

# D50H01 Military Department

## Program Description

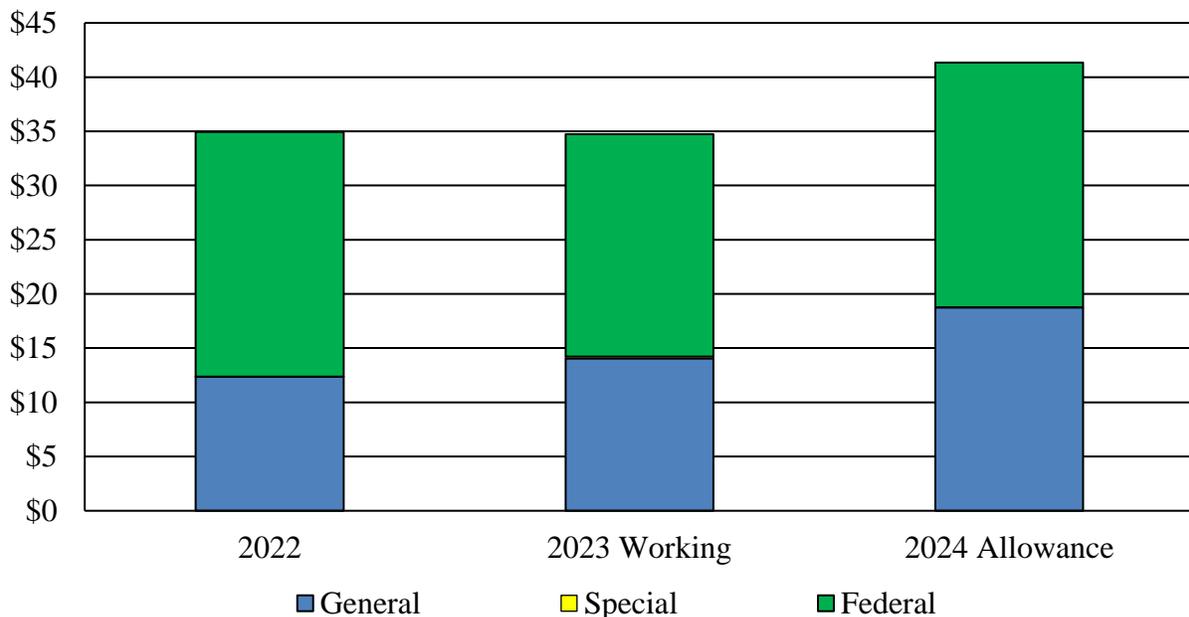
The Military Department provides overall direction and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army National Guard and the Maryland Air National Guard. MDNG may be called up by the Governor during State emergencies or may be activated by the federal Department of Defense (DoD). Operating expenses of MDNG facilities are a shared State and federal responsibility. During Governor call-ups, MDNG salaries and expenses are the responsibility of the State; the remaining funding for equipment, training, and other federal missions are paid for by the National Guard Bureau (NGB) within DoD.

The Military Department's goals are to maintain proper readiness of its guardsmen, ensure that all facilities are maintained and provide adequate training and support of MDNG operations, provide at-risk youth an avenue to success through the Freestate ChalleNGe Academy (FCA), and ensure that veterans are buried with honor and dignity.

