't have to start counting until January 1 of the following year).

**Recommendation: Promote additional occupational licensing reforms to maximize employment opportunities for military families.**

**Note:** *The following includes material updated from the proposal to "Facilitate employment of skilled veterans by waiving examination and fee requirements for veterans obtaining licenses issued by state agencies" from the 2014 Texans for Greg Abbott "Jobs for Vets" Proposal.*<sup>19</sup>

Despite its reputation as an economic leader, Texas finishes toward the back of the pack in terms of its licensing laws. Many activities currently require a state-issued license before they can be legally performed in Texas, and many municipalities require licensed professionals to pay additional occupational or "registration" fees at the local level. Furthermore, the criminal and civil penalties in

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<sup>17</sup> Gov. Greg Abbott, "Franchise tax relief is essential to Texas economy," *Austin American Statesman*, April 14, 2015, available online at [http://www.mystatesman.com/news/news/opinion/abbott-franchise-tax-relief-is-essential-to-texas-nks9N/?icmp=statesman\\_internallink\\_invitationbox\\_apr2013\\_statesmanstubtomystatesmanpremium#e39f1c18.3584106.735702](http://www.mystatesman.com/news/news/opinion/abbott-franchise-tax-relief-is-essential-to-texas-nks9N/?icmp=statesman_internallink_invitationbox_apr2013_statesmanstubtomystatesmanpremium#e39f1c18.3584106.735702).

<sup>18</sup> Tax Code 171.0005

<sup>19</sup> Online at: <http://www.gregabbott.com/wp-content/uploads/2014/07/Jobs-for-Vets.pdf>

Texas for violating licensing regulations or operating without a license are particularly harsh and, in many cases, unjustified. Penalties for violating interior design licensing regulations, for instance, do not even include civil penalties. All knowing violations of interior design licensing provisions are Class C Misdemeanor criminal violations, which are punishable by jail confinement for up to one year and a fine up to \$4,000<sup>20</sup>. Likewise, auctioneers commit a Class B Misdemeanor if they operate without a license. Class B misdemeanors are punishable by jail confinement for up to 180 days and a fine up to \$2,000.<sup>21</sup>

State agencies that issue licenses are required to give credit to military service members and veterans for their military service, training, or education toward meeting licensing and apprenticeship requirements.<sup>22</sup> Any state agency that issues a license must, with respect to an applicant who is a military service member or military veteran, credit verified military service, training, or education toward the licensing requirements, other than an examination requirement, for a license issued by the state agency.<sup>23</sup>

Similarly, in 2015, the Legislature passed, and Governor Abbott signed into law, Senate Bill 807 (Campbell, sp: Sheets), which requires any state agency that issues licenses to waive state license application and examination fees for certain military members, veterans, and their spouses. The fee waivers apply to military service members or veterans whose service, training, or education substantially meets all the requirements for the license and to service members, veterans, or military spouses who hold a current license issued by another jurisdiction for which the licensing requirements are substantially equivalent to those in Texas. The Texas Department of Licensing and Regulation now advertises these waivers online via its “military outreach” webpage.<sup>24</sup> This benefits interstate license recognition as well as those with military training for a variety of licensed professions, including for educators.<sup>25</sup>

Similarly, effective September 1, 2015, the Texas Education Agency (TEA) now waives certain fees for eligible military service members, military veterans, and military spouses, including the standard certificate requiring completion of an educator preparation program.<sup>26</sup> The change was prompted by SB 807 (Campbell, 84R), although its language does not explicitly refer to educators. There is still room to improve on the interchangeability of educator certificates by extending the waiver to veterans’ spouses.<sup>27</sup>

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<sup>20</sup> Texas Occupations Code Sec. 1053.351

<sup>21</sup> Texas Occupations Code Chapter 1802 Subchapter G

<sup>22</sup> Texas Occupations Code Chapter 55

<sup>23</sup> Texas Occupations Code 55.007

<sup>24</sup> “Information for Military Service Members, Veterans and Spouses,” Texas Department of Licensing and Regulation, online at: <https://www.tdlr.texas.gov/military.htm>

<sup>25</sup> For educators and other professionals, the current licensing benefit for spouses was triggered by SB 807 (Campbell, 84(R)), which is codified at Occupations Code 55.009. The legislative solution is to grant the benefit of Occupations Code 55.009(2) – license equivalency or transfers - to veterans’ spouses, and of Occupations Code 55.009(1) – recognition of military training, which might not include fee waivers - to both current military spouses and veterans spouses.

<sup>26</sup> “Texas Educators: Military Community.” Texas Education Agency, online at: [https://tea.texas.gov/Texas\\_Educators/Certification/Military\\_Community/](https://tea.texas.gov/Texas_Educators/Certification/Military_Community/)

<sup>27</sup> To better illustrate, consider the exclusion of veterans’ spouses and partially of military spouses from the benefit of Occupations Code Chapter 55.009: Notwithstanding any other law, a state agency that issues a license shall waive the license application and examination fees paid to the state for an applicant who is:

While these policies are critical, additional occupational licensing reforms are needed to maximize employment opportunities for military families. State law should be further amended in two key areas. First, the licensing fee waivers in SB 807 should be extended to include any relevant local fees. Second, the state should provide for licensing reciprocity for veterans, their spouses, and for military spouses who hold a current license issued by another jurisdiction for which the licensing requirements are substantially equivalent to those in Texas.

Extending this occupational licensing relief to these families would show the state's commitments to welcoming military families into the state and ensuring a strong job climate. Texas can end these barriers to employment for military and veterans' spouses, becoming an even better environment for veterans to seek opportunities and bring their professional talent and expertise to our state.

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(1) a military service member or military veteran whose military service, training, or education substantially meets all of the requirements for the license; or  
(2) a military service member, military veteran, or military spouse who holds a current license issued by another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for the license in this state.

## 2. Empower Veterans Facing Life Challenges

Homelessness continues to pose a challenge for major cities in Texas, and, tragically, some of these homeless residents are veterans. While there have been major efforts by cities like Austin, Houston, and San Antonio to combat this issue, hundreds of veterans are still living on the streets. The U.S. Department of Housing and Urban Development's (HUD) 2016 Homeless Assessment reported 1,768 homeless veterans in Texas.<sup>28</sup>

Several Texas cities have been participating in the Mayors Challenge to End Veteran Homelessness, a joint initiative of the White House, HUD, the Department of Veterans Affairs (VA), the US Interagency Council on Homelessness, and the National League of Cities.<sup>29</sup> San Antonio,<sup>30</sup> Houston,<sup>31</sup> and Austin<sup>32</sup> all claim to have effectively ended veteran homelessness through a system based on prevention strategies and rapid identification, outreach, engagement, housing placement and supportive services offered to veterans who do become homeless.<sup>33</sup> In contrast, despite a nationwide decline in homelessness, the Greater Dallas area saw a 21% increase in 2016.<sup>34</sup> The Metro Dallas Homeless Alliance believes that the increase is partly due to getting a more accurate count, as well as to a decrease in affordable housing in the current real estate market.<sup>35</sup> There were 3,810 homeless people counted in Greater Dallas in the 2016 point-in-time count, of which 304 were veterans.<sup>36</sup>

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<sup>28</sup> "The 2016 Annual Homeless Assessment Report (AHAR) to Congress," The U.S. Department of Housing and Urban Development. Online at: <https://www.hudexchange.info/resources/documents/2016-AHAR-Part-1.pdf>

<sup>29</sup> "Mayors Challenge to End Veteran Homelessness," U.S. Council Interagency Council on Homelessness. Online at: <https://www.usich.gov/solutions/collaborative-leadership/mayors-challenge>

<sup>30</sup> "City of San Antonio Effectively Ends Veteran Homelessness," City of San Antonio, May 13, 2016. Online at: <https://www.sanantonio.gov/Commpa/News/ArtMID/1970/ArticleID/7436/City-of-San-Antonio-Effectively-Ends-Veteran-Homelessness>

<sup>31</sup> "Houston Ends Veteran Homelessness," Office of Policy Development and Research (PD&R) U.S. Department of Housing and Urban Development. Online at: <https://www.huduser.gov/portal/home.html>

<sup>32</sup> "Austin: Plan to house all homeless veterans accomplished," Claire Ricke and Calily Bien, KXAN, August 19, 2016. Online at: <http://kxan.com/2016/08/19/austin-plan-to-house-all-homeless-veterans-accomplished/>

<sup>33</sup> "Mayors Challenge to End Veteran Homelessness," U.S. Council Interagency Council on Homelessness. Online at: <https://www.usich.gov/solutions/collaborative-leadership/mayors-challenge>

<sup>34</sup> "Final Report," Dallas Commission on Homelessness. Online at: [http://dallascityhall.com/government/citymayor/PublishingImages/pages/Homeless-Commission/Final%20Report%20Dallas%20Commission\\_112216%20Final.pdf](http://dallascityhall.com/government/citymayor/PublishingImages/pages/Homeless-Commission/Final%20Report%20Dallas%20Commission_112216%20Final.pdf)

<sup>35</sup> "Number of homeless people living on the streets of Dallas, Collin counties is up drastically," Tasha Tsiperas, Dallas Morning News, March 9, 2017. Online at: <https://www.dallasnews.com/news/social-justice-1/2017/03/09/number-homeless-people-living-streets-dallas-collin-counties-drastically-increased-year>

<sup>36</sup> *Ibid.*

### Veterans Housed as a Result of Mayors Challenge Participation

Texas Participants	# of Veterans
Austin (2014-2016)	682
San Antonio (2014-2016)	1335
Houston (2012-2016)	>4920

*Sources: Austin Statesman<sup>37</sup>, City of San Antonio<sup>38</sup>, City of Houston<sup>39</sup>*

Often, these successes owed much to support from private entities: for example, \$2 million committed by the United Services Automobile Association (USAA) was donated to three local veteran organizations assisting with the Mayors Challenge and was used towards establishing a real-time system for helping veterans find services, more permanent housing, and helping veterans access necessary services as quickly as possible.<sup>40</sup>

In addition, TVC offers a variety of employment services and educational resources. TVC must ensure that veterans can access services to which they are entitled beyond just disability benefits. Hence, TVC must increase awareness for these services. This includes outreach to increase the use of 2-1-1 Texas Information and Referral Network (TIRN) by Veterans and their families, as well as increased coordination and shared information among agencies that interact with veterans (TVC, TDHCA, HHSC, etc.).

