

**D50H01**  
**Military Department**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$11,751	\$12,072	\$12,655	\$583	4.8%
Deficiencies and Reductions	0	140	-27	-167	
<b>Adjusted General Fund</b>	<b>\$11,751</b>	<b>\$12,212</b>	<b>\$12,628</b>	<b>\$416</b>	<b>3.4%</b>
Special Fund	22,065	20,199	18,287	-1,912	-9.5%
<b>Adjusted Special Fund</b>	<b>\$22,065</b>	<b>\$20,199</b>	<b>\$18,287</b>	<b>-\$1,912</b>	<b>-9.5%</b>
Federal Fund	47,307	52,377	53,726	1,349	2.6%
Deficiencies and Reductions	0	420	-48	-468	
<b>Adjusted Federal Fund</b>	<b>\$47,307</b>	<b>\$52,797</b>	<b>\$53,677</b>	<b>\$881</b>	<b>1.7%</b>
Reimbursable Fund	399	0	0	0	0.0%
<b>Adjusted Reimbursable Fund</b>	<b>\$399</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$81,522</b>	<b>\$85,208</b>	<b>\$84,593</b>	<b>-\$615</b>	<b>-0.7%</b>

- The Military Department receives a \$560,000 fiscal 2016 deficiency appropriation to support the operation of the Freestate ChalleNGe Academy (FCA) program. The deficiency includes \$140,000 in general funds, which is used to leverage an additional \$420,000 in federal funding for the program. The additional funds will allow the program to complete critical repairs and maintenance to the aging residential facilities.
- The fiscal 2017 allowance, as a whole appears level funded, reflecting a less than 1% decrease when compared to the fiscal 2016 working appropriation. A \$3.5 million decline in special funds for loans made through the Volunteer Company Assistance Fund is offset by a \$1.6 million increase for the Senator William H. Amoss Fire, Rescue, and Ambulance Fund. This masks growth in general and federal fund resources provided for FCA, Army facility maintenance, and the Widows and Orphans' Fund.

Note: Numbers may not sum to total due to rounding.

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***Personnel Data***

	<b><u>FY 15 Actual</u></b>	<b><u>FY 16 Working</u></b>	<b><u>FY 17 Allowance</u></b>	<b><u>FY 16-17 Change</u></b>
Regular Positions	311.50	309.50	303.50	-6.00
Contractual FTEs	<u>59.00</u>	<u>27.60</u>	<u>31.60</u>	<u>4.00</u>
<b>Total Personnel</b>	<b>370.50</b>	<b>337.10</b>	<b>335.10</b>	<b>-2.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	13.76	4.55%
Positions and Percentage Vacant as of 12/31/15	26.00	8.40%

- The allowance abolishes 6 vacant building services worker positions due to cost containment. These positions had been used to support Army facility maintenance. The Military Department has indicated that the decrease in positions will be accommodated through the increased use of contractual maintenance and repair services.
- Contractual full-time equivalents (FTE) increase by a net of 4 FTEs. FCA receives an additional 5 FTEs for its cadre to provide supervision of the cadet population. This brings the staffing for the program more in line with the National Guard’s authorized manning model. One FTE is abolished in the Administrative Headquarters.
- The Military Department’s current vacancy rate is nearly double its fiscal 2017 budgeted turnover. The budgeted turnover rate of nearly 4.6%, requires 12 fewer vacancies than the total positions vacant as of December 31, 2015. According to the Military Department, in prior years, positions had been held vacant to accommodate the need for emergency maintenance funding. The increased maintenance funding provided elsewhere in the fiscal 2017 allowance will allow the department to fill additional positions, thus lowering its vacancy rate.

## *Analysis in Brief*

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### Major Trends

***National Guard Troop Strength Exceeds Goals:*** The Maryland National Guard (MDNG) has a goal of reaching 90% of the federally defined authorized troop strength. Prior to fiscal 2009, MDNG had not met this goal since fiscal 2002. In fiscal 2015, troop strength remained consistent with the prior year at 92%, exceeding the 90% goal. MDNG expects this trend to continue.

***Army National Guard Facilities Fail to Reach Maintenance Goals:*** All MDNG facilities and real property support the operational and training needs of MDNG and the ability to respond to State and local emergencies. The Military Department has a goal of maintaining 95%, or more, of the Maryland Army Guard facilities in a fully functional status in compliance with National Guard Bureau requirements. In fiscal 2014 and 2015, the department fell dramatically short of this goal with only 21% of facilities meeting this status. **The Military Department should discuss why critical maintenance funds went unspent in fiscal 2015 and whether the fiscal 2016 and 2017 appropriations are expected to be fully expended. The department should also comment on how the projects funded in fiscal 2016 and 2017, once complete, are expected to impact the State’s facility ratings.**

***Maryland Emergency Management Agency Revamps Performance Measures:*** At the request of the budget committees, the Maryland Emergency Management Agency revised its Managing for Results (MFR) performance measures to provide more detailed insight into the agency’s objectives and operational performance. The new measures evaluate the agency’s ability to build and enhance a strong emergency preparedness and operations program; act as good stewards of funding and resources; maintain a strong and well-trained emergency management workforce throughout the State; and promote effective emergency management within the private business section.

### Issues

***Freestate Challenge Academy Operations, Performance, and Funding:*** MDNG operates FCA for at-risk youths. Twice a year, the department runs the program with a target class size of 100 students. FCA receives additional funding in fiscal 2016 and 2017, after more than a decade of level funding. The academy has met its target of graduating at least 200 students annually in only three of the past nine years. Since fiscal 2014, cadet performance measures have decreased significantly. The program has, however, undertaken new initiatives to improve outreach and other program operations. **FCA should comment on how the additional funding in fiscal 2016 and 2017 will improve program operations and the experience of participating cadets. FCA should also comment on why the percent of students obtaining a general education diploma (GED) is no longer a reported MFR performance measure and why cadet performance has declined so significantly in recent years. The Department of Legislative Services recommends that this measure, along with the number of applicants, enrolled cadets, and graduates be reported as part of the Military Department’s annual MFR performance measures, beginning with the fiscal 2018 submission. FCA should**

**discuss the new initiatives to improve outreach and programmatic opportunities for at-risk youth. The academy should comment on the status of becoming an official GED option program and alternative education program for the Department of Juvenile Services or the Department of Social Services, including a potential timeline for obtaining this approval and any anticipated costs.**

### **Recommended Actions**

1. Adopt committee narrative regarding performance measures for the Freestate Challenge Academy.

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**Military Department**

***Operating Budget Analysis***

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**Program Description**

The Military Department provides overall direction, development, and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army Guard and the Maryland Air Guard. MDNG may be called up by the Governor during State emergencies or may be activated by the federal Department of Defense (DoD). The Military Department also operates the Maryland Emergency Management Agency (MEMA). MEMA is responsible for statewide emergency response activities.