## Operating Budget Summary

---

### Fiscal 2024 Budget Increases \$6.6 Million, or 19%, to \$41.3 Million (\$ in Millions)



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

---

For further information contact: Ryan Green

Ryan.Green@mlis.state.md.us

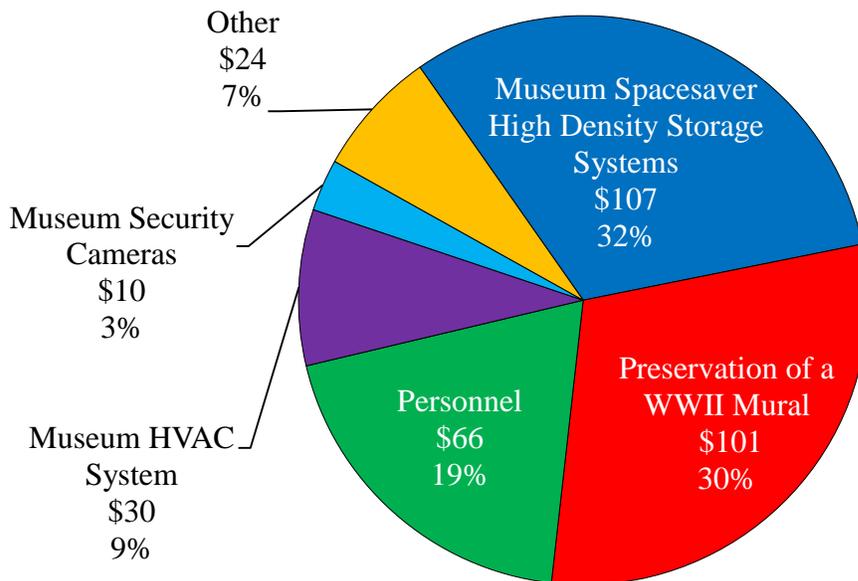
## Fiscal 2023

### Proposed Deficiency

The fiscal 2024 budget includes two proposed deficiency appropriations for the Military Department for fiscal 2023 totaling \$538,326 in general funds. One of the proposed deficiency appropriations would provide \$338,326 for the maintenance and operation of the Maryland Military History Museum and artifact preservation. The U.S. Army Center for Military History stopped providing funding to the National Guard museums in 2020 due to the need to fund the National Museum of the U.S. Army. Additionally, DoD transferred all remaining artifacts that it owned that were on display within the museum to ownership by the museum itself, eliminating its financial obligations to the institution. The deficiency appropriation will help address the funding losses. **Exhibit 1** provides information on the planned uses of the proposed deficiency appropriation. Approximately 32% of the proposed deficiency (\$107,000) will be used to fund a new high density storage system. An additional \$101,000 (30%) of the proposed deficiency will be used for the preservation of a World War II mural. The remainder of the proposed deficiency will be used to fund personnel expenses, a new HVAC system, and other expenses.

---

**Exhibit 1**  
**Proposed Deficiency for the Maryland Military History Museum**  
**Fiscal 2023**  
**(\$ in Thousands)**



Source: Governor’s Fiscal 2024 Budget Books; Maryland Military Department

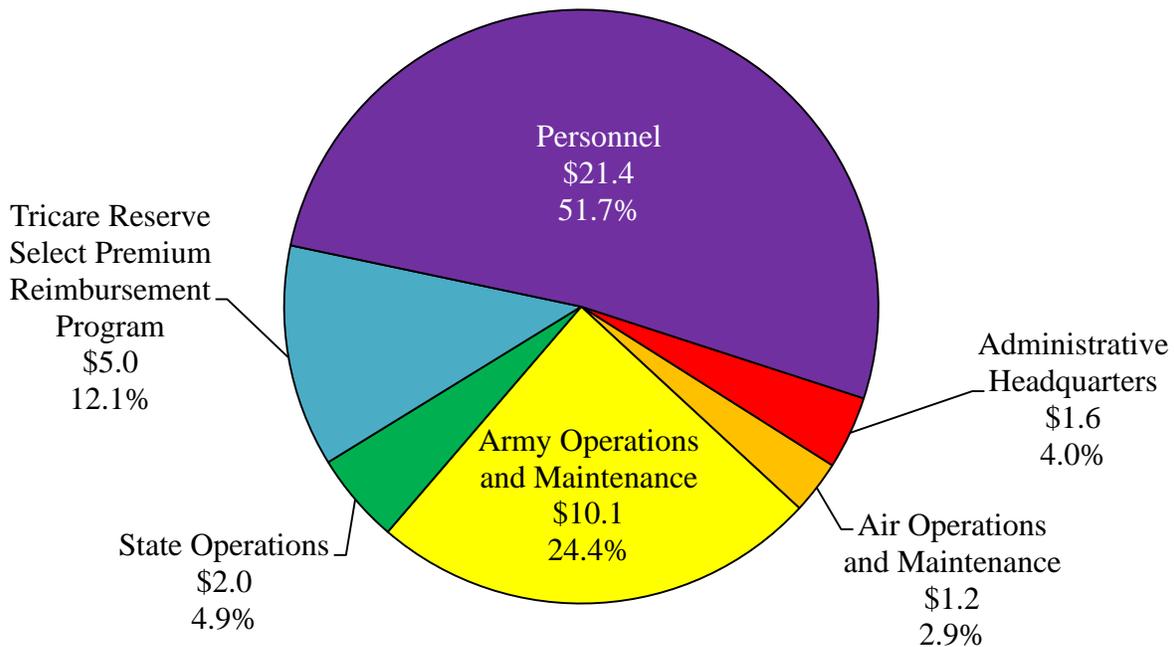
---

The other proposed deficiency would provide one-time funding of \$200,000 for the Military Department’s security efforts surrounding the Governor’s inauguration in January 2023.