Current statute requires each county with a population of over 200,000 (of which there are 23) to employ a Veterans County Service Officer.<sup>41</sup> State law is permissive for those counties with a population under 200,000; they may employ a Veterans County Service Officer, but are not required to do so. As part of their Self-Evaluation Report for the Sunset Commission, TVC suggested that the role of

<sup>37</sup> "HUD certifies Austin has ended homelessness among veterans," James Barragan, Austin-American Statesman, August 19, 2016. Online at: <http://www.mystatesman.com/news/local/hud-certifies-austin-has-ended-homelessness-among-veterans/F0udmHNqxsMyHinnv0kotL/>

<sup>38</sup> "City of San Antonio Effectively Ends Homelessness," City of San Antonio. Online at: <https://www.sanantonio.gov/Commpa/News/ArtMID/1970/ArticleID/7436/City-of-San-Antonio-Effectively-Ends-Veteran-Homelessness>

<sup>39</sup> "JPMorgan Chase Commits \$1 Million to The Way Home to Fight Homelessness in Houston," City of Houston. Online at: <http://www.houstontx.gov/mayor/press/jpmorgan-chase-fight-homelessness.html>

<sup>40</sup> "USAA Donates Over \$2 Million to Help Fight Veteran Homelessness in San Antonio," Michael Marks, San Antonio Current, January 8, 2016. Online at: <https://www.sacurrent.com/the-daily/archives/2016/01/08/usaa-donates-over-2-million-to-help-fight-veteran-homelessness-in-san-antonio>

<sup>41</sup> See, e.g., "Despite state law, Bell County doesn't employ veteran service officer," Jeremy Schwartz, Austin American Statesman, October 26, 2013. Online at: <http://www.mystatesman.com/news/local/despite-state-law-bell-county-doesn-employ-veteran-service-officer/4YSkTRYVMmrMB4HYVfJWGI/>

the Veterans County Service Officer within the county should be refined, with less emphasis on claims processing and a greater emphasis on resource referral and placement.<sup>42</sup>

**Recommendation: Encourage the creation and operation of veteran support programs by providing a local option city and county commercial property tax exemption of up to \$15,000 from appraised value for entities that provide or pay for reduced-cost housing, or substance abuse and mental health residential treatment services to veterans. (No significant fiscal implication to the state; indeterminate cost to local government based on local adoption)**

Texas could sponsor “Veteran Support Group” programs. This would encourage nonprofits and businesses to “adopt” a veteran in need of assistance with housing and employment, as well as those facing mental health and substance abuse challenges. Rather than relying solely on solutions at the state and local government levels, TVC should instead provide a platform to challenge nonprofits to support individual veterans by “adopting” them, thereby monitoring and appropriately supporting their progress toward, where possible, employment, housing, and becoming contributing members of society who are able to put their skills and experience to good use.

There are countless veteran-focused corporations and nonprofits committed to ensuring those who served our country receive the care and resources they need upon their return. TVC currently awards grants to organizations that assist in housing veterans.<sup>43</sup> TVC and Texas cities can build on the Mayors Challenge to End Veteran Homelessness to bring stakeholders together, including the social services and housing communities, to better coordinate veteran services. Resources can be utilized to enact policies to provide housing assistance, such as developing more affordable housing units; rent for rapid re-housing of persons experiencing homelessness; housing counseling; rental application fees and rental deposits; and incentivizing existing affordable housing developers to set aside units for veterans wherever possible.

However, employment and housing alone cannot fully resolve the challenges these veterans face. Substance abuse and mental health treatment will be critical components of any program, civic or state, that seeks to rehabilitate homeless veterans. According to the VA, in the wars in Iraq and Afghanistan, about 1 in 10 returning soldiers seen in the VA have a problem with alcohol or other drugs.<sup>44</sup> In particular, more than 2 in 10 veterans suffering from post-traumatic stress disorder also struggle with substance abuse issues.<sup>45</sup> While many providers offering treatment and services to these veterans are charitable nonprofits exempt from taxation, others are for-profit businesses: drug, alcohol and other addiction treatment in the United States is a major industry worth \$35 billion in 2014, with

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<sup>42</sup> Texas Veterans Commission Self-Evaluation Report, online at: <https://www.sunset.texas.gov/public/uploads/files/reports/Texas%20Veterans%20Commission%20Self-Evaluation%20Report.pdf>

<sup>43</sup> “Housing For Texas Heroes,” Texas Veterans Commission. Online at: <https://www.tvc.texas.gov/grants-funding/housing-for-texas-heroes/>

<sup>44</sup> “PTSD and Substance Abuse in Veterans,” U.S. Department of Veterans Affairs. Online at: [https://www.ptsd.va.gov/public/problems/ptsd\\_substance\\_abuse\\_veterans.asp](https://www.ptsd.va.gov/public/problems/ptsd_substance_abuse_veterans.asp)

<sup>45</sup> *Ibid.*

over 14,000 treatment facilities and growing and a total of 2.5 million persons received treatment.<sup>46</sup> In a single-day count in 2015, 35,293 individuals in Texas were enrolled in substance use treatment, a decrease from 36,875 individuals in 2011.<sup>47</sup>

In order to incentivize the provision of key services for veterans in need, Texas should create a local option city and county commercial property tax appraised value exemption of up to \$15,000 per veteran who receives at least \$5,000 worth of benefits in a given year, for a maximum exemption of \$300,000, to any entity that provides housing, substance abuse treatment, or mental health counseling at no cost to the affected veterans. To qualify, the treatment or housing provider – or entity that pays for such treatment or housing -- must have saved the given veteran at least \$5,000 in costs through such benefits.

**Recommendation: To end veteran homelessness in Texas, challenge cities, veteran organizations and non-profits to get homeless veterans into shelters and long-term housing.**

Ending veteran homelessness is within our reach. The U.S. Department of Housing and Urban Development's 2016 Homeless Assessment reported 1,768 homeless veterans in Texas. Given the vast array of public programs and private resources, ending veteran homelessness is achievable.

Consider recent progress in the public sector. Albuquerque's "There's A Better Way" program, which hires panhandlers for day jobs beautifying the city, was created by Albuquerque's Mayor Richard Berry, a former Republican state representative.<sup>48</sup> The program was launched in partnership with a local nonprofit supporting the homeless. The shelter helps connect panhandlers with other day labor jobs in the community and various resources. Since the program's inception in 2015, the city has provided 3,498 day jobs, connected 368 people with additional work, housed 21 people, cleaned 599 blocks, and removed 175,201 pounds of trash.<sup>49</sup>

In addition to the work program, Albuquerque launched an awareness campaign informing the homeless that they can call the city's 311 service if they're in need of shelter or food, and encouraging drivers to donate to community programs in lieu of giving money to panhandlers. The city created a centralized donation website that allows people to donate to shelters, the work program, and other homelessness support services. Similar programs have been adopted in Anchorage, Honolulu, Denver, Tucson, Chicago, and several other cities throughout the United States.