To fulfill its mission, the Military Department oversees the construction, operations, and maintenance of armories and other facilities. Operating expenses of MDNG facilities are a shared State and federal responsibility. The equipment costs for MDNG are solely a federal responsibility provided for under the DoD National Guard Bureau (NGB). Active members of MDNG units receive pay and allowances, while under inactive status (drill) or active duty status (training). These expenses are also the sole responsibility of NGB. During Governor call-ups, MDNG salaries and expenses are the responsibility of the State (see Public Safety Article, Title 13 of the Annotated Code); however, there is no funding provision in the Military Department's State operating budget for these expenses. The Board of Public Works (BPW) makes mission-specific emergency allocations of funds for State call-ups. These activities include mitigation, preparedness, response, and recovery.

The Military Department's goals are to:

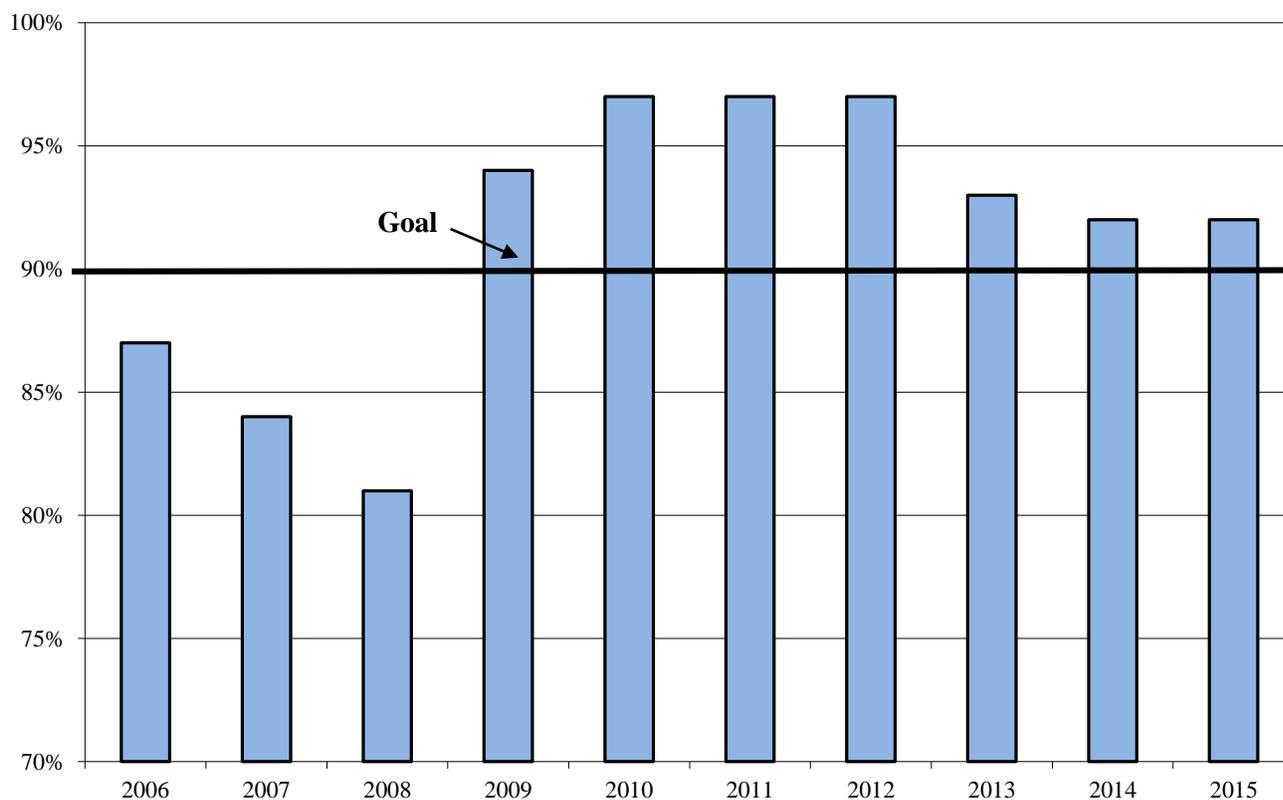
- ensure proper readiness for its missions;
- maintain all facilities so that they are adequate for training and supporting MDNG in its operations;
- successfully operate the Freestate Challenge Academy (FCA) for at-risk youth; and
- provide State-level guidance on how to prepare for, mitigate against, respond to, and recover from the consequences of emergency and disaster events.

## Performance Analysis: Managing for Results

### 1. National Guard Troop Strength Exceeds Goals

MDNG has a goal of reaching 90% of the federally defined authorized troop strength. Prior to fiscal 2009, MDNG had not met this goal since fiscal 2002. Heavy reliance upon the guard for activations and extended overseas tours of duty in combat zones had taken a toll on the department’s recruitment and retention efforts. Since fiscal 2009, however, troop strength has exceeded the 90% goal, as seen in **Exhibit 1**. In fiscal 2015, the State was at 92% of its authorized troop strength. MDNG expects this trend to continue.