### Fiscal 2024 Overview of Agency Spending

The fiscal 2024 allowance provides a total of \$41.3 million for the Military Department. **Exhibit 2** illustrates how these funds are allocated by program. Slightly more than half (51.7%) of the fiscal 2024 allowance supports departmental personnel, totaling \$21.4 million. This reflects personnel across the Administrative Headquarters, State Operations, and the Army and Air National Guards. The remaining appropriations reflect each program’s respective operational expenses as well as any grants and subsidies included within, as well as the new Tricare Premium Reimbursement program discussed in the budget discussion of this analysis.

**Exhibit 2**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2024 allowance does not reflect salary enhancements that are budgeted in the Statewide Account within the Department of Budget and Management.

Source: Governor’s Fiscal 2024 Budget Books

*D50H01 – Military Department*

The Army National Guard, which provides combat troops to the U.S. Army, engineer transportation and medical units, and military police for State service, accounts for approximately \$10.1 million, or 24.4%, of total departmental expenditures in fiscal 2024.

The Air National Guard, which primarily provides air combat forces and aircraft as well as emergency support to the U.S. Air Force and other unified commands, accounts for \$1.2 million (2.9%), the smallest nonpersonnel portion of the budget. This difference reflects the fact that the Army National Guard expends more resources on supporting State- or community-based missions, while the Air National Guard tends to be more federally focused in its responsibilities. A significant portion of the Military Department’s operations support 100% federally funded missions and operations with funding that does not appear in the State budget.

The State Operations Program (SOP) primarily includes funding for the FCA program, the Honor Guard, and the new Tricare Premium Reimbursement Program. The FCA is a 22-week program for at-risk youth, which is discussed further in Key Observation 3. SOP accounts for approximately 17% of the department’s fiscal 2024 allowance, and funding is split between general and federal fund support. The administrative functions performed by the department’s Headquarters accounts for the second smallest portion of the budget, approximately \$1.6 million (4.0%).

**Proposed Budget Change**

As shown in **Exhibit 3**, the fiscal 2024 allowance of the Military Department increases by \$6.6 million, or 19%, compared to the fiscal 2023 working appropriation after accounting for the proposed deficiency appropriations. This includes an increase of \$1.5 million for 24-hour armed security at three military installations to align spending with fiscal 2022 levels.

---

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

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Total</u></b>
Fiscal 2022 Actual	\$12,368	\$5	\$22,563	\$34,936
Fiscal 2023 Working Appropriation	14,057	162	20,514	34,732
Fiscal 2024 Allowance	<u>18,753</u>	<u>5</u>	<u>22,589</u>	<u>41,347</u>
Fiscal 2023-2024 Amount Change	\$4,696	-\$157	\$2,076	\$6,614
Fiscal 2023-2024 Percent Change	33.4%	-97.0%	10.1%	19.0%

*D50H01 – Military Department*

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Annualization of November 2022 4.5% cost-of-living adjustment .....	\$227
Employee and retiree health insurance.....	204
Employees’ Retirement System .....	-76
Social Security contributions .....	26
Turnover expectancy.....	5
Regular earnings.....	-296
Other fringe benefits.....	178
 <b>Other Changes</b>	
Tricare Premium Reimbursement Program for National Guard members, contingent on legislation .....	5000
24-hour armed guards for armories and installations.....	1500
Cooperative agreement that provides meals to guardsmen during required training exercises .....	225
Communications to reflect recent experience in the Army Telecommunications cooperative agreement.....	193
Contractual employee payroll primarily due to two new contractual full-time equivalents to support electronic security at the Camp Fretterd Military Reservation .....	140
One-time funding for expenditures related to the Governor’s inauguration in a proposed deficiency for fiscal 2023 .....	-200
Decrease in funding to reflect actual expenditures in contractual health insurance .....	-200
One-time funding for the Maryland Military History Museum in a proposed deficiency for fiscal 2023.....	-217
Other.....	-95
<b>Total</b>	<b>\$6,614</b>

Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

### **Tricare Premium Reimbursement Program**

The fiscal 2024 allowance for the Military Department includes a \$5 million general fund appropriation contingent on the enactment of legislation establishing a program that provides health benefits to National Guard members. HB 553/SB 554 are Administration bills that propose the establishment of a program to provide members of MDNG and their families, who are eligible for Tricare Reserve Select (TRS), to receive health and dental care at no cost. Specifically, the proposed legislation would create a program in the Military Department that reimburses premiums

for the TRS Program and Tricare Dental Program. The program would reimburse in full the submitted premium payments. TRS does not cover those on active duty or covered under the Transitional Assistance Management Program or participants who are eligible for or enrolled in the Federal Employee Health Benefits program.

The National Guard's four employment statuses of members include Active Guard Reserve, Dual Status Technicians, Federal Civilian Employees, and Traditional Guard Service Members. All four statuses would qualify for the program. **Exhibit 4** provides information on the current premiums for the program, which would be reimbursed by the program to qualified members.

---

**Exhibit 4**  
**Premiums for Beneficiaries of the Tricare Reserve Premium Select**  
**(\$ Per Month)**

<u>TRS Member Only</u>	<u>TRS Member and Family</u>	<u>TRS Dental Member Only</u>	<u>TRS Dental Member and Family</u>
\$46.70	\$229.99	\$29.84	\$89.53

TRS: Tricare Reserve Select

Source: Maryland Military Department

---

The current strength of MDNG is 5,666 personnel consisting of 4,358 Army members and 1,308 Air members. Of those 5,666 personnel, the Military Department indicates that approximately 454 (8%) are currently enrolled in TRS. The Military Department indicates that it is difficult at this time to estimate how many personnel are actively enrolled as the data it receives does not differentiate between those that serve in MDNG from those that serve in the National Guard in surrounding states but live in Maryland. This is due in part to the enrollment data being stored within the Defense Enrollment Eligibility Reporting System, which is controlled by DoD. Due to data availability, the Military Department is only able to estimate the number of participants enrolled in TRS Member Only (TRS-MO) compared to TRS Member & Family (TRS-MF), which is important as they report that the cost of insuring a family is roughly four times that of an individual. The Military Department estimates the split to be 53% TRS-MO and 47% TRS-MF based on available demographic data. In addition, the department is unable to estimate how many personnel may switch from private health care to the new TRS should the legislation pass. The Military Department has estimated the costs of the reimbursements to be \$9.1 million, reflecting \$5.4 million in health insurance reimbursements and \$3.8 million in dental reimbursements. The department also estimates an additional \$495,000 in administrative costs, reflecting necessary personnel to operate the program.

**The department should comment on how it would cover any fiscal 2024 costs that exceed the appropriation for the program. The Department of Legislative Services (DLS)**

recommends adopting committee narrative to request a report on program implementation, and the number of participants for each of the two premium programs including average premium reimbursement for each as well as total reimbursement.

***Personnel Data***

	<b><u>FY 22</u></b>	<b><u>FY 23</u></b>	<b><u>FY 24</u></b>	<b><u>FY 23-24</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	228.50	227.50	227.50	0.00
Contractual FTEs	<u>17.00</u>	<u>11.00</u>	<u>13.00</u>	<u>2.00</u>
<b>Total Personnel</b>	<b>245.50</b>	<b>238.50</b>	<b>240.50</b>	<b>2.00</b>

***Vacancy Data: Regular Position***

Turnover and Necessary Vacancies, Excluding New Positions	16.47	7.24%
Positions and Percentage Vacant as of 12/31/22	36.00	15.82%