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<sup>46</sup> "The U.S. Addiction Rehab Industry," Bharat Book Bureau, August 14, 2014. Online at: <https://www.bharatbook.com/healthcare-market-research-reports-510384/healthcare-industry-healthcare-market-research-reports-healthcare-industry-analysis-healthcare-sector2.html>

<sup>47</sup> "Behavioral Health Barometer Texas Vol. 4," Substance Abuse and Mental Health Services Administration, 2015. Online at: [https://www.samhsa.gov/data/sites/default/files/Texas\\_BHBarometer\\_Volume\\_4.pdf](https://www.samhsa.gov/data/sites/default/files/Texas_BHBarometer_Volume_4.pdf)

<sup>48</sup> "This Republican mayor has an incredibly simple idea to help the homeless. And it seems to be working," Colby Itkowitz, Washington Post, August 11, 2016. Online at: [https://www.washingtonpost.com/news/inspired-life/wp/2016/08/11/this-republican-mayor-has-an-incredibly-simple-idea-to-help-the-homeless-and-it-seems-to-be-working/?utm\\_term=.c1012861a9f8](https://www.washingtonpost.com/news/inspired-life/wp/2016/08/11/this-republican-mayor-has-an-incredibly-simple-idea-to-help-the-homeless-and-it-seems-to-be-working/?utm_term=.c1012861a9f8)

<sup>49</sup> "There's A Better Way," City of Albuquerque. Online at: <https://www.cabq.gov/mayor/priorities-initiatives/initiatives/theres-a-better-way>

In May 2017, Amarillo launched a pilot of the Homeless Outreach Providing Encouragement (HOPE) program to combat their homelessness issue.<sup>50</sup> Similar to the Albuquerque program, homeless individuals are recruited to work on beautification projects around Amarillo and are then assessed by a case manager to identify their needs. From there, the individual is connected with resources that meet their unique needs with the goal of securing housing for them. The program has, so far, helped place twelve formerly homeless individuals in permanent housing.<sup>51</sup>

Under the leadership of City Councilwoman Ellen Troxclair, the Austin City Council on August 31<sup>st</sup> approved a pilot program similar to “There’s A Better Way” to provide Austin’s homeless and panhandling population with opportunities to work.<sup>52</sup> Residents In Search of Empowerment (RISE) ATX will work in partnership with local nonprofits to recruit interested individuals and assist in connecting them to additional resources, such as housing, mental health services, and permanent employment. The pilot program begins on January 1, 2018. The program will also pay more than the \$9 offered to participants in Albuquerque: \$13.50 an hour, which the Austin City Council has adopted as a “living wage” for other purposes.<sup>53</sup> The resolution initially proposed up to \$125,000 in funds for the pilot program but the final version did not include a specific cost; the Council will next consider funding after the presentation of a January 2018 report on program implementation.

The Dallas City Council considered a similar proposal in May 2017 but ultimately rejected it in hopes of instead adopting a program through an outside vendor or agency.<sup>54</sup> Dallas City Council members expressed concern with allocating funds for administration of a program without a tangible way to measure its success. Creating metrics for the program could ease the spending concern of local officials. Program success could be measured by number of individuals served compared to those who go on to secure permanent employment and housing.

The benefits of a program like this are two-fold. It provides work for the homeless as an alternative to panhandling and connects them with available resources. While this program should be focused locally, Texas could help end veteran homelessness once and for all by challenging veteran organizations, local governments, and non-profit organizations to marshal resources to get veterans off the streets. The resources are there. If every major Texas city replicated the “There’s a Better Way” program, and if every veteran’s organization committed resources to getting veterans off the street, eradicating the homeless veteran population is within reach.

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<sup>50</sup> “Amarillo’s Homeless Outreach Providing Encouragement (HOPE),” City of Amarillo. Online at: <http://amarillo.gov/?p=9827>

<sup>51</sup> “There is hope for Amarillo’s homeless,” Amarillo Globe-News, August, 30, 2017. Online at: <http://amarillo.com/editorial/opinion/2017-08-30/editorial-there-hope-amarillo-s-homeless>

<sup>52</sup> “New pilot program will offer employment to Austin’s homeless and panhandling populations,” Christopher Neely, Community Impact, August 31, 2017. Online at: <https://communityimpact.com/austin/city-county/2017/08/31/new-pilot-program-will-offer-employment-austins-homeless-panhandling-populations/>

<sup>53</sup> “Austin explores a new approach to helping the homeless,” Jack Craver, Austin Monitor, September 11, 2017. Online at: <https://www.austinmonitor.com/stories/2017/09/austin-explores-a-new-approach-to-helping-the-homeless/>

<sup>54</sup> “Dallas Kicks Panhandling Program to The Curb,” Ken Kalthoff, NBC DFW, May 24, 2017. Online at: <http://www.nbcdfw.com/news/local/Dallas-Kicks-Panhandling-Program-to-The-Curb-424179913.html>

### 3. Veterans' Healthcare

#### **Recommendation: Reauthorize and Fully Fund the Mental Health Program for Texas Veterans at the Health and Human Services Commission.**

In 2014, Governor Abbott in his “Healthy Texans” plan called for the state to offer “designated mental and behavioral health screening days for veterans and service members near military installations.”<sup>55</sup> In 2015, the Legislature responded to this call by passing House Bill 19 (Susan King, sp: Campbell), which required TVC and the Department of State Health Services (DSHS) to provide statewide coordination for the administration of the state's Mental Health Program for Veterans. Furthermore, the Legislature included in the 2016-17 state budget DSHS Rider 62, appropriating \$10 million for the purpose of administering the Mental Health Program for Veterans. In the current 2018-19 budget, substantively the same \$10 million funding for the biennium was made as provided for by Health and Human Services Commission (HHSC) Rider 174 (HHSC having since absorbed many former functions of DSHS).

In the general population, seven to eight percent of Americans suffer from post-traumatic stress disorder (PTSD).<sup>56</sup> In the military population, experts believe that 11-20 percent of veterans of the wars in Iraq and Afghanistan, ten percent of Gulf War veterans, and 30 percent of Vietnam veterans suffer from PTSD.<sup>57</sup> One RAND study found that only half of service members returning from the wars in Iraq and Afghanistan have sought treatment.<sup>58</sup> For those who do seek help for PTSD or major depression, only half receive what researchers call minimally adequate treatment.<sup>59</sup> According to the Armed Forces Health Surveillance Center, “[m]ental disorders are the leading cause of hospital bed days and the second leading cause of medical encounters for active component service members in the U.S. military,” and that number increased by 87 percent from 2000 to 2011.<sup>60</sup>

Suicide risk is a particular concern for veterans. Though veterans comprise only 10 percent of the population, they account for 20 percent of suicides.<sup>61</sup> Fortunately, utilizing proven methods of treating mental health issues means lessening suicide risk; a study conducted by the Millennium Cohort Study found that mental health and substance abuse issues were significantly related to suicide risk, while combat or deployment experience was not.<sup>62</sup>

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<sup>55</sup> Healthy Texans, Texans for Greg Abbott, online at: <https://www.gregabbott.com/wp-content/uploads/2014/09/Greg-Abbotts-Healthy-Texans-Plan.pdf>

<sup>56</sup> “PTSD: National Center for PTSD,” U.S. Department of Veterans Affairs. Online at: <https://www.ptsd.va.gov/public/PTSD-overview/basics/how-common-is-ptsd.asp>

<sup>57</sup> *Ibid.*

<sup>58</sup> “One In Five Iraq and Afghanistan Veterans Suffer from PTSD or Major Depression,” RAND, April 17, 2008. Online at: <https://www.rand.org/news/press/2008/04/17.html>

<sup>59</sup> *Ibid.*

<sup>60</sup> “Medical Surveillance Monthly Report,” Armed Forces Health Surveillance Center, July 2013. Online at: [http://www.afhsc.mil/viewMSMR?file=2013/v20\\_n07.pdf](http://www.afhsc.mil/viewMSMR?file=2013/v20_n07.pdf)

<sup>61</sup> “Veterans' access to mental health services needs fixing,” Ret. Lt. Col. Steve Brozak, CNN Money, November 11, 2013. Online at: <http://money.cnn.com/2013/11/11/news/economy/veterans-mental-health/>

<sup>62</sup> “Suicide, Mental Disorders, and the US Military

Problematically, many service members fear they will be penalized or their careers will be stalled if they seek mental health treatment through their post or base. One Navy Commander notes, “[m]any service members fear that seeing a psychologist will sink their careers... They worry—often needlessly—that their problems will get back to their bosses, endanger their security clearances and even result in their separation from the service.”<sup>63</sup> The military has put forth several major efforts over many years attempting to remove the stigma and treat trauma.<sup>64</sup>

The new program at HHSC has been able to help many Texas veterans facing mental health issues. In Fiscal Year 2017, the HHSC program was able to serve 152,691 veterans with one of three forms of assistance: counseling by mental health professionals, peer-to-peer-services, or services coordinated for veterans involved in the justice system.<sup>65</sup> Funding from the program has also trained 6,074 community support peers in such critical mental health initiatives as suicide awareness, mental health first aid for veterans, and the Veterans Court Advocacy Mentor Program.<sup>66</sup> Effective September 1, 2017, TVC hired a Women and Rural Veteran Coordinator, seeking to provide a greater emphasis on women and rural veterans’ mental health needs.<sup>67</sup> This program expands points at which veterans may access mental health services, such as local mental health authorities (LMHAs) and local behavioral health authorities (LBHAs), as well as through grants for direct services to local and nonprofit organizations, such as Catholic Charities of Central Texas and Forth Worth, Dallas County Community Supervision and Corrections Department, and Project Amistad.<sup>68</sup>

This program should be reauthorized and continue to be fully funded. As the program matures, HHSC should ensure that the Mental Health Program for Texas Veterans is fully coordinating with TVC and other programs serving Texas veterans. Increased coordination will not only help to ensure that the state’s resources are being maximized and that services are not being duplicated, but can also help identify veterans who have come into contact with other state agencies or programs, such as TDHCA or the criminal justice system, and may be in need of mental or behavioral health services.