**Exhibit 1**  
**Authorized Troop Strength**  
**Fiscal 2006-2015**

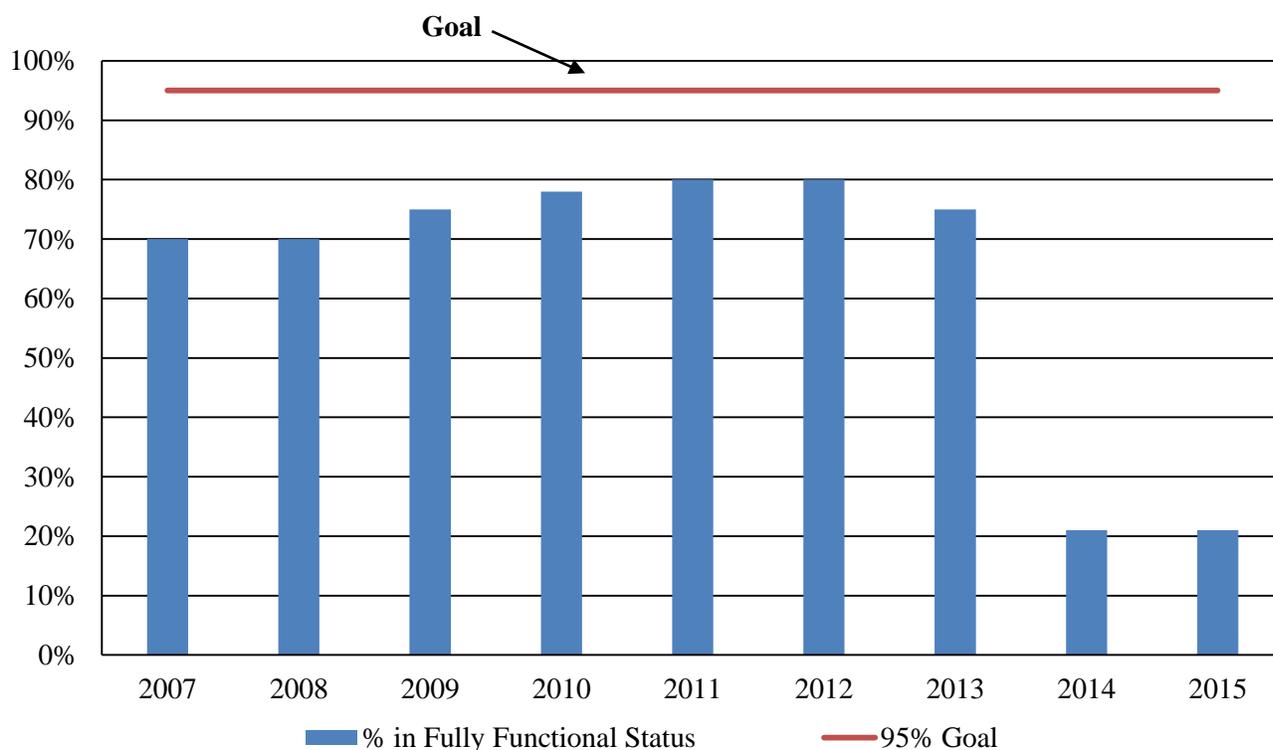


Source: Governor’s Budget Books, Fiscal 2006-2016

## 2. Army National Guard Facilities Fail to Reach Maintenance Goals

All MDNG facilities and real property support the operational and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories and other facilities used by MDNG. Through a cooperative agreement with NGB, maintenance funding is split between federal and State funds, depending on the facility. The department has a goal of maintaining 95%, or more, of Maryland’s Army Guard facilities in a fully functional status in compliance with NGB requirements. **Exhibit 2** shows the percentage of Army Guard facilities in fully functional status from fiscal 2007 through 2015; the department has not achieved the 95% goal during this time period.

**Exhibit 2**  
**Maryland Army National Guard Facilities in Fully Functional Status**  
**Fiscal 2007-2015**



Note: The Maryland Army National Guard has an objective of maintaining 95% of the facilities in a fully functional status in compliance with National Guard Bureau requirements.

Source: Governor’s Budget Books, Fiscal 2009-2015

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Historically, the department believes that the average age of the facilities and reduction of maintenance funding due to cost containment impacted facility ratings. In fiscal 2010, general funds to maintain MDNG facilities were eliminated, and the department was unable to leverage federal funds for maintenance costs. As a result, preventative and ongoing maintenance was deferred in lieu of emergency maintenance. In fiscal 2015, only 21% of facilities were considered fully functional by NGB standards, continuing to fall dramatically short of the goal. The department believes the significant decrease in fully functional facilities in fiscal 2014 and 2015 is primarily due to stricter rating criteria for energy conservation and utility systems but also facility deterioration.

In the 2014 *Joint Chairmen's Report* (JCR), the budget committees expressed intent that the Governor provide general funds for maintenance in order to obtain matching federal funds. The fiscal 2015 allowance provided more than \$1.9 million for facility maintenance; however, the department expended less than \$10,000. An additional \$1.9 million was budgeted in fiscal 2016. The fiscal 2017 allowance includes \$703,000 in general funds and a \$3.1 million federal fund match. This reflects an increase of nearly \$580,000 in general funds and \$1.5 million in federal funds compared to the fiscal 2016 working appropriation. The total estimated backlog of critical maintenance projects for the department, however, exceeds \$10.0 million.

**The Military Department should discuss why critical maintenance funds went unspent in fiscal 2015 and whether the fiscal 2016 and 2017 appropriations are expected to be fully expended. The department should also comment on how the projects funded in fiscal 2016 and 2017, once complete, are expected to impact the State's facility ratings.**

### **3. Maryland Emergency Management Agency Revamps Performance Measures**

At the request of the budget committees, MEMA revised its Managing for Results (MFR) performance measures for fiscal 2017 to provide more detailed insight into the agency's objectives and operational performance. Prior measures had been sufficiently met or exceeded for multiple years, and the reported MFR objectives were criticized for being too vague and without detailed measures of performance.

The agency's revised fiscal 2017 MFR reports include multiple measureable objectives within four main goals.

- **Goal 1:** Continue to build and enhance Maryland's resilience with a strong emergency preparedness and operations program;
- **Goal 2:** Act as good stewards of funding and resources on behalf of Maryland taxpayers;
- **Goal 3:** Maintain and enhance a strong emergency management workforce throughout Maryland; and

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- **Goal 4:** Promote Maryland and Maryland businesses through a robust emergency management program.

As the majority of the measures are newly reported objectives for the agency, only one year of data is available. This makes performance evaluation or trend analysis difficult until the fiscal 2018 submission.

## **Fiscal 2016 Actions**

### **Proposed Deficiency**

The Military Department receives a \$560,000 fiscal 2016 deficiency appropriation to support the operation of the FCA program. The deficiency includes \$140,000 in general funds, which is used to leverage an additional \$420,000 in federal funding for the program. The additional funds will allow the program to complete critical repairs and maintenance to the aging residential facilities. This funding will not be used to expand the existing program but is required to address shortfalls that exist with the current program levels due to relatively flat funding in recent years.

### **Cost Containment**

The fiscal 2016 budget included a 2% across-the-board reduction to ongoing general fund operating expenses. For the Military Department, this reduction totaled \$249,000. These savings were achieved by making reductions to facility maintenance and modernization expenditures, general operating expenses for MEMA and supply purchases at FCA. In addition, the Honor Guard increased turnover expectancy and two administrative positions within Headquarters were converted to 100% federal funding.

## **Proposed Budget**

**Exhibit 3** illustrates how the Governor's fiscal 2017 allowance for the Military Department decreases by a net \$615,000, or 0.7%, from the fiscal 2016 working appropriation.