Vacancies Above Turnover 19.53

- As of January 2023, the 36 vacant positions within the Military Department are more than twice as many than are needed to meet the budgeted turnover rate. Of the 36 vacant positions, 26 have been vacant less than six months, and two have been vacant more than one year. Despite the high vacancy rate, the department has made substantial progress on reducing it in the last year. **The department should comment on their plan to further improve recruitment and retention and how these vacancies may be affecting operations.**
- Of the department’s 36 vacancies, 12 are for FCA. This represents a 50% increase from the previous year. To assist in resolving the high vacancies in this program, the fiscal 2024 budget includes an Annual Salary Review (ASR) adjustment for the military youth worker/counselor classification within FCA to make the salaries more competitive with other similar classifications throughout the State. Of the 12 vacancies within FCA, 7 should benefit from the ASR. These adjustments are budgeted within the Statewide Account of the Department of Budget and Management.
- The fiscal 2024 allowance includes two new contractual full-time equivalents for electronic security support at the Camp Fretterd.

## Key Observations

---

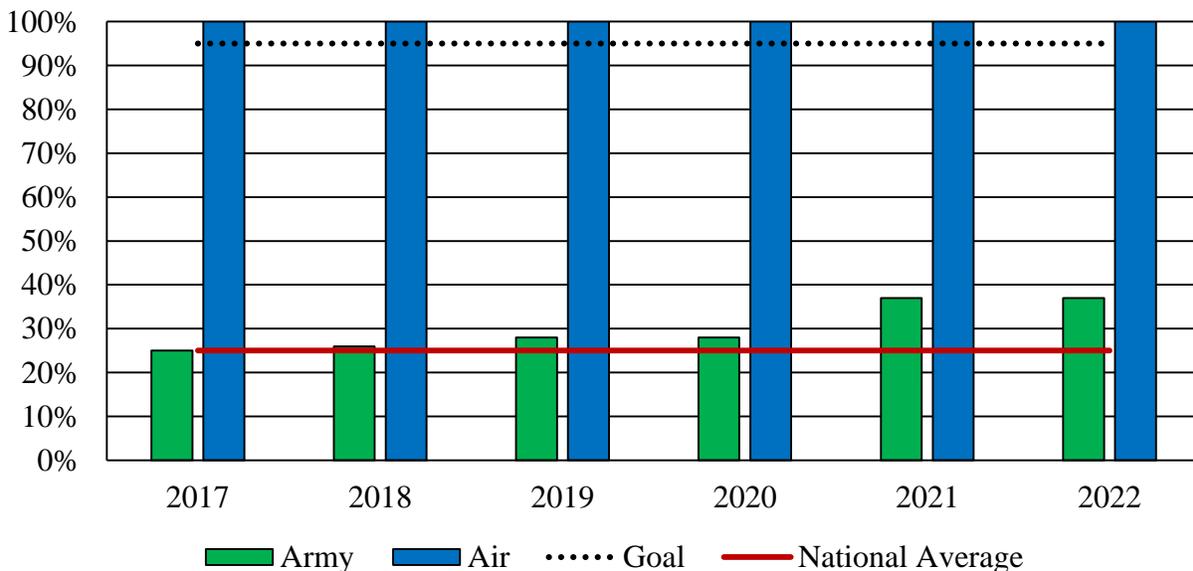
### 1. Army National Guard Facility Readiness Stagnates

All MDNG facilities and real property support the operation 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, and funding is split between federal and State funds depending on the facility through a cooperative agreement with the DoD NGB.

**Exhibit 5** shows the percent of air and army facilities that are currently in fully functional status between fiscal 2017 and 2022. The Maryland Air National Guard has consistently maintained 100% functionality in their facilities. The Maryland Army National Guard saw no net improvement in fiscal 2022 compared to fiscal 2021, remaining at 37%. While this is above the national average of 25%, it is well below the department’s goal of 95%. The fiscal 2024 allowance includes \$1.2 million, split between general and federal funds, for contracts and grants for Army National Guard facility maintenance. The department has expressed concerns about its ability to support the number of facilities currently under its control. **The department should comment on how the funding provided in the fiscal 2024 allowance will be used to improve the fully functional status of the facilities.**