**Recommendation: Enhance funding for the TVC effort to combat VA backlog.**

The Texas Veterans Commission (TVC) was created in 1927 to advocate for Texas veterans and their families. With the continued claims of backlog at the federal Veteran Affairs (VA), the need for the State of Texas and TVC to advocate for Texas veterans persists, and indeed our state has taken the lead

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Time to Focus on Mental Health Service Delivery,” Charles C. Engel, M.D., August 7, 2013. Online at:

<https://jamanetwork.com/journals/jama/article-abstract/1724254>

<sup>63</sup> “The military’s war on stigma,” Sadie F. Dingfelder, American Psychological Association, 2009. Online at:

<http://www.apa.org/monitor/2009/06/stigma-war.aspx>

<sup>64</sup> “Military Looks to Redefine PTSD, without Stigma, Larry Abramson, Nevada Public Radio, May 14, 2012, online at: <http://www.npr.org/2012/05/14/152680944/military-looks-to-redefine-ptsd-without-stigma>

<sup>65</sup> “Report On the Mental Health Program for Veterans,” Texas Department of Health and Human Services, December 2017.

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*

<sup>68</sup> *Ibid.*

in combating this backlog. By July 2012, the backlog of VA claims in Texas had grown to over 68,000.<sup>69</sup> That month, Texas leaders directed TVC to establish a Strike Force and fully developed claims team aimed at eliminating the VA claims backlog in Texas. TVC was appropriated an initial \$1.5 million and operated this program out of the Houston and Waco regional offices and deployed staff to underserved areas.<sup>70</sup> By the 2018-19 biennium, this appropriation had increased to over \$13.5 million.

In the first eighteen months of operation, the State Strike Force Teams, comprised of expert VA claims counselors, reviewed over 35,000 cases, and the claims team submitted more than 15,700 new claims, which the VA pledged to complete within 90 days.<sup>71</sup> These efforts reduced the backlog of federal veterans disability claims in Texas by about 50%, with approximately \$78 million in retroactive payments and \$27 million in new monthly awards.<sup>72</sup> Funds should therefore continue to be appropriated to TVC to combat the backlog and ensure Texas veterans receive benefits they are owed.

The claims backlog for Texas was down to 32,732 cases by the fourth quarter of 2017 – which is less than 50% of the backlog in 2012, when the TVC began its current efforts.<sup>73</sup> However, a 2017 study from the federal Government Accountability Office found that the disability appeals backlog is likely to worsen in coming years without an influx of new staff, indicating that continuing attention from the State of Texas is needed to protect our veterans.<sup>74</sup> The TVC's effort should be further assisted by bringing the total appropriation to \$20 million for the 2020-21 biennium, an increase of approximately \$6.5 million, or a little less than one half of the current funding levels.<sup>75</sup>

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<sup>69</sup> "The Texas Legislature Leads the Way: Empowering Agency Response - Beating Backlogs and Helping Healthcare," National Conference of State Legislatures. Online at: <http://www.ncsl.org/documents/summit/summit2014/onlineresources/KyleMitchellSlides.pdf>

<sup>70</sup> "Awards Recognize Excellence in State Veterans Affairs Programs," Jason Cain, Vantage Point, February 21, 2014. Online at: <http://www.blogs.va.gov/VAntage/12712/awards-recognize-excellence-in-state-veterans-affairs-programs/>

<sup>71</sup> "Texas Veterans Health Care Strike Force Team," TexVet, October 10, 2014. Online at: <https://www.textvet.org/events/texas-veterans-health-care-strike-force-team>

<sup>72</sup> "The Texas Legislature Leads the Way: Empowering Agency Response - Beating Backlogs and Helping Healthcare," Kyle Mitchell, Texas Veterans Commission, 2014. Posted by the National Conference of State Legislatures online at: <http://www.ncsl.org/documents/summit/summit2014/onlineresources/KyleMitchellSlides.pdf>

<sup>73</sup> "Veterans Benefits Administration Reports: Claims Backlog," U.S. Department of Veterans Affairs. Online at: [https://www.benefits.va.gov/reports/mmwr\\_va\\_claims\\_backlog.asp](https://www.benefits.va.gov/reports/mmwr_va_claims_backlog.asp)

<sup>74</sup> "Once a fixed issue, the VA disability claims backlog is on the rise again," Leo Shane III, Military Times, March 24, 2017. Online at: <https://www.militarytimes.com/news/pentagon-congress/2017/03/24/once-a-fixed-issue-the-va-disability-claims-backlog-is-on-the-rise-again/>

<sup>75</sup> The Texas Veterans Commission's most recent LAR indicates that there are 157.5 FTEs for strategy A.1.1., which is dedicated to veteran claims. However, this does not necessarily mean that a proportionate increase in staff, rather than other possible uses of funding, is what's called for.

**Recommendation: Because Texas is a national leader in serving our veterans, support and cultivate a Texas model for caring for veterans that allows veterans to use federal VA benefits to visit a private health provider.**

To fill in the gaps, Texas veterans should be given the ability to take the money allocated to them for their health care within the VA System and use it to buy high-quality, private insurance, and to access care from private healthcare providers. A 2014 poll by Concerned Veterans for America of more than 1,000 veterans found that 88 percent agreed that eligible veterans should be given the choice to receive medical care from any source that they themselves choose.<sup>76</sup> And 95 percent agreed that it was “extremely” or “very important” to have the option to seek the best possible care, even if that care was provided by a non-V.A. facility.<sup>77</sup>

Under current Secretary David Shulkin, the VA has initiated plans to revamp the current Veterans Choice Program (VCP) - which currently authorizes veterans to visit a community provider if they live more than 40 miles away from a VA medical facility or if the wait time for care is 30 days or longer.<sup>78</sup> Texas should support removing these restrictions and expanding access to private care. The VA’s redesigned program, which will be called the Veterans’ Coordinated Access Rewarding Experience (CARE) Program, will allow for a veteran to visit a private provider if recommended by a VA clinician at an initial appointment.<sup>79</sup> Expanded choice programs do more than allow a veteran to see the doctor of his or her choice- they relieve a strained public system. According to Shulkin’s latest “State of the VA”, veterans still have to wait over 60 days for new appointments at about 30 VA facilities nationwide as 1 in 6 primary care clinics is over capacity – meaning that many veterans are still simply not being helped quickly enough.<sup>80</sup>

In August 2017, the President signed the VA Choice and Quality Employment Act of 2017<sup>81</sup> which authorized \$2.1 billion in additional funds for the VCP. The VA explains that these additional funds “represent[s] a short-term, temporary funding solution for VCP that will enable VA to increase the number of appointments scheduled and ensure payments are made to community providers.”<sup>82</sup> The legislation allows medical facilities to use the “Choice First” business process to refer Veterans to

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<sup>76</sup> “Should the Veterans Health Care System be Privatized?,” Phillip Longman and Avik Roy, New York Times, June 28, 2016. Online at: <https://www.nytimes.com/roomfordebate/2016/06/28/should-the-veterans-health-care-system-be-privatized?mcubz=0>

<sup>77</sup> *Ibid.*

<sup>78</sup> “Shulkin offers first glimpse at new VA Choice plan,” Nicole Ogrysko, Federal News Radio, June 8, 2017.

<sup>79</sup> *Ibid.*

<sup>80</sup> “Fact-checking Trump's claims about an improved Department of Veterans Affairs,” CBS News, July 28, 2017. Online at: <https://www.cbsnews.com/news/fact-checking-trumps-claims-about-an-improved-department-of-veterans-affairs/>

<sup>81</sup> S.544 - A bill to amend the Veterans Access, Choice, and Accountability Act of 2014 to modify the termination date for the Veterans Choice Program, and for other purposes.

Online at: <https://www.congress.gov/bill/115th-congress/senate-bill/544>

<sup>82</sup> “Extension of Veterans Choice Program Funding,” U.S. Department of Veterans Affairs, August 2017. Online at: [https://www.va.gov/opa/choiceact/documents/Fact\\_Sheet\\_Extension\\_VCP\\_Funds.pdf](https://www.va.gov/opa/choiceact/documents/Fact_Sheet_Extension_VCP_Funds.pdf)

community providers when services are unavailable, effectively allowing additional veterans to use the private care options of their choice.<sup>83</sup>

Indeed, many proposals have gone even further in suggesting that the VA system should be restructured to more robustly allow for veterans to access the private healthcare market. For example, in February of 2015, a bipartisan policy task force called “Fixing Veterans Health Care”, led by former senator Dr. Bill Frist, Congressman Jim Marshall, former VA Under Secretary for Health Dr. Michael Kussman, and Co-Founder of the Foundation for Research on Equal Opportunity Avik Roy, agreed as a principle of VA reform that:

Veterans should be able to choose where to get their health care. Based on eligibility, veterans should have the option to take their earned health care funds and use them to access care at the VA or in the voluntary (civilian) health care system. Because private health care is somewhat costlier than VHA-based care, most veterans who choose this option will be expected to share in some of the costs of such care, through co-pays and deductibles.<sup>84</sup>

This model of reform would give veterans the option to seek private health coverage with their VA funds. Just as the GI Bill allows service members and eligible veterans to use taxpayer dollars to pursue an education at the accredited academic institution of their choice, this proposal would allow a veteran’s health care dollars to be used at a private caregiver of the veteran’s choice.<sup>85</sup>

Another comprehensive reform proposal was offered by a VA-sponsored 2015 research report by the RAND Corporation called “Resources and Capabilities of the Department of Veterans Affairs to Provide Timely and Accessible Care to Veterans.”<sup>86</sup> RAND suggested a number of policy improvements that could lead to more timely and accessible care. Among many other proposals, RAND suggested considering increasing access to virtual care, formalizing full nursing practice authority throughout the VA, and integrating VA care with the Department of Defense Military Health System utilized by active personnel.