**Exhibit 3**  
**Proposed Budget**  
**Military Department**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2015 Actual	\$11,751	\$22,065	\$47,307	\$399	\$81,522
Fiscal 2016 Working Appropriation	12,212	20,199	52,797	0	85,208
Fiscal 2017 Allowance	<u>12,628</u>	<u>18,287</u>	<u>53,677</u>	<u>0</u>	<u>84,593</u>
Fiscal 2016-2017 Amount Change	\$416	-\$1,912	\$881	\$0	-\$615
Fiscal 2016-2017 Percent Change	3.4%	-9.5%	1.7%	0.0%	-0.7%
 <b>Where It Goes:</b>					
<b>Personnel Expenses</b>					
Abolished/transferred positions .....					-\$268
Salaries and other compensation.....					-174
Employee and retiree health insurance .....					265
Workers' compensation premium assessment .....					-21
Employees' retirement system.....					352
Turnover adjustments .....					345
Other fringe benefit adjustments.....					-32
 <b>Grant Funding</b>					
Senator William H. Amoss Fire, Rescue, and Ambulance Fund.....					1,600
Widows' and Orphans' Funding.....					50
Volunteer Company Assistance Fund loan payments based on prior year actuals.....					-3,512
 <b>Other Changes</b>					
Enhanced funding for repair and maintenance at aging Army facilities.....					2,079
Enhanced funding for the Freestate ChalleNGe Academy .....					278
Armed security guards at Fifth Regiment Armory .....					-850
Department of Budget and Management paid telecommunications .....					-577
Fuel and utilities.....					-120
Other .....					-30
<b>Total</b>					<b>-\$615</b>

Note: Numbers may not sum to total due to rounding.

## **Across-the-board Reductions**

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$26,700 in general funds and \$48,497 in federal funds. There is an additional across-the-board reduction to abolish vacant positions statewide, but the amounts have not been allocated by agency.

## **Personnel**

Personnel expenses for the Military Department increase by a net \$467,000 in fiscal 2017. Six vacant building services worker positions are abolished in the allowance due to cost containment. The estimated savings from the loss of these positions are approximately \$268,000. These positions had been used to support Army facility maintenance. The Military Department has indicated that the decrease in positions will be accommodated through the increased use of contractual maintenance and repair services. Additional funding has been provided for this purpose elsewhere in the department's budget.

Employee increments and associated expenses are included in the Department of Budget and Management budget; it is estimated that \$397,807 in total funds will be distributed to the Military Department by budget amendment for the start of the fiscal year. Health insurance increases by \$265,000, and retirement funding increases by approximately \$352,000 in fiscal 2017. The agency receives an improved budgeted turnover rate of nearly 4.6%, requiring 12.2 positions to be held vacant. As of December 31, 2015, the department had 26.0 vacancies. According to the Military Department, in prior years, positions had been held vacant to accommodate the need for emergency maintenance funding. The increased maintenance funding provided elsewhere in the fiscal 2017 allowance will allow the department to fill additional positions, thus lowering its vacancy rate.

## **Grant Funding**

Grant funding within the Military Department increases by a net \$1.9 million. A more than 50% reduction in funding for the Volunteer Company Assistance Fund (VCAF) is offset by a statutorily required increase for the Senator William H. Amoss Fire, Rescue, and Ambulance Fund (Amoss Fund) and additional funds for the Widows' and Orphans' Fund. Details on each grant program are provided below:

- ***Amoss Fund:*** Title 8, Subtitle 1 of the Public Safety Article established the Amoss Fund for grants to local jurisdictions for the purchase of fire and rescue equipment and building rehabilitation. These grants are administered by MEMA, and distributions are made according to each county's percentage of total property tax accounts. Each county receives a minimum of 2% of the total and must expend funds for fire protection from its own sources that are at least equal to the amount of State funds to be received and at least equal to the average amount expended in the prior three years.

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The Amoss Fund had received \$10.0 million in funding from the Maryland Emergency Medical System Operations Fund (MEMSOF) since fiscal 2000. During the 2013 session, an increase in the motor vehicle registration fee supporting MEMSOF was included in the Transportation Infrastructure Investment Act (Chapter 429) in order to sustain the long-term viability of the fund and enhance funding provided to the user agencies of MEMSOF. One of the enhancements was to increase the Amoss Fund to \$15.0 million by fiscal 2017, with a gradual phase in starting in fiscal 2015. The fiscal 2017 allowance reflects completion of the phase-in period and provides a special fund appropriation of \$15.0 million to support Amoss Fund activities. This is a \$1.6 million increase over the fiscal 2016 appropriation.

- ***Volunteer Company Assistance Fund:*** The VCAF is administered by the Maryland State Firemen's Association (MSFA) and MEMA, and its purpose is to provide grants and loans to volunteer fire, rescue, and ambulance companies for the purchase, replacement, or improvement of firefighting and rescue equipment or facilities. The special fund appropriation for the VCAF is \$3.1 million in fiscal 2017. This reflects a \$3.5 million decrease from the fiscal 2016 working appropriation; however, the fiscal 2017 allowance is budgeted more in line with actual expenditures. The Military Department has indicated that additional loan requests could be accommodated in fiscal 2017 with a budget amendment, if necessary.
- ***Widows' and Orphans' Fund:*** Public Safety Article § 7-203 allows MSFA to provide a death benefit to the spouse or dependent child of a volunteer fire company or rescue squad member who is killed in the line of duty. The statute allows the board of MSFA to determine the benefit amount, but specifies that the grant may not be less than \$2,000. The grant is paid until the surviving spouse remarries or the dependent child becomes an adult in accordance with the timeline set by the MFSA board. Historically, this benefit, known as the Widows' and Orphans' Fund, has received a general fund appropriation of \$300,000. The fiscal 2017 allowance provides a \$50,000 increase due to an increase in the number of grant recipients.

### **Other Changes**

As previously discussed in the MFR section of this analysis, the fiscal 2017 allowance provides a nearly \$2.1 million increase for repair and maintenance projects at Army National Guard facilities. Budgeted funds for this purpose total approximately \$3.8 million; however, the estimated maintenance need exceeds \$10.0 million. In addition, the department loses 6 vacant building maintenance worker positions due to cost containment.

FCA receives an increase of nearly \$1.0 million in fiscal 2017. Once the \$560,000 fiscal 2016 deficiency appropriation is accounted for, the increase in the allowance is closer to \$300,000. The additional funding will allow the department to perform necessary maintenance on its aging residential facilities, improve nutrition and food services provided to the cadets, and increase the cadre responsible for the constant supervision of the youth. The additional funding will not be used to expand the program beyond its current capacity but will address some of the needs that have resulted in level funding in recent years. FCA operations are further discussed in the Issues section of this analysis.