---

**Exhibit 5**  
**Functional Status of National Guard Facilities**  
**Fiscal 2017-2022**



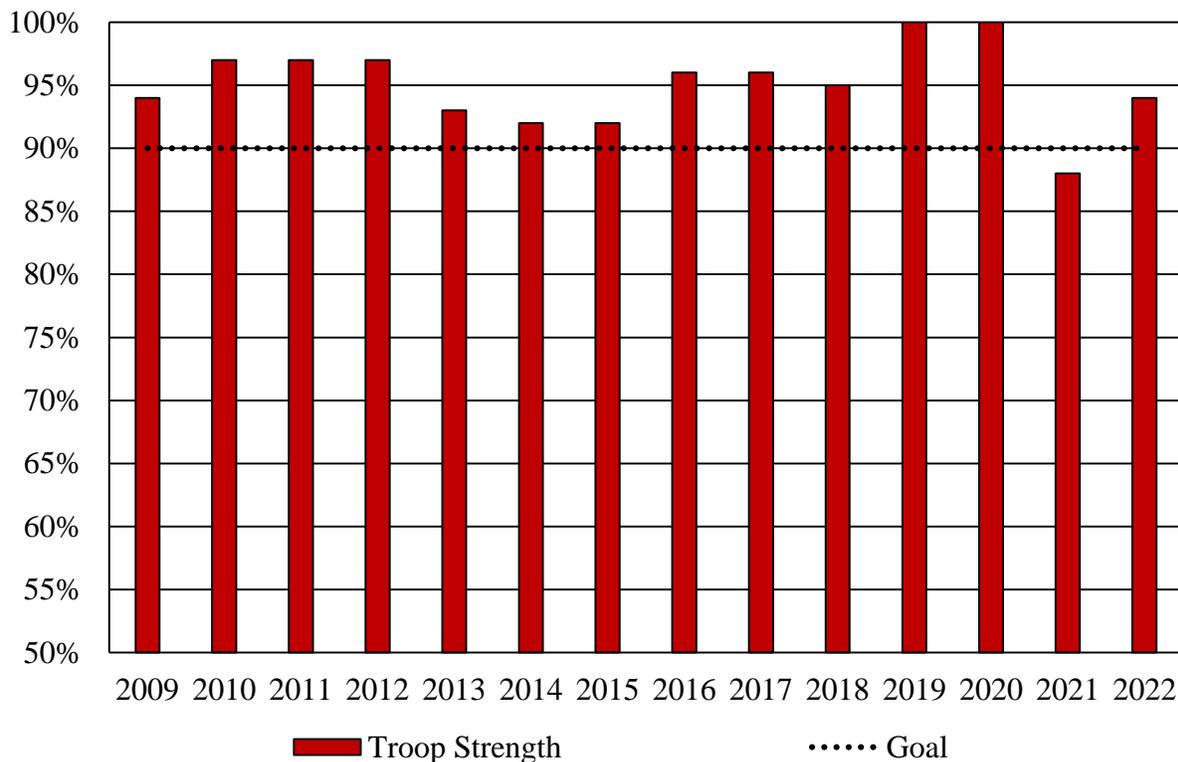
Source: Department of Budget and Management

---

## 2. National Guard Troop Strength Surpasses Department Goals

It is MDNG’s goal to attain 90% of the federally defined authorized troop strength. The department exceeded this goal each year from fiscal 2009 through 2020, as shown in **Exhibit 6**. In fiscal 2019 and 2020, the department achieved an authorized troop strength of 100%. However, in fiscal 2021, the figure declined to 88%. In fiscal 2022, the authorized troop strength reached 94%, exceeding the department’s goals. This is largely due to pandemic-related effects continuing to dwindle.

**Exhibit 6**  
**National Guard Troop Strength**  
**Fiscal 2009-2022**



Source: Department of Budget and Management

## 3. Freestate Challenge Academy Struggles to Meet Goals

FCA is a State-run 22-week residential program that is followed by a 12-month post-residential intervention phase for 16- to 18-year-olds who have dropped out of high school or

*D50H01 – Military Department*

are at risk of dropping out. MDNG typically operates two classes of about 100 students annually. In response to the COVID-19 pandemic, FCA released its class in session on March 13, 2020, to complete the remainder of its residential phase virtually. With the approval of the NGB, FCA did not hold the two classes that were planned for fiscal 2021. During 2020 and early 2021, most FCA staff were reallocated to support pandemic relief measures. FCA used its budgeted funds for fiscal 2021 to initiate construction on infrastructure improvements for the quality of life for future students and staff.