Current law generally authorizes veterans to visit a community provider if they live more than 40 miles away from a VA medical facility, or if the wait time for care is 30 days or longer.<sup>87</sup> Texas should work with Congress to show the nation how the VA could be reformed to maximal impact for veterans and caregivers by allowing all Texas veterans to visit the provider of their choice. Texas is a strong candidate to explore such a model. The state is home of the nation’s second largest veteran population<sup>88</sup> and although a vast infrastructure of VA facilities stretches across the length and breadth of

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<sup>83</sup> *Ibid.*

<sup>84</sup> “Fixing Veterans Health Care: A Bipartisan Policy Task Force,” Concerned Veterans of America, February 2015. Online at: <http://fixing-veterans-health-care.legacy.cloud-pages.com/accounts/fixing-veterans-health-care/original.pdf>

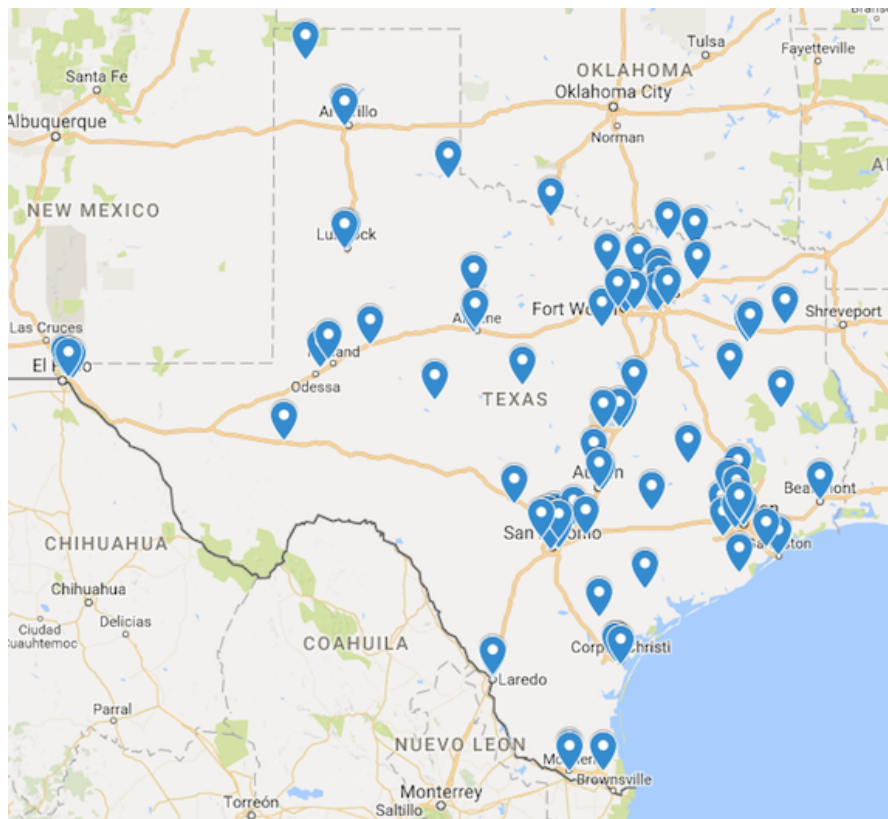
<sup>85</sup> *Ibid.*

<sup>86</sup> “Resources and Capabilities of the Department of Veterans Affairs to Provide Timely and Accessible Care to Veterans,” RAND Corporation, 2015. Online at: [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR1100/RR1165z2/RAND\\_RR1165z2.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR1100/RR1165z2/RAND_RR1165z2.pdf)

<sup>87</sup> “Shulkin offers first glimpse at new VA Choice plan,” Nicole Ogrysko, Federal News Radio, June 8, 2017.

<sup>88</sup> “National Center for Veterans Analysis and Statistics,” U.S. Department of Veterans Affairs. Online at: [https://www.va.gov/vetdata/veteran\\_population.asp](https://www.va.gov/vetdata/veteran_population.asp)

the state, veterans in some parts of Texas still have to travel hundreds of miles to reach the closest VA facility, as can easily be seen in the map below:



*Map of VA Facilities in Texas based on VA Directory<sup>89</sup>*

The Rio Grande Valley, with its insufficient traditional VA medical infrastructure, will particularly benefit and could now lead the nation if Congress authorizes more funding for increased use of private care: a model that could later be expanded throughout the state and, ultimately, the nation. A key partner in this effort would be the new medical school at the University of Texas Rio Grande Valley, with which the VA already has a local partnership.<sup>90</sup> The VA also partners with Valley Baptist Medical Center and Doctors Hospital at Renaissance in Edinburg.<sup>91</sup>

As a national leader in serving our veterans, this state stands poised to create and support a new Texas-specific model for ensuring our veterans receive the *quality* health care to which they are entitled. VA benefits should be allocated for veterans to purchase insurance or utilize the private provider of their choice with these benefits. In addition to increasing access to health care services, allowing this flexibility could also help address the aforementioned issue of the sometimes perceived

<sup>89</sup> U.S. Department of Veterans Affairs Directory, Facilities in Texas. Online at: [https://www.va.gov/directory/Guide/fac\\_list\\_by\\_state.cfm?State=TX&dnum=All](https://www.va.gov/directory/Guide/fac_list_by_state.cfm?State=TX&dnum=All)

<sup>90</sup> "Top VA official welcomes collaboration with UTRGV to serve Valley veterans," Gail Fagan, the University of Texas Rio Grande Valley, September 1, 2015. Online at: <http://www.utrgv.edu/en-us/about-utrgv/news/press-releases/2015/september-15-top-va-official-welcomes-collaboration-with-utrgv/index.htm>

<sup>91</sup> *Ibid.*

stigma of seeking mental health assistance within the military. The ability to pursue behavioral health services outside of the military and veterans' health system could encourage veterans who would not otherwise seek such care to do so. A federal-state partnership between the VA and Texas to oversee this model could create better health outcomes for Texas veterans.

Texas should encourage the federal government, to the maximum extent possible, to remove barriers requiring veterans to use their benefits at VA facilities. For instance, under the current VCP, when a veteran accesses care from a non-VA "community" provider, any prescription written as a result of that visit may only be for a 14-day supply of the medication, and may be filled at a non-VA pharmacy.<sup>92</sup> For veterans battling chronic physical illnesses or ongoing behavioral or mental health issues, adherence to medication therapy is crucial. Forcing these veterans to obtain a new prescription or refill every two weeks places an undue burden on individuals already dealing with extenuating circumstances and very probably increases the likelihood of lapses in critical medication therapy. This is a prime example of a barrier that should be removed to allow a veteran to treat a visit with a "community provider" like a VA appointment and receive a regular 30, 60, or 90-supply of a medication, as the provider deems appropriate, to be filled at the pharmacy of the veteran's choice.

Health care is a very personal issue, and one in which the role of government should be minimized. Veterans should be allowed to utilize their VA benefits to purchase private sector health insurance and/ or select the providers of their choice in which to establish a medical home and receive ongoing care. The veteran should be empowered to make these choices.

**Recommendation: Eliminate barriers to telehealth caregiving across state lines for mental and behavioral health purposes.**

One major focus of any reform to veterans healthcare should be increased use of telehealth and remote access to mental and behavioral health professionals. The VA already took a major step in this direction in September of 2017 by issuing a proposed rule to allow VA providers to treat patients in any state remotely via technology, a process known as "telehealth" or "telemedicine," regardless of where they are licensed to practice.<sup>93</sup> Currently, VA providers can waive state licensing requirements if both the physician and the patient are in a federally owned facility. With the development of a new mobile app, the VA wants to reach veterans in their homes to expand access to mental health services and make it easier for those with limited mobility to get necessary medical care.<sup>94</sup>

The U.S. House recently passed the Veteran E-Health and Telemedicine Support (VETS) Act of 2017, which would codify the proposed VA rules and permit VA physicians to practice telemedicine

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<sup>92</sup> U.S. Department of Veterans Affairs, Veterans Health Administration, "10 Things About The Veterans Choice Program." Online at: <https://www.va.gov/health/NewsFeatures/2017/July/Things-to-Know-About-the-Veteran-Choice-Program.asp>

<sup>93</sup> "VA proposed rule would override state licensing restrictions to expand access to telehealth," Evan Sweeney, Fierce Healthcare, September 29, 2017. Online at: <http://www.fiercehealthcare.com/regulatory/va-telehealth-practice-restrictions-state-law-proposed-rule>

<sup>94</sup> *Ibid.*

across state lines.<sup>95</sup> Texas has also taken recent steps to expand the use of telehealth. In the 85<sup>th</sup> Session, the Governor signed Senate Bill 1107 (Schwertner, sp: Price), which overcomes a number of regulatory barriers to the use of the telehealth and telemedicine in Texas, and establishes a platform from which all Texans, including veterans, can make greater use of technology to access health care providers.