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Funding for armed security guards at the Fifth Regiment Armory declines by \$850,000 in fiscal 2017. This is a federally supported contract, and the department has indicated that these funds may become available at a later date.

## ***Issues***

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### **1. Freestate Challenge Academy Operations, Performance, and Funding**

FCA is a division of the National Guard Youth ChalleNGe Program established in 1993. FCA is a State-run 22-week residential program followed by a 12-month post-residential intervention phase for 16- to 18-year olds who have dropped out of high school or are at risk of dropping out. MDNG operates two classes of 100 at-risk youth annually. In response to a request made in the 2015 JCR, the department provided a detailed report on FCA operations and funding, cadet performance, and outreach efforts undertaken by the department to improve the program.

#### **Operations and Funding**

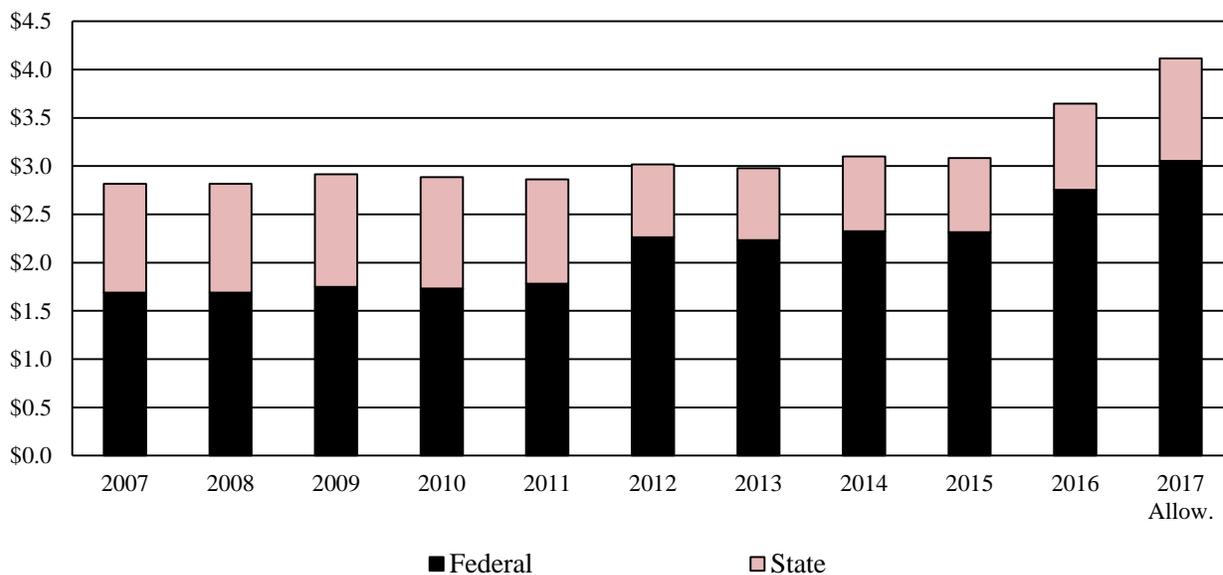
FCA trains at-risk youth in a quasi-military environment. Cadets are expected to complete and pass the following eight Core Components:

- academic excellence;
- life coping skills;
- job skills;
- health and hygiene;
- physical fitness;
- service to the community;
- responsible citizenship; and
- leadership/fellowship.

Since its inception in 1993, FCA has conducted 44 classes and graduated more than 4,000 cadets. From 1998 through 2012, the Maryland FCA was jointly operated with the Washington DC Capital ChalleNGe program. During that time, the Maryland FCA struggled to graduate 100 cadets per class due to limited availability of bed space. In 2012, the Maryland FCA relocated to its current building space at the Aberdeen Proving Ground South. Although the move allowed the program to increase the number of cadets, the building used by the program had previously been unoccupied for five years and requires renovation to improve program functionality. To date, these renovations remain incomplete.

FCA is funded by the Office of the Secretary of Defense (OSD) through NGB. The funding for the program is managed through a Master Cooperative Agreement. The OSD federal funds provide 75% of the program funds, and the State provides a 25% match. **Exhibit 4** illustrates the funding history for the program since fiscal 2007. For the majority of the past decade, funding for the academy has remained relatively flat, hovering around \$3 million to fund a goal of 200 graduates annually. Comparing fiscal 2014 budget data to all other states, Maryland ranked twenty-sixth in expenditures per cadet. Of the 11 other states with the same target graduation rate, Maryland is the lowest funded program.

**Exhibit 4**  
**Freestate Challenge Academy Funding History**  
**Fiscal 2007-2017 Allowance**  
**(\$ in Millions)**



Note: Fiscal 2012 appropriation reflects the increase in the federal match from 60% to 75%.