Committee narrative in the 2022 *Joint Chairmen’s Report* (JCR) requested that the Military Department submit a report detailing progress on the FCA renovation projects. In response to this request, the department described its efforts which the department referred to as Phase I Renovations, such as:

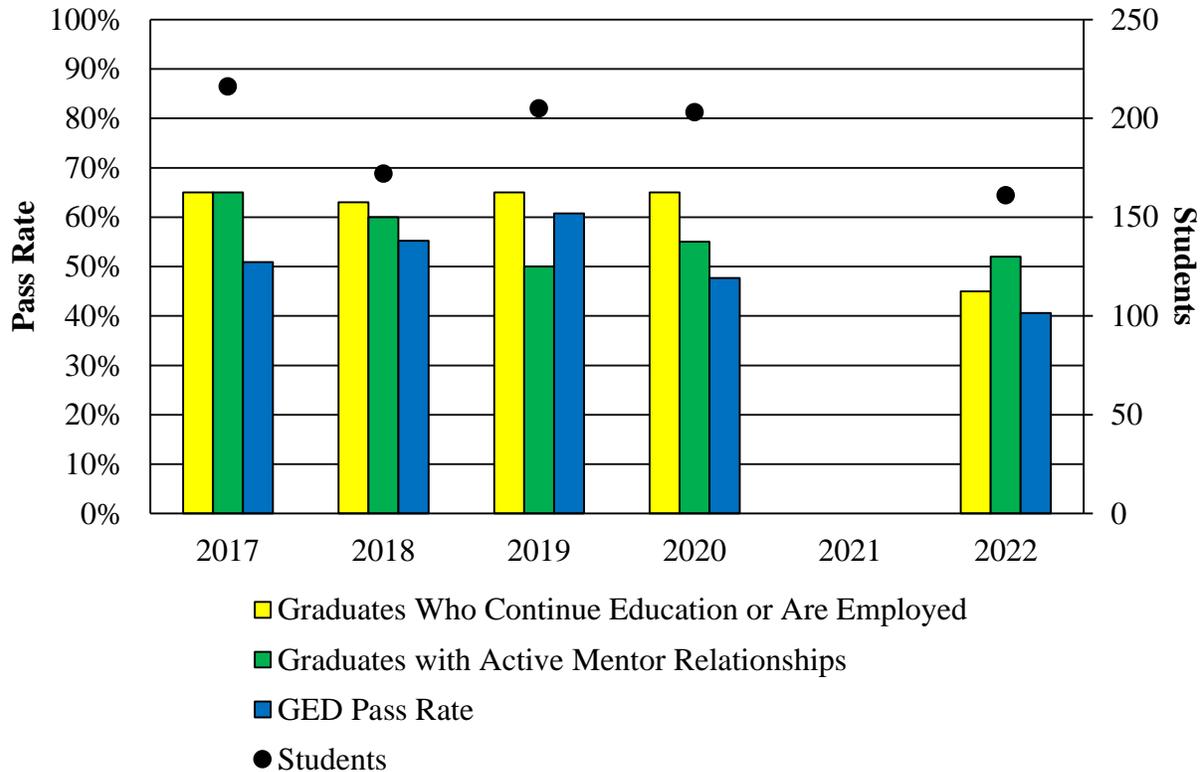
- converting four person rooms into open bays;
- renovating the existing HVAC system to accommodate an open bay structure;
- renovating the restrooms on every floor of the building;
- new light emitting diode lighting;
- new exterior doors; and
- replacing insulation on the third floor where necessary.

However, the department also identified projects that have not yet been completed, referred to as Phase II Renovations, which total \$682,000: (1) a new Mass Fire Notification System with a cost estimate of \$317,000; (2) a new Fire Protection Equipment System Standpipe with a cost estimate of \$125,000; (3) a new chiller for the complex with a cost estimate of \$140,000; (4) and a new potable water heater and tank with a cost estimate of \$100,000. The Military Department is currently working with their federal partner to get a federal contribution of up to 75% of the Phase II renovations. **The department should comment on the status of these renovations and the anticipated timeline for completion.**

MDNG typically has a goal of having 200 program graduates annually, but this goal was changed for fiscal 2022. The goal was set to approximately 150 students – a 25% reduction for each class – to assist social distancing efforts and to maintain a safe and secure environment within the academy. The difference in the number of anticipated students is reflected in **Exhibit 7**, along with select measurements of the program’s success. FCA aims to have at least 80% of its graduates continue their schooling, find employment, or enter the military, and at least 60% of graduates maintain active mentor relationships for more than six months following graduation. In fiscal 2022, the Academy class had a GED pass rate of 40.6%, a decrease of nearly 8 percentage points from 2020. Additionally, only 45% of graduates continued onto additional schooling, employment, or

the military, representing a decrease of 20 percentage points. Graduates with active mentor relationships also fell, from 55% in 2020 to 52% in 2022.