The benefits of telehealth have been proven in many other areas. For example, the Texas Tech University Health Sciences Center, which has provided telehealth services to inmates in the Texas Department of Criminal Justice since 1994, conducts over 4,500 prison telemedicine consultations a year for the 23 prison units for which TTUHSC is contracted to provide medical care.<sup>96</sup> The U.S. military also considers telehealth to be a “strategic enabler that helps the Military Health System on its mission of global health engagement.”<sup>97</sup> Just recently, the immediate value of SB 1107 and telehealth was recognized in the aftermath of Hurricane Harvey, which ravaged Southeast Texas and left thousands of Texans without access to medical care or needed medications. Multiple telehealth companies stepped in to provide free care that would not have been otherwise available to those affected by the storm, noting that, without the prior passage of SB 1107, they would not have had the infrastructure in place to stand up immediate operations.<sup>98</sup>

Similarly, the TMD, which includes the Army and Air National Guards and the Texas State Guard, has identified a need to increase the availability of mental health counseling services across state lines.<sup>99</sup> In its September 2017 Sunset Self-Evaluation Report, the TMD reports that Traditional Service Members living in neighboring states do not have access to mental health counseling when at home. This mainly affects East and West Texas Service Members who live in Louisiana or New Mexico, but belong to Texas units.<sup>100</sup> To help address this issue, TMD recommends amending the state’s behavioral health licensing law to allow its service members to receive tele-mental health counseling services across state lines.<sup>101</sup>

Texas should work to remove barriers that prevent veterans from receiving necessary mental and behavioral health services. This begins with supporting and helping expedite final adoption of the proposed VA rule and working with Congressional leaders to encourage passage of the VETS Act, allowing veterans to access telehealth care across state lines via the VA’s new “Anywhere to Anywhere”

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<sup>95</sup> See H.R. 2123, 115<sup>th</sup> Congress. Online at: <https://www.congress.gov/bill/115th-congress/house-bill/2123>

<sup>96</sup> Correctional Telemedicine, Texas Tech University Health Sciences Center. Online at:

<https://www.ttuhscc.edu/telemedicine/tdcj.aspx>

<sup>97</sup> “DOD’s Jonathan Woodson: Telehealth a strategic goal for the military,” Dan Bowman, Fierce Healthcare, March 20, 2014. Online at: <http://www.fiercehealthcare.com/it/dod-s-jonathan-woodson-telehealth-a-strategic-goal-for-military>

<sup>98</sup> “In Texas, Hurricane Harvey response efforts provide a ‘defining moment’ for telehealth,” Evan Sweeney, Fierce Healthcare, September 5, 2017. Online at: <https://www.fiercehealthcare.com/mobile/harvey-s-response-efforts-provide-a-defining-moment-for-telehealth>

<sup>99</sup> Texas Military Department Self-Evaluation Report for the Sunset Commission, online at: <https://www.sunset.texas.gov/public/uploads/files/reports/Texas%20Military%20Department%20Self-Evaluation%20Report.pdf>

<sup>100</sup> *Ibid.*

<sup>101</sup> *Ibid.*

initiative.<sup>102</sup> While the California Medical Board has voiced dissent for the rule on the grounds that it would supersede state licensure laws, it has otherwise enjoyed broad support, including from the American Academy of Family Physicians which, in the past, has opposed similar measures.<sup>103</sup> This is a commonsense reform that should be embraced by both federal and state leaders.

The next step should be to ease the process for veterans to access mental or behavioral telehealth services if they wish to use their benefits with non-VA providers.

While SB 1107 defines telemedicine and telehealth as services provided by medical professionals licensed by this state, there are changes to state law that could simplify and expedite the process by which a licensed behavioral health provider in good standing in another state can receive Texas licensure or certification. The Psychology Interjurisdictional Compact (PSYPACT) was developed to help facilitate the practice of telehealth services by allowing qualified psychologists to become certified to practice telepsychology in participating states.<sup>104</sup> Still a relatively new concept, the PSYPACT has been adopted by three states (Arizona, Nevada, and Utah), is currently pending implementation in Illinois, and has been introduced, and endorsed by licensing authorities, in several other states.<sup>105</sup> The compact becomes effective once seven states have adopted the language.<sup>106</sup> The compact language was part of a larger behavioral health sunset bill during the 85<sup>th</sup> session that did not ultimately pass (HB 2898-Gonzales), but this issue should be revisited by the 86<sup>th</sup> Legislature when the Texas State Board of Examiners of Psychologists is up for Sunset. Texas already participates in other similar interstate health professional licensure compacts, both for nurses<sup>107</sup> and for emergency medical services providers.<sup>108</sup> Entering into the PSYPACT will impact only telepsychology services and has the potential to pave the way for additional providers to serve our veterans and open up additional entry points for vital mental health services.

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<sup>102</sup> “Amid broad support, the Medical Board of California pushes back on VA’s telehealth rule,” by Evan Sweeney, November 2, 2017. Online at: <https://www.fiercehealthcare.com/regulatory/health-it-now-chime-va-david-shulkin-telemedicine-physician-licensing>

<sup>103</sup> *Ibid.*

<sup>104</sup> See Association of State and Provincial Psychology Boards, Psychology Interjurisdictional Compact (PSYPACT). Online at: <http://www.asppb.net/page/PSYPACT>

<sup>105</sup> See Association of State and Provincial Psychology Boards, PSYPACT Legislative Update. Online at: <https://asppb.site-ym.com/mpage/legislative>

<sup>106</sup> See Section 2.046 of HB 2898 (85R), House Committee Report. Online at: <http://www.capitol.state.tx.us/tlodocs/85R/billtext/pdf/HB02898H.pdf#navpanes=0>

<sup>107</sup> See Texas Board of Nursing. Online at: [http://www.bon.state.tx.us/licensure\\_nurse\\_licensure\\_compact.asp](http://www.bon.state.tx.us/licensure_nurse_licensure_compact.asp)

<sup>108</sup> See National Registry of Emergency Medical Technicians. Online at: <https://www.nremt.org/rwd/public/document/replica>

#### 4. Legal Services for Veterans

In 2015, legal service providers helped 8,000 veterans with their civil legal needs; and on Veterans Day in 2016, 70 legal aid clinics, community workshops, and continuing legal education seminars were hosted around the state.<sup>109</sup> Top legal problems listed facing veterans include problems accessing military benefits; job problems, including hiring and payment; debt collection, including phone harassment; child visitation, custody, or support; and getting or keeping Social Security benefits.<sup>110</sup> Legal aid – professional assistance from lawyers that is free or reduced in cost - is an essential element of addressing those issues.

A wide variety of public and private entities offer some form of free legal services for Texas veterans.<sup>111</sup> The State Bar's Lawyers for Texas Veterans program (TLTV) consists of a hotline that refers low-income veterans to legal aid organizations throughout the State that provide free lawyers to veterans in cases concerning disabilities, family law, and denial of benefits.<sup>112</sup> The Texas Veterans Legal Assistance Project (TVLP) at the Texas Veterans Commission provides telephone counseling to all Texas veterans who qualify.<sup>113</sup> Strong local programs exist as well; for example, the Veterans Legal Initiative, established in 2008 by the Houston Bar Association, Houston Bar Foundation and Houston Volunteer Lawyers, provides free legal advice and legal representation to U.S. veterans.<sup>114</sup>

**Recommendation: Enhance state grants to organizations providing legal services to veterans from \$1.5 million per year in the 2018-19 biennium to \$3 million per year in the 2020-21 biennium.**

The Supreme Court of Texas makes grants to nonprofit organizations that offer free civil legal services to low-income Texans through the Basic Civil Legal Services (BCLS) program. To qualify for aid, an individual cannot have an annual income of more than 125 percent of the federal poverty level, or \$14,850.<sup>115</sup> A slightly higher threshold is sufficient for certain victims of crime seeking civil legal services in relation to a specific injury, who may have an annual income of up to 187.5 percent of the federal poverty level, or \$22,275.<sup>116</sup> Since 1984, the Supreme Court has designated the Texas Access to Justice Foundation (TAJF) to administer the BCLS program.

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<sup>109</sup> "Access to Justice Update: What's that Sound?," Texas Young Lawyers Association, online at:

<http://www.tyla.org/tyla/index.cfm/news1/enews-archive/2016-enews-archive/november-2016/atj-update/>

<sup>110</sup> "Serving those Who Served," Robert Liscord and Catherine Elliott, Pine Tree Legal Assistance, Inc., June 2013.

Online at: <https://statesidelegal.org/sites/default/files/Veteran%20Legal%20Needs%20Study.pdf>

<sup>111</sup> "Search For Legal Resources Near You," TexVet, online at: <https://www.texvet.org/legal-search>

<sup>112</sup> "Texas Lawyers for Texas Veterans," State Bar of Texas, online at:

<https://www.texasbar.com/Content/NavigationMenu/AboutUs/StateBarPresident/TexasLawyersforTexasVeterans/default.htm>

<sup>113</sup> Texas Veterans Legal Assistance Project, Texas Legal Services Center. Online at:

<http://www.tlsc.org/veterans.html>

<sup>114</sup> Houston Bar Association Veterans Legal Initiative, online at: <https://www.hba.org/veterans-legal-initiative/>

<sup>115</sup> "Basic Civil Legal Services," Legislative Budget Board, July 2016. Online at:

[http://www.lbb.state.tx.us/Documents/Publications/Issue\\_Briefs/3114\\_Basic\\_Civil\\_Legal\\_Services.pdf](http://www.lbb.state.tx.us/Documents/Publications/Issue_Briefs/3114_Basic_Civil_Legal_Services.pdf)

<sup>116</sup> *Ibid.*

In the 2018-19 state budget adopted by the 85<sup>th</sup> Legislature, \$79,567,708 was appropriated for BCLS grants. Of that sum, Supreme Court Rider 10 designates \$1.5 million per year - \$3 million over the course of the biennium – “for the purpose of providing basic civil legal services to veterans and their families.” In order to better meet the needs of veterans in poverty, the amount of BCLS funding dedicated to veterans should be doubled in the 2020-21 budget to \$3 million per year, or \$6 million per biennium.<sup>117</sup>

**Recommendation: Encourage state-employed attorneys to offer pro bono services to veterans by state agency policymaking and by coordination with the Texas Veterans Commission. Recognizing attorneys who assist veterans in need with pro bono legal services, the state should reward them with Continuing Legal Education (CLE) credit and bar fee waivers.**

According to the American Bar Association’s Model Rules of Professional Conduct, Rule 6.1: “Every lawyer has a professional responsibility to provide legal services to those unable to pay. A lawyer should aspire to render at least (50) hours of pro bono public legal services per year...”<sup>118</sup> Attorneys working for the State of Texas should be encouraged to spend some of these services - rendered charitably on the attorney’s own time and not in the course of their state employment – to support veterans in need.