Source: Military Department; Governor’s Budget Books, Fiscal 2017

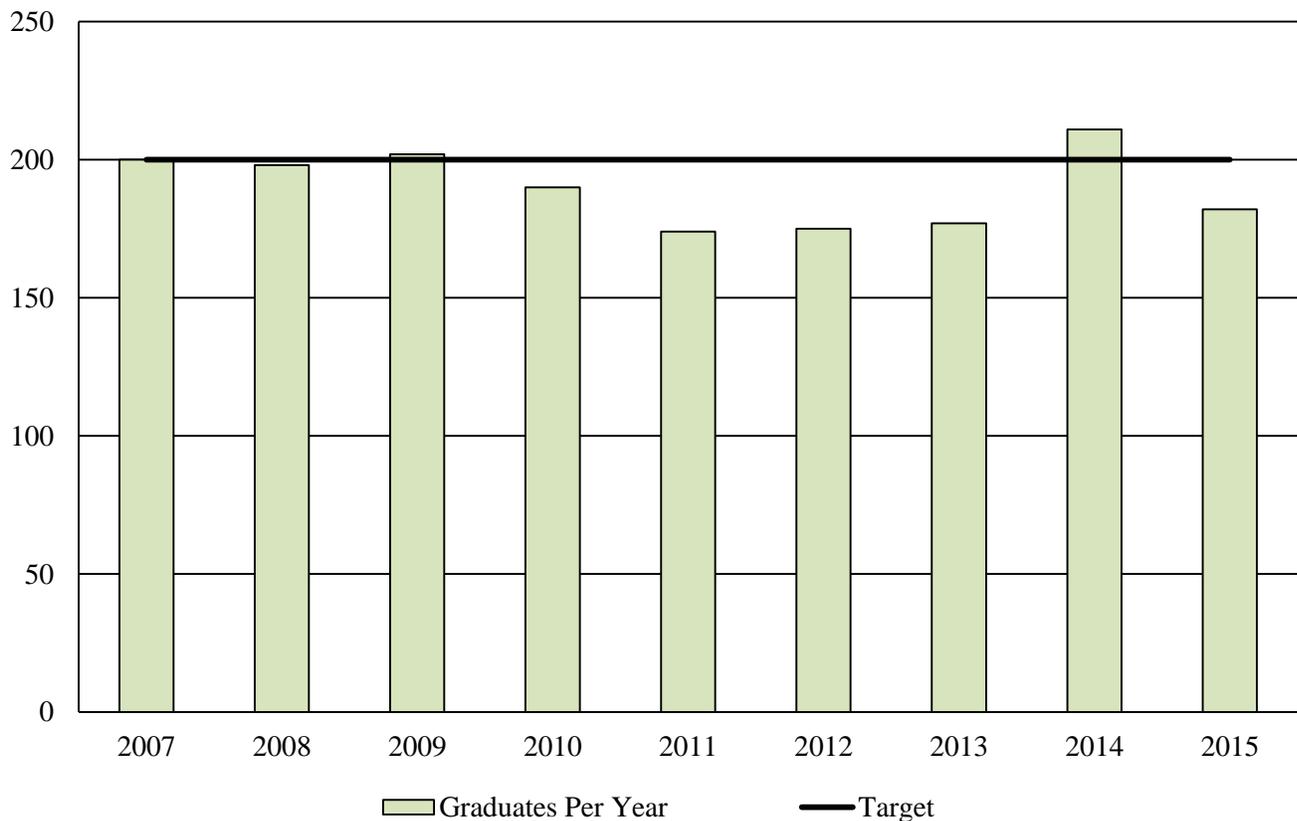
As seen in the exhibit, the federal match for FCA was increased from 60% to 75% in fiscal 2012; however, total dollars spent on the program did not increase. Rather, the increase in the federal commitment allowed the State to reduce its share of funding supporting the program as a cost containment measure. As previously discussed in this analysis, FCA receives a fiscal 2016 deficiency appropriation of \$560,000 to support critical maintenance projects. The fiscal 2017 allowance provides an additional \$278,000 above the enhanced fiscal 2016 appropriation to support existing program operations and provide additional contractual staff to work with and supervise the cadet population. The additional funding provided in fiscal 2016 and 2017 will not expand the existing FCA program but will address operating shortfalls that have resulted from a decade of level funding.

FCA should comment on how the additional funding in fiscal 2016 and 2017 will improve program operations and the experience of participating cadets.

### Cadet Performance

FCA attempts to graduate 200 cadets annually. As seen in **Exhibit 5**, the academy’s ability to meet that target fluctuates. The target was only met in three of the past nine fiscal years. Fiscal 2014 was the most recent year where the academy met its target of 200 graduates. In that year, FCA accepted 70% of cadets who applied for the program, and of those accepted, 71% graduated. In fiscal 2015, the class sizes were an average of 18% smaller than the previous year. FCA accepted 55% of program applicants, and 75% of those individuals graduated.

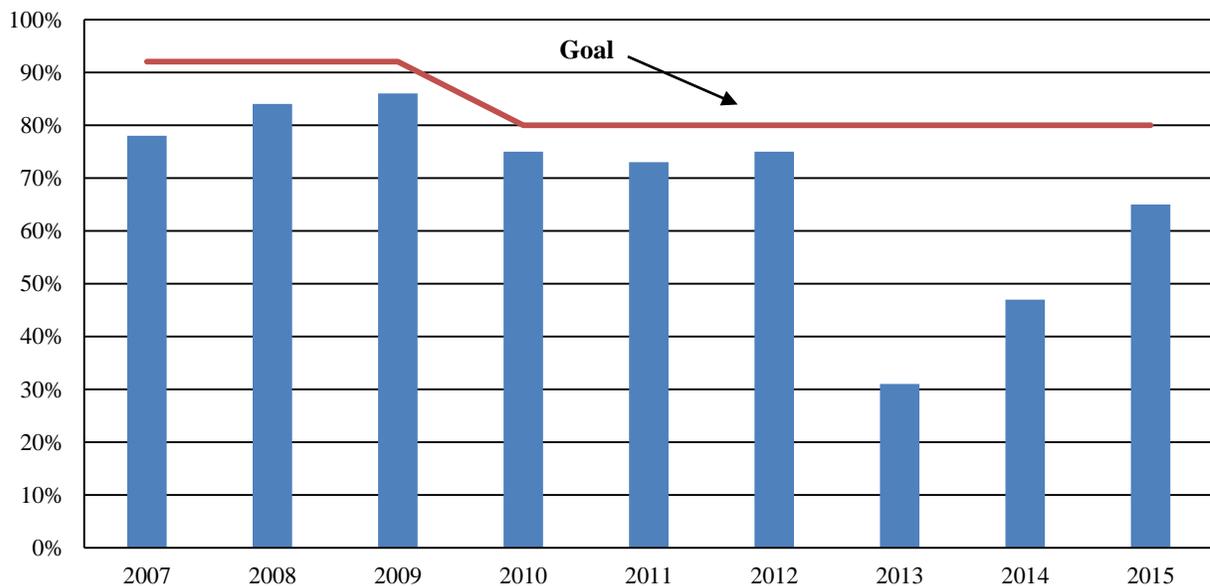
**Exhibit 5**  
**Freestate Challenge Academy Graduates Per Year**  
**Fiscal 2007-2015**



Source: Military Department; Governor’s Budget Books, Fiscal 2009-2017

One of the primary objectives of the academy is to increase the number of FCA graduates who continue their schooling, get a job, or enter the military to 80%. **Exhibit 6** shows the performance of the students since fiscal 2007. Prior to fiscal 2013, FCA consistently had at least 70% of graduates continue employment, education, or military services. In fiscal 2013, however, the percentage of graduates meeting this objective dropped significantly to 31%. Performance has been slowly rebounding since fiscal 2013; however, performance still falls far short of the goals. In fiscal 2015, 65% of students continued education, became employed, or entered military service after the academy.