**Exhibit 7  
Freestate Challenge Academy Performance  
Fiscal 2017-2022**



Note: No classes were held in fiscal year 2021 because of the COVID-19 pandemic.

Source: Department of Budget and Management

These declines in performance are largely attributable to the COVID-19 pandemic. When FCA reopened in fiscal 2022, scores for the cadets on the test of Adult Basic Education were lower than typical, which the department speculates was driven by the virtual learning during portions of the pandemic. Additionally, work and higher educational opportunities were significantly reduced for portions of the pandemic. **The department should comment on how it expects upcoming classes to perform and how it is addressing pandemic-related learning losses.**

## ***Operating Budget Recommended Actions***

---

1. **Tricare Reserve Premium Reimbursement Program:** The committees are interested in the Tricare Reserve Premium Reimbursement Program (HB 553/SB 554) and would like receive information on the program’s implementation, if enacted. The committees request that the Military Department submit a report by December 15, 2023, detailing information on program implementation, and the number of participants for each of the two premium programs including average premium reimbursement for each as well as total reimbursement.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Information on the Tricare Reserve Premium Reimbursement Program	Military Department	December 15, 2023

**Appendix 1**  
**2022 Joint Chairmen’s Report Responses from Agency**

The 2022 JCR requested that the Military Department prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Status of Renovations to FCA:*** The Military Department submitted a report on June 24, 2022, detailing updates on the renovations to FCA. Further discussion of this report can be found in Key Observation 3 section of this analysis.

**Appendix 2  
Object/Fund Difference Report  
Military Department**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	228.50	227.50	227.50	0.00	0%
02 Contractual	17.00	11.00	13.00	2.00	18.2%
<b>Total Positions</b>	<b>245.50</b>	<b>238.50</b>	<b>240.50</b>	<b>2.00</b>	<b>0.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 17,510,843	\$ 19,719,038	\$ 20,440,369	\$ 721,331	3.7%
02 Technical and Special Fees	1,947,032	918,193	931,088	12,895	1.4%
03 Communication	988,686	803,682	1,006,200	202,518	25.2%
04 Travel	78,883	9,677	9,677	0	0%
06 Fuel and Utilities	3,412,610	2,259,198	2,361,312	102,114	4.5%
07 Motor Vehicles	375,120	216,533	217,145	612	0.3%
08 Contractual Services	6,419,895	4,803,662	6,551,928	1,748,266	36.4%
09 Supplies and Materials	921,189	566,980	446,564	-120,416	-21.2%
10 Equipment – Replacement	122,835	84,618	84,618	0	0%
11 Equipment – Additional	199,025	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	526,292	661,900	5,625,206	4,963,306	749.9%
13 Fixed Charges	156,703	362,261	357,236	-5,025	-1.4%
14 Land and Structures	2,276,813	3,315,385	3,315,385	0	0%
<b>Total Objects</b>	<b>\$ 34,935,926</b>	<b>\$ 33,721,127</b>	<b>\$ 41,346,728</b>	<b>\$ 7,625,601</b>	<b>22.6%</b>
<b>Funds</b>					
01 General Fund	\$ 12,367,883	\$ 13,334,929	\$ 18,752,764	\$ 5,417,835	40.6%
03 Special Fund	4,857	161,967	4,857	-157,110	-97.0%
05 Federal Fund	22,563,186	20,224,231	22,589,107	2,364,876	11.7%
<b>Total Funds</b>	<b>\$ 34,935,926</b>	<b>\$ 33,721,127</b>	<b>\$ 41,346,728</b>	<b>\$ 7,625,601</b>	<b>22.6%</b>

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments budgeted within the Department of Budget and Management.