The Veterans Commission should be directed to expand the existing Texas Veterans Legal Assistance Project to include referrals to state-agency-employed attorneys willing to provide pro bono services. These lawyers could register with the Veterans Commission as pro-bono volunteers and would receive referrals from the hotline as needs arise. Veterans with problems specific to the subject-matter of a particular state agency could be specifically directed to lawyers at that agency who can provide guidance on dealing with their agency.

Additionally, state agencies should be directed to create internal policies that encourage state agency lawyers to provide pro bono services to veterans. Recognition should be granted to the individual state employees who report the most time spent providing pro bono services to veterans. By mobilizing state attorneys in this manner, highly competent and specialized attorneys can be made available to support veterans seeking to navigate the justice system.

Real benefits should also be offered for attorneys who offer pro bono legal assistance to veterans in need. Such attorneys should be rewarded with Continuing Legal Education (CLE) credit and bar fee waivers. This tangible reward may spur attorneys to dedicate their time to veterans in need, ensuring that the needs of our veteran population are met. By placing the right incentives in place, Texas can help its veterans meet these crucial needs.

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<sup>117</sup> NOTE: An important question that needs to be addressed in this document is what specific legal needs veterans might be facing. This information should be sought from stakeholders or other informed individuals.

<sup>118</sup> American Bar Association, ABA Model Rule 6.1, online at:  
[https://www.americanbar.org/groups/probono\\_public\\_service/policy/aba\\_model\\_rule\\_6\\_1.html](https://www.americanbar.org/groups/probono_public_service/policy/aba_model_rule_6_1.html)

## 5. Base Realignment and Closure

Since the final years of the Cold War, the U.S. government has downsized the number of military bases worldwide in a series of five Base Realignment and Closure (BRAC) rounds. Every one of these rounds has led to the closure or realignment of bases in Texas. In most recent (2005) BRAC round, six of the fifteen bases still existing in Texas received below service-average military value scores. Federal budget cuts make another BRAC round likely in the next few years. It is important that Texas does not wait for a BRAC round to address problems that exist with installations but instead should address shortcomings as they appear.

The top members of the Senate Armed Services Committee, Committee Chairman John McCain (R-Ariz.) and ranking member Jack Reed (D-R.I.), in September of 2017 suggested a new BRAC round in 2019.<sup>119</sup> In pushing for the closure or realignment of unneeded military bases, the Trump Administration has noted that by 2019, the Department of Defense will have more than 20% excess capacity.

In considering bases for closure or realignment in the 2005 BRAC process, the most recent, the Department of Defense considered the following criteria:<sup>120</sup>

1. The current and future mission capabilities and operational readiness of the military;
2. The availability of land, sea, and air resources in both current and potential basing locations;
3. The ability to accommodate contingency, mobilization, surge, and future total force requirements;
4. The cost of operations and manpower implications;
5. The extent and timing of potential costs and savings;
6. The economic impact on existing communities in the vicinities of existing military installations;
7. The ability of infrastructure to support forces, missions, and personnel; and,
8. Environmental impact.

The US Department of Defense maintains fifteen military bases in Texas.<sup>121</sup> 173,118 – around 13 percent of total active duty U.S. military – are stationed in Texas; only California has a higher number. In 2015, the Texas Military Preparedness Commission (TMPC), in partnership with the Texas Comptroller's Office, conducted an economic analysis quantifying the military contribution to the Texas economy at \$136.4 billion in output, \$81.26 billion in GDP, and \$47.98 billion in disposable personal income.<sup>122</sup>

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<sup>119</sup> "McCain, Reed offer amendment for new round of military base closures," Ellen Mitchell, the Hill, September 11, 2017. Online at: <http://thehill.com/policy/defense/350106-mccain-reed-offer-amendment-for-new-round-of-military-base-closures>

<sup>120</sup> "Memorandum for Infrastructure Executive Council Members. Subject: 2005 Base Closure and Realignment Selection Criteria." Michael W. Wynne, Department of Defense. Online at: [http://www.brac.gov/docs/criteria\\_final\\_jan4\\_05.pdf](http://www.brac.gov/docs/criteria_final_jan4_05.pdf)

<sup>121</sup> "Active Duty Military Installations," Office of the Governor Greg Abbott. Online at: <https://gov.texas.gov/organization/military/installations>

<sup>122</sup> "TMPC Overview," Office of the Governor Greg Abbott. Online at: [https://gov.texas.gov/uploads/files/organization/military/Updated\\_TMPC\\_Overview.pdf](https://gov.texas.gov/uploads/files/organization/military/Updated_TMPC_Overview.pdf)

Seventy-five percent of Texas military installations are located in rural or low-population areas that are economically dependent on military bases.<sup>123</sup>

<b>MILITARY CONTRIBUTION TO STATE ECONOMY</b>	
<b>Total Defense Personnel</b>	<b>232,805</b>
<b>Output (\$ Billions)</b>	<b>\$136.4</b>
<b>Gross Domestic Product (\$ Billions)</b>	<b>\$81.26</b>
<b>Disposable Personal Income (\$ Billions)</b>	<b>\$47.98</b>

*Source: Texas Military Preparedness Commission<sup>124</sup>*

In 2015, acting on a recommendation offered by Governor Abbott in his 2015 Bicentennial Blueprint “Jobs for Veterans” set of proposals, the 84th Legislature passed Senate Bill 1358 (Campbell, sp: King, Susan), which “increased the independence of TMPC by making it a separate entity that is ‘administratively attached’ to the Office of the Governor.”<sup>125</sup> The Texas Military Value Task Force (TMVTF) of the Texas Military Preparedness Commission (TMPC) is charged to:

- (1) confer with defense communities and military installations located in this state to identify strategies, policies, plans, projects, and other ways to improve base realignment scores; and
- (2) advise and make recommendations to the commission and legislature on any strategy, policy, plan, project, or action the task force believes will strengthen the defense communities and military installations in the state and prevent the closure or significant reduction of the operations of the military installations.<sup>126</sup>

Texas must execute its comprehensive strategic plan to proactively defend Texas-based facilities in advance of the next BRAC round, by enhancing infrastructure and jobs training/recruitment near bases to make them more attractive for maintaining as active military facilities.

<sup>123</sup> “Playing Defense: Looming Cuts May Affect Texas Communities,” Patrick Graves, Office of the Texas Comptroller of Public Accounts, June 11, 2013. Available online at:

<http://www.window.state.tx.us/comptrol/fnotes/fn13Q2/defense.php>

<sup>124</sup> *Ibid.*

<sup>125</sup> Senate Bill 1358 (84R) Bill Analysis from the Senate Research Center.

<sup>126</sup> “2015-2016 Texas Military Preparedness Commission Biennial Report,” Office of the Governor Greg Abbott. Online at: [https://gov.texas.gov/uploads/files/organization/military/Biennial\\_Report\\_2015-2016\\_-\\_For\\_Print\\_-\\_Updated\\_2017-02-09.pdf](https://gov.texas.gov/uploads/files/organization/military/Biennial_Report_2015-2016_-_For_Print_-_Updated_2017-02-09.pdf)

## ECONOMIC ADJUSTMENT PROGRAMS

- ★ *Defense Economic Adjustment Assistance Grant Program* – assists communities impacted by a Department of Defense decision. Funds can be used for purchase of property, infrastructure projects, and purchase of equipment to train defense workers.
- ★ *Texas Military Value Revolving Loan Fund* – \$250M fund constitutionally approved for communities impacted by BRAC 2005. To qualify projects must enhance the military value or economic redevelopment value of an installation.

*Source: Texas Military Preparedness Commission*<sup>127</sup>

TMPC received \$30 million in the 2016-17 biennium for grants to fund infrastructure improvements and potentially prevent Texas from being negatively impacted in the event of a BRAC round.<sup>128</sup> In 2016-17, awards were made to eight defense communities, in amounts ranging from \$1.5 million to \$5.0 million. Recent grants have included \$5 million to the Alamo Area Council of Governments to improve water infrastructure, \$1.7 million to the City of Wichita Falls to for land acquisition and demolition to increase perimeter security, and \$3.4 million to the City of Killeen to construct an Army Radar Approach Control Facility. TMPC will need to consider similar infrastructure projects that would best protect Texas' military footprint.