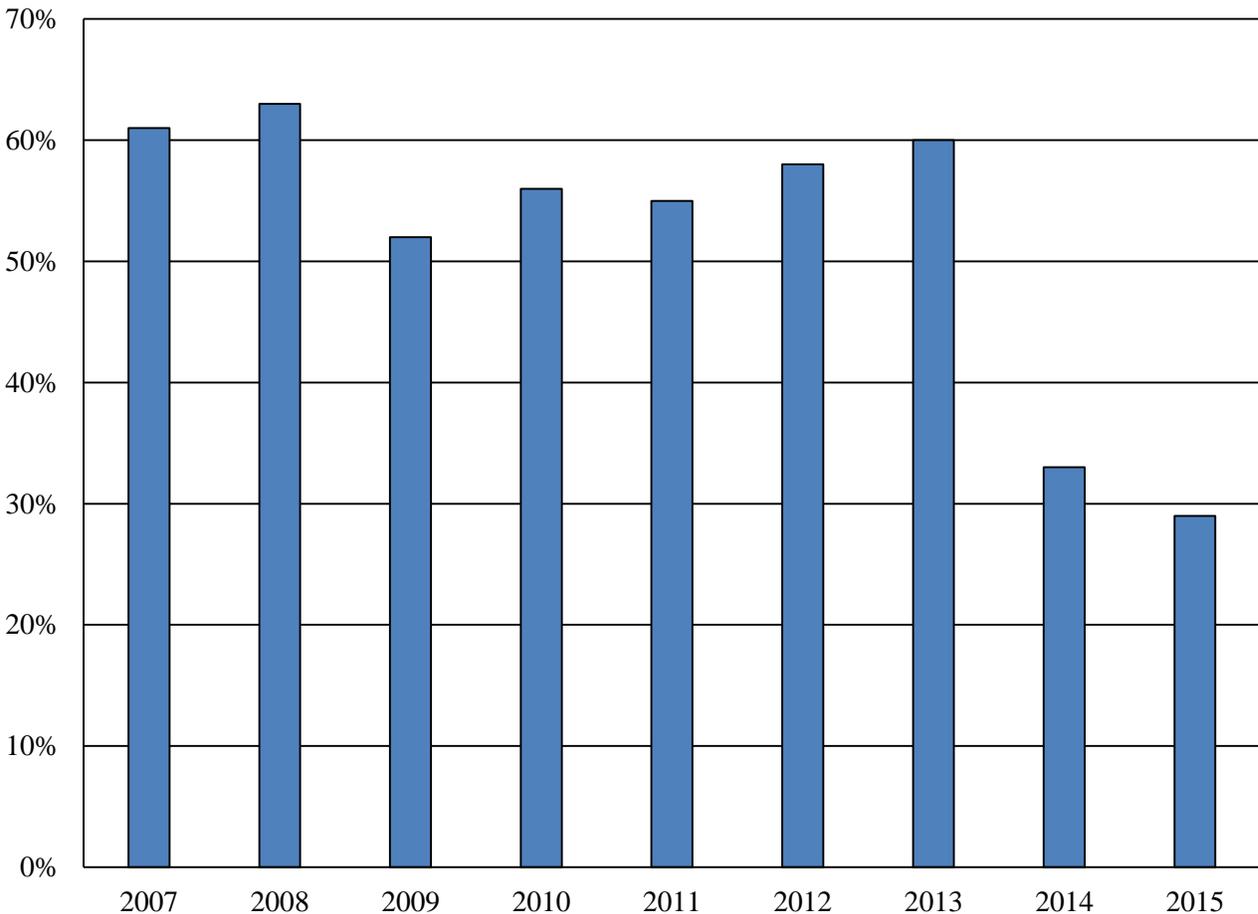
**Exhibit 6**  
**Freestate Challenge Academy**  
**Continued Employment, Education, or Military Service Post-academy**  
**Fiscal 2007-2015**



Source: Military Department; Governor’s Budget Books, Fiscal 2009-2017

A final measure of the program’s performance is the percentage of FCA graduates who obtain a general education diploma (GED), which is illustrated in **Exhibit 7**. This was a measure reported as part of the department’s annual MFR submission until fiscal 2014. With its fiscal 2014 submission, the department ceased reporting the percent of students earning a GED and began reporting students showing improved scores on the Test of Adult Basic Education, of which they regularly report 100%. From fiscal 2007 through 2013, more than 50% of FCA graduates earned a GED. Similar to other performance measures for the program, fiscal 2014 and 2015 experienced a significant decrease in comparison to prior years. In fiscal 2015, less than 30% of graduates earned a GED.

**Exhibit 7  
Freestate Challenge Academy  
Graduates Earning a GED  
Fiscal 2007-2015**



Source: Military Department; Governor’s Budget Books, Fiscal 2009-2017

**FCA should comment on why the percent of students obtaining a GED is no longer a reported MFR performance measure and why cadet performance has declined so significantly in recent years. The Department of Legislative Services recommends that this measure, along with the number of applicants, enrolled cadets, and graduates be reported as part of the Military Department’s annual MFR performance measures, beginning with the fiscal 2018 submission.**

## **Outreach and Other Program Improvement Efforts**

FCA has undertaken a new strategy to promote the program throughout the State. Previously, the program relied on word of mouth. Recently, the academy has begun to partner with the Department of Juvenile Services (DJS) and the Local Department of Social Services (LDSS) in Baltimore City to guide at-risk youth into the program. FCA has also expanded its information sessions about the program to more locations throughout the State. Programmatically, the academy procured a \$50,000 grant from the Edna McConnell Clark Foundation to develop a new computer laboratory to support GED learning. In addition, FCA is increasing its vocational training opportunities and science, technology, engineering, and mathematics training. Finally, FCA is working with the Maryland State Department of Education and the Department of Labor, Licensing, and Regulation to become an official GED option program and serve as an intervention or alternative education program.

**FCA should discuss the new initiatives to improve outreach and programmatic opportunities for at-risk youth. The academy should comment on the status of becoming an official GED option program and alternative education program for DJS or LDSS, including a potential timeline for obtaining this approval and any anticipated costs.**

## ***Recommended Actions***

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1. Adopt the following narrative:

**Freestate Challenge Academy Performance Measures:** The budget committees are interested in the continued monitoring of cadet performance at the Freestate Challenge Academy (FCA). The committees, therefore, direct FCA to add the following information to its annual Managing for Results performance measures, beginning with the fiscal 2018 submission and annually thereafter:

- percent of graduates who obtain a general education diploma;
- number of applicants for the program; and
- number of cadets enrolled in the program.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
FCA Performance Measures	Military Department	Fiscal 2018 budget submission and annually thereafter

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Military Department (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2015</b>					
Legislative Appropriation	\$12,211	\$14,987	\$47,289	\$0	\$74,487
Deficiency Appropriation	0	0	0	0	0
Cost Containment	-351	0	0	0	-351
Budget Amendments	-44	7,606	2,805	399	10,765
Reversions and Cancellations	-65	-528	-2,787	0	-3,380
<b>Actual Expenditures</b>	<b>\$11,751</b>	<b>\$22,065</b>	<b>\$47,307</b>	<b>\$399</b>	<b>\$81,522</b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$11,930	\$16,687	\$51,317	\$0	\$79,934
Budget Amendments	142	3,512	1,060	0	4,714
<b>Working Appropriation</b>	<b>\$12,072</b>	<b>\$20,199</b>	<b>\$52,377</b>	<b>\$0</b>	<b>\$84,648</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

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## **Fiscal 2015**

In fiscal 2015, the total budget for the Military Department increased by \$7.0 million over the legislative appropriation.