Nevertheless, it must be understood that Texas is in competition with other states that have large military presences. For example, the State of Florida budgeted \$2 million for FY 2016-2017 for the Florida Defense Support Task Force with the specific purpose "to protect, preserve, promote and grow Florida military installations and missions."<sup>129</sup>

**Recommendation: To provide oversight and leadership, create a temporary Governor's Committee to support the U.S. Military in Texas in preparing for the possible upcoming decisions of the Base Realignment And Closure Committee**

A successful BRAC round will be defined as one in which base closures are avoided, and realignment, when it occurs, should benefit the state by having missions transferred from federal facilities in other states to Texas-based facilities. TMPC should continue to receive a robust appropriation for its strategic planning function and Defense Economic Adjustment Assistance Grant Program, as well as continued support for the Texas Military Value Revolving Loan Program. It is crucial

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<sup>127</sup> *Ibid.*

<sup>128</sup> "Trusted Programs Within the Office of the Governor," Legislative Budget Board, pg. 7. Online at: [http://www.lbb.state.tx.us/Documents/SFC\\_Summary\\_Recs/85R/Agency\\_300.pdf](http://www.lbb.state.tx.us/Documents/SFC_Summary_Recs/85R/Agency_300.pdf)

<sup>129</sup> "2015-2016 Texas Military Preparedness Commission Biennial Report," Office of the Governor. Online at: [https://gov.texas.gov/uploads/files/organization/military/Biennial\\_Report\\_2015-2016\\_-\\_For\\_Print\\_-\\_Updated\\_2017-02-09.pdf](https://gov.texas.gov/uploads/files/organization/military/Biennial_Report_2015-2016_-_For_Print_-_Updated_2017-02-09.pdf)

these programs are utilized to make investments targeted at not only improving military installations but also improving installations that are the most vulnerable in future BRAC rounds.

TMPC should expand on the work of the Texas Military Value Task Force by continuing to identify potential improvements for military installations and defense communities with a committee of veterans who formerly served as officers on each of the fifteen Texas bases. In order to prepare for the next BRAC round, a temporary committee - the Governor's Committee to Support the U.S. Military in Texas - should be appointed by the Governor with the following composition: 22 Texas-resident veterans, community leaders and business leaders, including three each who served for at least three months as officers at Fort Hood, Fort Bliss, and Joint Base San Antonio; and one from each of the other U.S. military installations in Texas. Members would also consult with agencies such as the Texas Department of Transportation, the Texas Water and Development Board, the Railroad Commission, the Public Utility Commission, the Texas Commission on Environmental Quality, and the General Land Office.

It would be the duty of the Governor's Committee to suggest challenges to the continued utility of the fifteen U.S. Military installations in Texas – based on the eight criteria laid out by the Department of Defense for the 2005 BRAC round - and to offer strategies to overcome these issues. Because the committee will be composed of members who have served at each of the bases, they will have inside knowledge of challenges that may not be obvious and will be in an ideal position to offer alternatives. The Committee should also be charged with working with affected local governments and chambers of commerce to explore the surrounding civilian infrastructure and competing needs between private development, the rights of private landowners, and military necessities such as uncompromised perimeter security.

## 6. State Guard

**Recommendation: To provide a rapid response military force to deal with the state's many challenges, including hurricanes, the Governor, as Commander-in-Chief of the state's military forces, should lead a recruitment drive to double the ranks of the Texas State Guard to a force of 5,000 members.**

Recent catastrophes, including severe flooding in 2017 (Hurricane Harvey), 2015 (Memorial Day Flooding), 2008 (Hurricane Ike), and 2001 (Tropical Storm Allison) illustrate the state's need for a cohesive statewide force that can rapidly respond and that – unlike the National Guard – cannot be called into national service. A much larger State Guard of 5,000 members would be able to better meet the state's homeland security and emergency management needs.

The Texas State Guard currently has 2,300 members, one tenth the size of the 23,000 servicemembers in the Texas Air and Army National Guard forces (these numbers do not count civilian administrators).<sup>130</sup> Most recently, the State of Texas initially called up 3,000,<sup>131</sup> and roughly 12,000 State and National Guard members, to handle the catastrophic flooding in Southeast Texas caused by Hurricane Harvey.<sup>132</sup>

The distinction between the National and State Guards is highly significant: while the National Guard may be called into federal service and come under the aegis of the Department of Defense, the State Guard is an exclusively state entity that can never be federalized under normal circumstances. The Legislature initially created the State Guard as the Defense Guard, a force of about 23,000 servicemembers, in 1941 when the National Guard was called up for the Second World War; it was disbanded in 1947 but was permanently reestablished in 1965.<sup>133</sup> Such forces are not universal: only 22 states and Puerto Rico have state-defense forces like the Texas State Guard that cannot be federalized and deployed beyond state boundaries.<sup>134</sup>

Members of the State Guard are required to volunteer a minimum of 200 hours annually. Furthermore, “[a]ll officers and enlisted members are responsible for purchasing their uniforms, patches, rank insignia and accessories.”<sup>135</sup> The Texas State Guard is not an armed force and generally does not train with or carry firearms. Nor does it have any law enforcement authority. The State Guard also cannot be deployed abroad, which is important in an era where large portions of the National

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<sup>130</sup> 2018-19 General Appropriations Act and Legislative Appropriations Request (LAR) for 2018-19 for the Texas Military Department.

<sup>131</sup> “More Texas Guardsmen Deploy as Harvey Causes Catastrophic Flooding,” Jim Garamone, U.S. Department of Defense, August 27, 2017. Online at: <https://www.defense.gov/News/Article/Article/1291284/more-texas-guardsmen-deploy-as-harvey-causes-catastrophic-flooding/>

<sup>132</sup> “Texas Governor Activates All of State’s Guard for Harvey Relief Effort,” Texas Governor’s Office, U.S. Department of Defense, August 28, 2017. Online at: <https://www.defense.gov/News/Article/Article/1291284/more-texas-guardsmen-deploy-as-harvey-causes-catastrophic-flooding/>

<sup>133</sup> “What the Heck is the Texas State Guard Anyway?,” Matt Largey, KUT, May 1, 2015. Online at: <http://kut.org/post/what-heck-texas-state-guard-anyway>

<sup>134</sup> *Ibid.*

<sup>135</sup> “Texas State Guard FAQ,” Texas Military Department. Online at: <https://tmd.texas.gov/texas-state-guard-faq>

Guard are frequently called into federal service and deployed in foreign warzones.<sup>136</sup> The 1,241-mile-long Texas-Mexico border is the second longest border of any state with a foreign nation and is far more trafficked than the Alaska-Canada border; it presents special challenges that the state must be equipped to face. While the Department of Public Safety is by far the best positioned state force to confront these challenges, due both to their operational capabilities and statutory responsibilities, the Texas Military Forces have been called upon before to help confront these challenges.

As Commander-in-Chief of the state's military forces, the Governor should lead a recruitment drive to expand the State Guard to a membership of 5,000 personnel. This should also involve a change to the state budget, as Texas Military Department Rider 1 currently sets a performance target of 2,300 State Guard members. This will help ensure that the state is equipped to protect and serve its citizens during natural disasters, along the border, and whenever and wherever circumstances demand quick and decisive action.

Importantly, the strain on the combined Texas Military Forces in any serious emergency was made clear when Hurricane Harvey necessitated the call-up of the full Texas National Guard.<sup>137</sup> Since October 2015 — and not including Hurricane Harvey response efforts—TMD Service Members have helped evacuate or rescue more than 1,800 Texans from floodwaters alone. From January 2003 until May 2016, TMD notes that “TMD Service Members have assisted countless Texans while active in 34 tropical weather missions, 43 flood missions, 29 aviation fire missions, 26 ground wildfire missions, 24 winter weather missions, 70 civil missions, and 32 law enforcement missions.”<sup>138</sup>

A larger State Guard force of 5,000 members would better serve the state's unique needs. If and when called to state active duty, activated personnel are paid at a rate of \$121.00 a day, a meal per diem (when warranted) of \$36.00 per day, and a mileage reimbursement to and from the deployment site.<sup>139</sup> The fiscal costs of expanding the ranks of the State Guard is not, therefore, likely to be significant. Indeed, any costs would only be incurred commensurate with the seriousness of the storm or other event to which the State Guard is required to respond.

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<sup>136</sup> Freedman, *infra*.

<sup>137</sup> “Governor Abbott activates entire Texas National Guard in response to Hurricane Harvey devastation,” Elgin Courier, August 28, 2017. Online at: [http://www.elgincourier.com/news/article\\_8d0a8f50-8c09-11e7-bfac-bb442e9fde95.html](http://www.elgincourier.com/news/article_8d0a8f50-8c09-11e7-bfac-bb442e9fde95.html)

<sup>138</sup> Texas Military Department Self-Evaluation Report for the Sunset Commission, online at: <https://www.sunset.texas.gov/public/uploads/files/reports/Texas%20Military%20Department%20Self-Evaluation%20Report.pdf>

<sup>139</sup> “Texas State Guard Air Component: Pay and Benefits,” Online at: <http://www.txsg.state.tx.us/Data/Sites/1/txsgdocs/brochure/aircc-brochure.pdf>