The general fund appropriation decreased by \$460,000, primarily due to cost containment actions approved by BPW throughout the fiscal year. These actions included a 2% reduction to agency operating expenses (\$243,490), the elimination of 2 vacant positions (\$97,600), and a reduction in funding for replacement equipment (\$10,000). Additionally, the department lost a net \$44,000 through budget amendments. A more than \$70,000 increase for employee cost-of-living adjustments (COLA) was offset by the loss of \$65,000 for the Voluntary Separation Program and \$50,000 for the statewide realignment of funds for telecommunication expenses. The department reverted nearly \$65,000 in general funds at the close of the fiscal year due to cost savings achieved within MEMA from federal salary reimbursements.

The fiscal 2015 special fund appropriation increased by nearly \$7.1 million over the legislative appropriation. Budget amendments providing funds for fire truck loans from the VCAF and to cover the costs incurred by the department in response to the civil unrest in Baltimore City totaled \$7.6 million. This increase was offset by the cancellation of approximately \$527,000 due to unexecuted VCAF loans.

The federal fund appropriation increased by a net \$18,000. A \$2.8 million increase for employee COLAs and additional Public Assistance funding from the Federal Emergency Management Agency was offset by the cancellation of nearly the same amount due to overestimation of need and attainment.

The reimbursable fund appropriation increased by \$399,000 over the legislative appropriation due to budget amendments providing \$189,000 from the Department of Health and Mental Hygiene for emergency preparedness training and exercises and \$210,000 from the Major Information Technology Development Project Fund to purchase radios for the Military Fire department at the Martin State Airport.

## **Fiscal 2016**

The fiscal 2016 working appropriation for the Military Department reflects an increase of \$4.7 million compared to the legislative appropriation. This increase includes the distribution of \$142,000 in general funds and \$210,000 in federal funds to restore employee salaries. Federal funds also increase by \$850,000 to provide armed security guards at the Fifth Regiment Armory in Baltimore City. The special fund appropriation increases by \$3.5 million, reflecting the appropriation of additional funds for the VCAF based on actual loan requests.

**Object/Fund Difference Report  
Military Department**

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	311.50	309.50	303.50	-6.00	-1.9%
02 Contractual	59.00	27.60	31.60	4.00	14.5%
<b>Total Positions</b>	<b>370.50</b>	<b>337.10</b>	<b>335.10</b>	<b>-2.00</b>	<b>-0.6%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 21,074,756	\$ 21,733,118	\$ 22,275,106	\$ 541,988	2.5%
02 Technical and Spec. Fees	2,446,519	1,510,815	1,258,720	-252,095	-16.7%
03 Communication	995,793	1,025,201	417,734	-607,467	-59.3%
04 Travel	770,422	92,285	107,331	15,046	16.3%
06 Fuel and Utilities	3,693,866	4,217,742	4,097,523	-120,219	-2.9%
07 Motor Vehicles	454,489	276,531	327,880	51,349	18.6%
08 Contractual Services	4,984,647	3,525,376	3,669,131	143,755	4.1%
09 Supplies and Materials	769,537	745,227	572,484	-172,743	-23.2%
10 Equipment – Replacement	614,217	179,958	176,664	-3,294	-1.8%
11 Equipment – Additional	58,031	12,990	0	-12,990	-100.0%
12 Grants, Subsidies, and Contributions	41,257,338	42,702,310	44,690,183	1,987,873	4.7%
13 Fixed Charges	372,712	357,480	239,318	-118,162	-33.1%
14 Land and Structures	4,029,917	8,268,624	6,835,822	-1,432,802	-17.3%
<b>Total Objects</b>	<b>\$ 81,522,244</b>	<b>\$ 84,647,657</b>	<b>\$ 84,667,896</b>	<b>\$ 20,239</b>	<b>0%</b>
<b>Funds</b>					
01 General Fund	\$ 11,751,466	\$ 12,072,134	\$ 12,655,000	\$ 582,866	4.8%
03 Special Fund	22,065,080	20,198,760	18,286,967	-1,911,793	-9.5%
05 Federal Fund	47,307,091	52,376,763	53,725,929	1,349,166	2.6%
09 Reimbursable Fund	398,607	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 81,522,244</b>	<b>\$ 84,647,657</b>	<b>\$ 84,667,896</b>	<b>\$ 20,239</b>	<b>0%</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

**Fiscal Summary  
Military Department**

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Administrative Headquarters	\$ 2,631,892	\$ 3,185,318	\$ 3,092,897	-\$ 92,421	-2.9%
02 Air Operations and Maintenance	4,844,339	5,121,932	5,076,808	-45,124	-0.9%
03 Army Operations and Maintenance	11,313,396	13,939,448	14,765,746	826,298	5.9%
05 State Operations	8,078,821	5,256,470	6,477,101	1,220,631	23.2%
06 Maryland Emergency Management Agency	54,443,119	57,144,489	55,255,344	-1,889,145	-3.3%
07 Major Information Technology Development Projects	210,677	0	0	0	0%
<b>Total Expenditures</b>	<b>\$ 81,522,244</b>	<b>\$ 84,647,657</b>	<b>\$ 84,667,896</b>	<b>\$ 20,239</b>	<b>0%</b>
General Fund	\$ 11,751,466	\$ 12,072,134	\$ 12,655,000	\$ 582,866	4.8%
Special Fund	22,065,080	20,198,760	18,286,967	-1,911,793	-9.5%
Federal Fund	47,307,091	52,376,763	53,725,929	1,349,166	2.6%
<b>Total Appropriations</b>	<b>\$ 81,123,637</b>	<b>\$ 84,647,657</b>	<b>\$ 84,667,896</b>	<b>\$ 20,239</b>	<b>0%</b>
Reimbursable Fund	\$ 398,607	\$ 0	\$ 0	\$ 0	0.0%
<b>Total Funds</b>	<b>\$ 81,522,244</b>	<b>\$ 84,647,657</b>	<b>\$ 84,667,896</b>	<b>\$ 20,239</b>	<b>0%</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.